

UBE Group CSR Report 2016

Focusing on Harmonious Coexistence
with All Stakeholders



UBE INDUSTRIES, LTD.

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About the cover:
The cover features photos of the employees of Libertas Ube, Ltd. and UBE's factory support team. Taken in workplaces that allow each employee to work in his or her own way, these photos provide a glimpse of each person's individuality.

Employing People with Disabilities



Working and Living, Each in Their Own Way

Special Feature 1

The UBE Group Meeting Society's Needs

Employing People with Disabilities

P1

Working and Living, Each in Their Own Way

Special Feature 2

The UBE Group Meeting Society's Needs

*The Cement Industry's Contribution to
the Environment and Society*

P33

**Environmental Preservation through
Waste Recycling and Exhaust Heat Power Generation**



Letting Each Person's

Physical disability (uses a wheelchair)

Junko Kawazu
Takahiko Ito

“ The work environment here is easy for us to use. ”

Intellectual disability

Hiroyuki Shigemura

“ I work as part of the chemical team. The lawn mower and hedge clippers are my specialty. ”

An estimated 6% of Japan's population, or one in every 16 people, is a person with a disability. These include 3,930 thousand people with physical disabilities, 740 thousand with intellectual disabilities and 3,200 thousand with psychiatric disabilities, for a total of 7.87 million people.* This number is growing. In 2006, the Services and Supports for Persons with Disabilities Act came into force, spurring a shift in the overall focus from welfare to employment. In April 2016, the Act for Eliminating Discrimination against Persons with Disabilities came into effect, and in 2018 the employment of people with psychiatric disabilities will become legally mandated. The employment of people with disabilities is thus expected to further expand going forward.

UBE established Libertas Ube, Ltd. in 1991 as a special-purpose subsidiary aimed at shifting from providing care alone to providing opportunities. Yamaguchi Prefecture's only special-purpose subsidiary, Libertas Ube currently carries out printing, digital tasks and janitorial work, using its accumulated know-how to promote the employment of people with disabilities within the UBE Group and the local community. The company aims for normalization, encouraging each individual to work and live in their own way. This section focuses on Libertas Ube and showcases the UBE Group's initiatives in the employment of people with disabilities.

* Source: 2015 Annual Report on Government Measures for Persons with Disabilities



Individuality Shine

Hearing impairment

Kumiko Moriyoshi

“Leave copying, bookbinding, and business card shipping to me.”



Developmental disability (Asperger syndrome)

Yuki Kinoshita

“Digital work, such as typing out instruction manuals and making ID cards, is my forte.”



Overview of Libertas Ube, Ltd.

Name: Libertas Ube, Ltd.

Established: April 1991

Capital: ¥50 million

Representative: Yoshio Yoshimoto, President and Representative Director (appointed July 2016)

Employees: 45 (including one part-time employee) (As of April 2016)

Includes 29 persons with officially registered disabilities

Business: Printing, digital work, janitorial work

Net sales: ¥256 million (fiscal 2015)

Corporate philosophy: Our basic stance is to treat disabilities as an ordinary part of life, not special, and to not allow them to keep employees from using their abilities. Through our corporate activities, we aim to provide value and enrichment to society.

Our company name, “Libertas,” is the Latin word for “freedom,” including freedom from preconceptions, a concept reflected in our corporate philosophy.



Yoshio Yoshimoto

President and Representative Director
Libertas Ube, Ltd.

We aim to continue to be a company where all employees respect each other's abilities and individuality, grow by working together, and, through contribution to society, can feel a sense of life and presence in the world.



Chikara Yamane

Manager, General Affairs Section
Libertas Ube, Ltd.

I find that Libertas Ube's open atmosphere encourages everyone to speak freely, and I aim to constantly make it even more open. It is my job to promote occupational safety and health, and, as such, I constantly strive to ensure comfortable workplaces so that Libertas Ube will always be an especially bright, shining part of the UBE Group.

Four Key Concepts for the Employment of People with Disabilities



Shinjiro Arita

Advisor and former president of Libertas Ube, Ltd.

Shinjiro Arita formerly worked on the front lines as a plant engineer for UBE around the globe. While temporarily back in Japan, he learned that Libertas Ube, Ltd. was looking for a new president and applied, becoming the company's second president in January 2001. In July 2016, he became an advisor to the company.

“*Treating disabilities as an ordinary part of life, not special, and not allowing them to keep employees from using their abilities*”

Taking an honest look at the employment of people with disabilities starts with recognizing our ignorance, unease and value judgments. Libertas Ube regards disability as an aspect of diversity and works to create environments that allow people to continue working, utilizing and building on the things they can do while providing support and accommodation for the things they can't. This stems from our belief that, even if a person has a significant disability, they can work in their own way, leveraging their strengths to play a meaningful role in society. The following is an explanation of our four key concepts for the employment of people with disabilities.

1. Disability is Only One Aspect of Individuality

Each of us has individual traits and characteristics: some of us are naturally cheerful, some are not; some are good with people, some are not. Disability is another such aspect of individuality. We assign employees to work that best matches their strengths with consideration given to the characteristics of their disability. For example, many people with intellectual

disabilities find working under vague directions or on tasks that involve decision-making difficult, but are good at carrying out predetermined tasks precisely as instructed. Because this fits well with our policy of safety first, such employees are mainly involved in janitorial work, which requires strict adherence to safety protocols.

The number of people diagnosed with developmental disabilities, including autism, Asperger syndrome, and learning disabilities, is growing each year, and the number of people in Japan with some form of disability is estimated to be more than 6% of the total population. By fostering greater social understanding and acceptance, we hope to help people see a person living with a certain difficulty rather than merely a “disabled person.”

2. The Result for Two from Two

“The Result for Two from Two” refers to our belief that what matters in a combination of skills and employees is results. Take, for example, a two-employee team charged with digitizing charts and documents. One employee has a physical disability that prevents him from moving the right side of his body. This employee cannot quickly complete tasks that require both hands, but has no problem thinking through and planning the work process. The other employee has autism and an intellectual disability. While thinking through the work process is difficult for this employee, executing tasks is not, and his speed in performing visual checks is second to none.

Forming teams by looking at the strengths of each person, we thus achieve the same per-person results that would be expected from persons without disabilities. Having a disability does mean having real difficulties in certain areas. Rather than trying to overcome these difficulties, we provide support and accommodation. We create teams that combine the strengths of individuals, thereby leveraging each employee's individuality. We are highly committed to this approach.

3. Showing Consideration but Not Treating People Differently

Libertas Ube's employees with hearing disabilities work as printing machine operators and in digital work. Those with severe hearing impairment often hear sounds with both reduced volume and distortion. Because sounds can be garbled, even a hearing aid may not help such individuals discern spoken words. With a little ingenuity, however, they can still get the job done. By, for example, using lamps to convey information visually, these employees can work as high-quality operators even with disabilities.

We provide consideration and accommodation like this throughout our operations, but not, as a rule, unless the person involved requests for it. We have a strict policy of not denying our employees the chance to fail. Depending on the extent of a failure, regardless of disability they may be expected to write a statement of apology, an exercise encouraging reflection and growth. We thus maintain a firm stance of not providing special treatment but providing accommodation when it is requested. For this reason, fostering an atmosphere of free and open communication is vital.

Looking Back on My Time at Libertas Ube

that employing people with disabilities was too difficult. Through the UBE Group Support Network for Employment of People with Disabilities, set up in 2006, we began offering training on this topic, gradually changing mindsets and advancing direct employment within the UBE Group. We reached a major turning point in 2010, with the signing of a consulting contract with UBE regarding the employment of people with disabilities.

Reforms have steadily continued. The Group established the Diversity Promotion Office in 2013 and a factory support team at the UBE Chemical factory in 2015, and has hired mental health welfare professionals. Going forward, we will need to continue changing mindsets about working together, promote consultation and support systems for providing reasonable accommodation, and conduct regular liaison meetings with key people who are helping these changes take hold. So what if someone has a disability? What is considered a disability changes over time, anyway; what matters is that we are loving and accepting. I and the employees of Libertas Ube hope to create a company that we and the larger community can all be proud of.

Shinjiro Arita

Libertas Ube was the 42nd special-purpose subsidiary established in Japan. As president, I firmly believed that if UBE took action, the community would follow. That was why I endeavored to help make UBE, one of the largest companies in the region, a leader in the employment of people with disabilities. When I first became president of Libertas Ube, most people in the UBE Group thought



Calligraphy by Yuji Izumikawa,
Member of the Manufacturing
Group, Libertas Ube, Ltd.



The staff of Libertas Ube, Ltd.

4. Removal of Psychological Barriers

Our ignorance of, unease around and value judgments about people with disabilities change when we actually work alongside them. The Act for Eliminating Discrimination against Persons with Disabilities came into effect in April 2016. Under this law, companies have a legal obligation to prevent improper discriminatory behavior and to make efforts to provide reasonable accommodations. The realization of a society in which people with and without disabilities can live in harmony is the purpose of the law. This means not merely accommodating people with disabilities, but creating workplaces where the company and the employee endeavor to accommodate one another. We believe that this is what “normalization” means and that it is part of the process of removing psychological barriers. Physical accommodations cost time and money, but a spirit of understanding can be just as valuable; for example, a person in a wheelchair can go up or down a flight of stairs if others work together to carry them. We hope that this kind of consideration for others will spread.



Masako Umeda
Occupational Consultant
Management Group, Libertas Ube, Ltd.

Akiko Umeda joined the company as a dedicated sign language interpreter for employees with hearing disabilities. Since 2003, to meet needs presented by the employment of people with intellectual disabilities, she has worked as an occupational consultant, helping connect work and living while building networks with the government and local community.

Helping Employees Stay at Work

Balancing Work, Life, and Leisure

As we make progress in promoting the hiring of people with disabilities, the next step is to ensure that they continue working. To continue working, achieving a healthy work-life balance that takes into account work, life and leisure is as important for people with disabilities as for anyone else.

In terms of “work,” to create mutually accommodative workplaces, it is absolutely necessary that both employees with disabilities and the company make a real effort. As such, careful work instructions and training are indispensable. Some of our employees have a hard time learning in the way a nondisabled employee might, simply from immersion in a situation and by listening to the conversations going on around them. To offer support in this area, we provide work-life counselors and internal job coaches as part of accommodations to help employees accomplish their work smoothly and gain a sense of achievement. We also work with a number of other organizations that provide training to improve communication skills as well as job skills training that starts with the question of what a company is. Through these measures, we aim to foster and maintain the skills necessary for employees to continue working.

We also support our work-life counselors and internal job coaches, who work closely with employees with disabilities, through the **1. UBE Group Support Network for Employment of People with Disabilities**, which promotes the employment of people with disabilities throughout the Group.

1. UBE Group Support Network for Employment of People with Disabilities

In July 2006, we launched study groups for Libertas Ube, UBE’s Human Resources Department and UBE Group companies aimed at removing unease on the part of the company related to the employment of people with disabilities. About every two months, representatives of approximately 20 Group companies in the Ube district gather to visit the workplaces of people with disabilities, sit in on classes at special-needs schools, and learn about coordination with related institutions, grant systems, and other topics. These meetings have now expanded to cover UBE Group companies throughout Japan, helping participants learn practical hiring know-how through open, honest dialogue.

When it comes to “life” and “leisure,” sometimes a decline in physical strength, intellectual ability or emotional well-being may throw off the work-life balance, often manifesting as a deterioration of physical health. We depend on local governments and communities for help in such situations; the role of a company is different from that of a welfare organization. From the corporate side, we must maintain strong ties to the local government and community to build a unified, three-pronged network. I believe that this network is the infrastructure that allows our employees with disabilities to continue working.

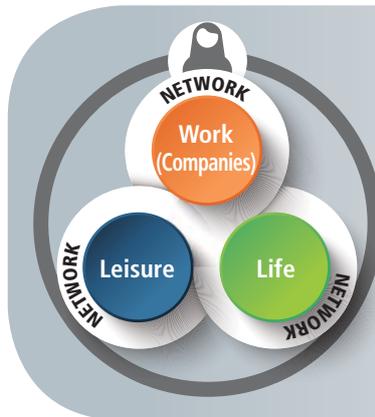
Infrastructure Supporting Continued Working in Ube City

Municipal governments throughout Japan offer support systems for people with disabilities. In Ube City, where UBE’s head office is located, various initiatives aimed at promoting hiring and improving well-being are being advanced, including **2. the Ube City Employment Support Network Meeting for the Disabled**, **3. the Businesses Committee** and **4. the Ube City Disabled Citizen’s Care Council**. The linking of such efforts by the local government with companies is creating connections with the local community and between individuals, and these connections lead to changes in awareness. It helps us all see not “disabled people” but individual human beings, bringing us a step closer to normalization.

In these ways, Ube City maintains infrastructure to help people with disabilities continue working. However, the infrastructure necessary for people with disabilities to be able to live to the fullest in their own way their whole lives through is still far from complete. I hope that the employment of people with disabilities will serve as a catalyst to draw the attention of companies, the local government, the community and private citizens to this task.



(Left) Nobuhiro Morinaga (intellectual disability), a member of the Libertas Ube janitorial work team, and (right) Ms. Okamura, a support staff member (Employment and Living Life Support Center for People with Disabilities, Koeikai Social Welfare Corporation)



Work-life balance is essential to ensuring that people with disabilities can continue working, and this balance must take into account work, life and leisure. To help maintain this balance, UBE and Libertas Ube participate in efforts to build a unified, three-pronged network comprising companies, the local government and the community.



Hiroko Tani
Manager, Ube City Disabled Persons Department

2. Ube City Employment Support Network Meeting for Disabled Persons and Disability Employment Workstation

In 2007, Ube City established the Ube City Employment Support Network Meeting for the Disabled, including members from the government, support institutions, schools and companies. In 2010, we created a Disability Employment Workstation for people with disabilities within City Hall where people with intellectual, psychiatric, developmental and other disabilities do work sent by the various other divisions of the city government. Their work has gradually gathered recognition as they have contributed to the efficiency of City Hall while helping the city government staff gain a deeper understanding of people with disabilities. Going forward, Ube City will continue to promote the employment of people with disabilities throughout the city.



Shunsuke Yoshinaga
Human Resources Department, THK Co., Ltd.
Disabled Persons’ Employment Support Advisor
(contracted by the Yamaguchi Labor Bureau)

3. Businesses Committee

This Business Committee, of which Libertas Ube Ltd. is the center, is a body in which companies interested in hiring people with disabilities can openly discuss concerns they might have and other topics. It is a very valuable place for companies that are starting to hire disabled people, as they can learn what other companies have experienced and benefit from their advice and examples of actual initiatives. Last year, a similar committee was established in the Shunan area, following the example of this business committee. I hope that these organizations will be the heart of disabled employment in the area for years to come.

4. Ube City Disabled Citizen’s Care Council

The Ube City Disabled Citizen’s Care Council was set up in 2000 as a volunteer organization bringing together individuals from the local area across various occupations. With four sub-groups under the overall council focused on physical, intellectual and psychiatric disabilities as well as sports, the council aims to help build a community where everyone can live with peace of mind through support for children and adults with disabilities. In autumn every year we hold the Disabled Citizens’ Festival. The executive committee for this major event is made up of members of a wide range of ages. Focusing on fun, they plan and carry out the festival, making it a truly home-grown event rooted closely in the community.

At the outdoor version of the event, named “Heart of Friends,” held in Ube City’s Tokiwa Park, UBE and Libertas Ube set up a joint booth, providing an event that everyone, with or without disabilities, can enjoy.



“Heart of Friends” event organized by the Ube City Disabled Citizen’s Care Council

Shifting from Providing Care to Providing Opportunities



Yasuko Sakamoto

Manager, Diversity Promotion Office
Human Resources Dept., General Affairs & Human Resources Office, Ube Industries, Ltd.
As manager of the Diversity Promotion Office established in October 2013, Yasuko Sakamoto works to promote opportunities for diverse human resources, including women, seniors, non-Japanese nationals, and people with disabilities, and to help employees realize a healthy work-life balance.

Diversity-Related Initiatives

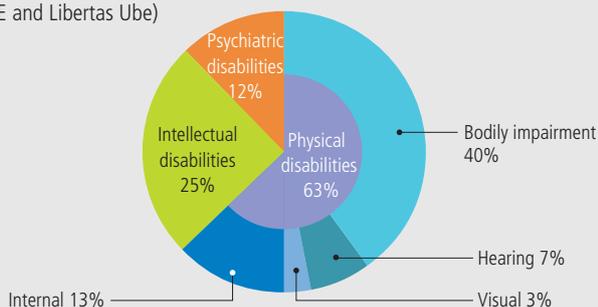
As one initiative to promote diversity, we are advancing the employment of people with disabilities across UBE's offices, facilities and Group companies using the know-how and networks cultivated at Libertas Ube.

The employment of people with disabilities at UBE at first centered on the special-purpose subsidiary Libertas Ube, but in fiscal 2008, we enacted a policy of actively promoting hiring throughout UBE. Matching people with disabilities to workplaces is not easy, but, by identifying and setting aside work that is appropriate at each workplace, we have been able to make progress toward utilizing the abilities and strengths of each individual. For 2023, we have set a goal of achieving approximately a 3.0% employment level of people with disabilities. Bringing in people with disabilities has helped improve workplaces, and identifying appropriate work for them has provided an impetus for reevaluating work methods. We are promoting the employment of people with disabilities strategically, so that it will contribute to the Company's performance.

Team Hiring and Support System

In April 2015, the Ube Chemical Factory hired three people with intellectual disabilities (including two with severe disabilities) to work as a factory support team under a veteran employee as team leader. Their diligent engagement in their work has slowly gained recognition, and they have now expanded their range of activity to include trimming greenery around the education center and factory, mending flat tires on bicycles, washing automobiles and digitizing documents. In 2015, the Tokyo Head Office also began hiring graduates of special-needs schools. These employees help with office maintenance, data entry, filing and other important functions

Breakdown of Employees with Disabilities (69 in total) (As of June 1, 2015, UBE and Libertas Ube)



that support business operations. We plan to use these successes as models for expanding team hiring at other Group locations.

At the same time, the UBE Group Support Network for Employment of People with Disabilities provides organizational support for work-life counselors and those in charge of hiring, who work closely with people with disabilities in coordination with Libertas Ube. We have also newly hired mental health welfare professionals, who act as liaisons between employees with disabilities and other related staff at each worksite. Coordinating with the experts at the Health Care & Support Center, these professionals aim to create more comfortable workplaces.



The factory support team at UBE Chemical Factory, saying little but working in excellent coordination to fix flat tires on bicycles, an essential means of transit within the factory grounds



Diligently restocking copy paper on all floors of the Tokyo Head Office, helping to improve work efficiency

Short-Term Internships

The Ube Chemical factory, research facilities in the Ube District and the Tokyo Head Office accepted student interns from special-needs schools a total of 12 times in fiscal 2015 to provide real work experience. Experience working at a company provides a chance to put into practice things students have learned at school and think about employment, helping people with disabilities to live independently as part of the community in the future. We will continue to accept interns with disabilities in support of their future employment.



Percentage of Employees with Disabilities

Aiming for 3% Employment of People with Disabilities in 2023

“Creating Value”

The management philosophies of the UBE Group are “creating industries with infinite possibilities from the finite resources of coal” and “living and prospering together.” These philosophies, espoused by founder Sukesaku Watanabe, have been passed down over the Group’s 119 year history to today.

All of us at UBE take pride in these traditions. In line with our management philosophies and the Group vision, we are embracing new challenges to make the Group’s presence even stronger.

— The UBE Group’s CSR —

CSR refers to a company’s duty to operate in a way that fulfills its role as a member of society. To be in a position to do so, it is key for the UBE Group to achieve sustainable growth and development. A company that does not grow sustainably cannot serve its stakeholders. In other words, the foundation of CSR is the balanced return to stakeholders of the fruits of sustainable growth.

Companies serve a wide range of stakeholders, each of whom present different demands and expectations. I believe that sustaining growth is essential to meeting stakeholder expectations, as is being the type of company that shareholders can picture continuing to grow in the future.



Yuzuru Yamamoto
Ube Industries, Ltd. President and Group CEO,
Representative Director

‘16-’18
New Medium-Term
Management Plan
Management Strategies

UBE Group New Medium-Term Management Plan “Change & Challenge 2018”

Numerical Targets

		FY2018 targets
Key Figures	Operating income	¥50.0 billion
	Ordinary income	¥49.0 billion
Key Indicators	Return on sales	6.5% or above
	Return on equity	9.0% or above

In particular, it is important to be “an enterprise that continues to create value for customers,” which is what we want to become in ten years as laid out under our new medium-term management plan. I believe that being consistently recognized as valuable by customers leads eventually to being recognized as such by society at large.

Diversifying our human resources is essential to the achievement of sustainable growth. To this end, we are striving to change how we approach work in order to ensure healthful, comfortable workplaces that allow the diverse human resources that support the UBE Group to use their respective abilities to the fullest, regardless of gender, nationality, age or other such factors. We aim to be a company where all employees can find meaningful opportunities and succeed.

At the same time, a company is a member of the local community in which it is situated, and social contribution activities that benefit community development are an important part of CSR activities. It is important to think seriously about what kinds of activities make sense for us and will be useful to local communities, and then to systematically implement those activities. The UBE Group maintains manufacturing bases across Japan and around the world, and this policy is the same everywhere it operates. Growing in vitality along with local communities through the consistent application of this approach is what “living and prospering together” is all about.

The New Medium-Term Management Plan

We launched a new medium-term management plan at the beginning of fiscal 2016 (ending March 31, 2017). Based on our management philosophies, it includes a vision of what we want to become in 10 years and serves as an action plan for achieving this vision. The plan’s two basic management strategies are to strengthen the business foundation to enable sustainable growth and to address and be part of the solution for resource, energy, and global environmental issues.

The plan also positions environment and energy, mobility, construction and infrastructure and healthcare as target business domains going forward. We will work to quickly expand existing businesses and business in adjacent areas while also fostering new businesses.

The UBE Group will mark its 120th anniversary in 2017. The Group, which began with coal mining in Ube, Yamaguchi Prefecture, has consistently moved forward under the philosophy of “living and prospering together” with local communities. To do so sustainably, it has constantly

exercised its ingenuity to create industries with infinite possibilities from the finite potential of the coal mining business.

Since our founding, we have advanced under the philosophy of “creating industries with infinite possibilities from the finite resources of coal.” A frontier spirit and constant technological innovation as well as the continuous creation of next-generation value through product manufacturing have been the driving forces behind this progress. Our Group vision, “Wings of technology and spirit of innovation. That’s our DNA driving our global success” is another way of expressing this philosophy.

In line with the launch of the medium-term management plan, we have announced a vision of what we want to become in 10 years.

What we want to become in 10 years

An enterprise that continues to create value for customers

The UBE Group will have a positive social impact as a corporate entity with a presence in expanding business domains by developing products and services that anticipate market needs.

The goal of creating value has been part of the UBE Group’s approach since long before the new plan. Moreover, “value” refers to not just tangible indications of worth, but includes such intangibles as the provision of services and solutions. Aiming always for this goal, all members of the UBE Group will maintain a strong awareness of this approach, sharing it widely along with our management philosophies and Group vision.

August 2016



Yuzuru Yamamoto
Ube Industries, Ltd. President and Group CEO,
Representative Director

Management Strategies

1) Strengthen the business foundation to enable sustainable growth

- The UBE Group will focus on the profit margin for each business division and improve the profitability of existing products through painstaking cost reductions.
- Under a business strategy emphasizing consolidated cash flow, the UBE Group will carry out investment to support growth while ensuring that it will also reap the fruits of investment projects.
- The UBE Group will improve its ability to respond quickly to changes in the global business environment by expanding its network of business offices overseas and deepening coordination among Group companies in Japan and overseas.
- To revitalize and achieve further growth in the chemicals segment, the UBE Group will aim to achieve the recovery of the segment’s operating income to ¥20 billion or more before the end of the final year of the new medium-term management plan in order to be at a solid starting point for the next growth stage.

2) Address and be part of the solution for resource, energy, and global environmental issues

- The UBE Group actively pursues initiatives for realizing a sustainable society. In particular, the UBE Group will promote a reduction in greenhouse gases through the reduction of energy consumption and the expansion of waste recycling throughout the supply chain, while ensuring overall profitability. It will also promote the creation and expansion of technologies and products to contribute to, among other things, a reduction in environmental load.
» FY2021 target: 15% reduction in greenhouse gas (as compared with FY2005)

Corporate Profile

● Corporate Information

Company Name: Ube Industries, Ltd.

Head Office: Tokyo Head Office

Seavans North Bldg., 1-2-1, Shibaura,
Minato-ku, Tokyo 105-8449, Japan

Ube Head Office

1978-96, Kogushi, Ube,
Yamaguchi 755-8633, Japan

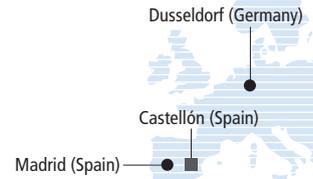
Founded: June 1, 1897

Consolidated: March 10, 1942

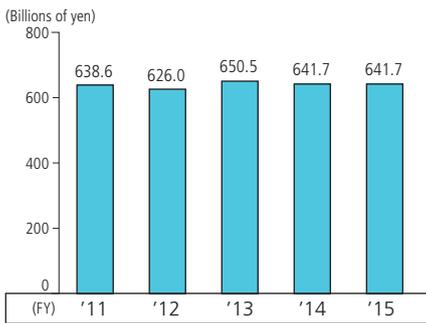
President and Group CEO: Yuzuru Yamamoto

Capital: ¥58.4 billion (as of March 31, 2016)

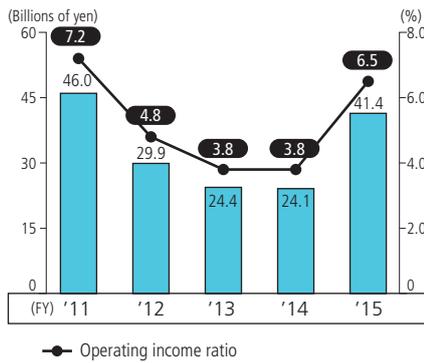
No. of Employees: 10,764 consolidated;
3,693 unconsolidated
(as of March 31, 2016)



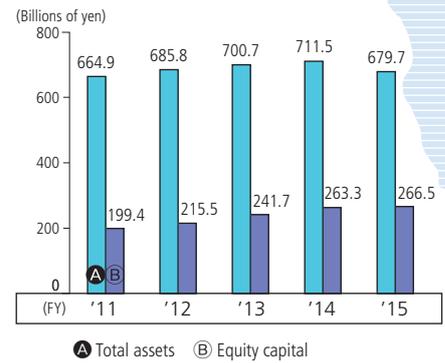
Net Sales



Operating Income and Operating Margin



Total Assets and Equity Capital



● Business Profile

The history of the UBE Group stretches back more than a century. Since beginning coal mining operations in Ube, Yamaguchi Prefecture, we have adapted to social and industrial change, continually innovating and evolving. Through all this, certain values at UBE—technology and innovation—have never changed.

Today, UBE is active around the world. We pursue business based on product manufacturing backed by innovative technologies and an entrepreneurial spirit that anticipates evolving needs and embraces change. These values are etched deeply into the entire Group and continue to be passed down.

The UBE Group's current businesses are centered on chemistry and include the fields of pharmaceuticals, cement and construction materials, machinery, and energy and the environment. UBE's products and technologies in these fields are used in a wide variety of applications, from those close at hand, including home appliances, household goods, automotive components and pharmaceuticals, to such areas as infrastructure and state-of-the-art aerospace applications.

Segments



Chemicals

UBE manufactures nylon resins widely used in packaging materials and automotive components as well as caprolactam, a material used to make nylon resins. Operating globally, UBE produces both types of products in three regions.

UBE's polybutadiene rubber is used by some of the world's top tire manufacturers and enjoys a strong reputation.

Ammonia and various other industrial chemicals as well as ABS resin and polyethylene for general-use plastics support industry and modern lifestyles in a wide variety of applications.

UBE's specialty chemicals and products lineup includes lithium-ion battery electrolytes and separators, circuit substrates for flat-screen displays, heat-resistant polyimide resin for use in aerospace and other advanced materials as well as a large number of environment-friendly products, such as high-performance coatings and fragrance materials. UBE's silicon nitride for use in bearings for wind power and other applications and explosion-proof nitrogen separation membranes are used worldwide.

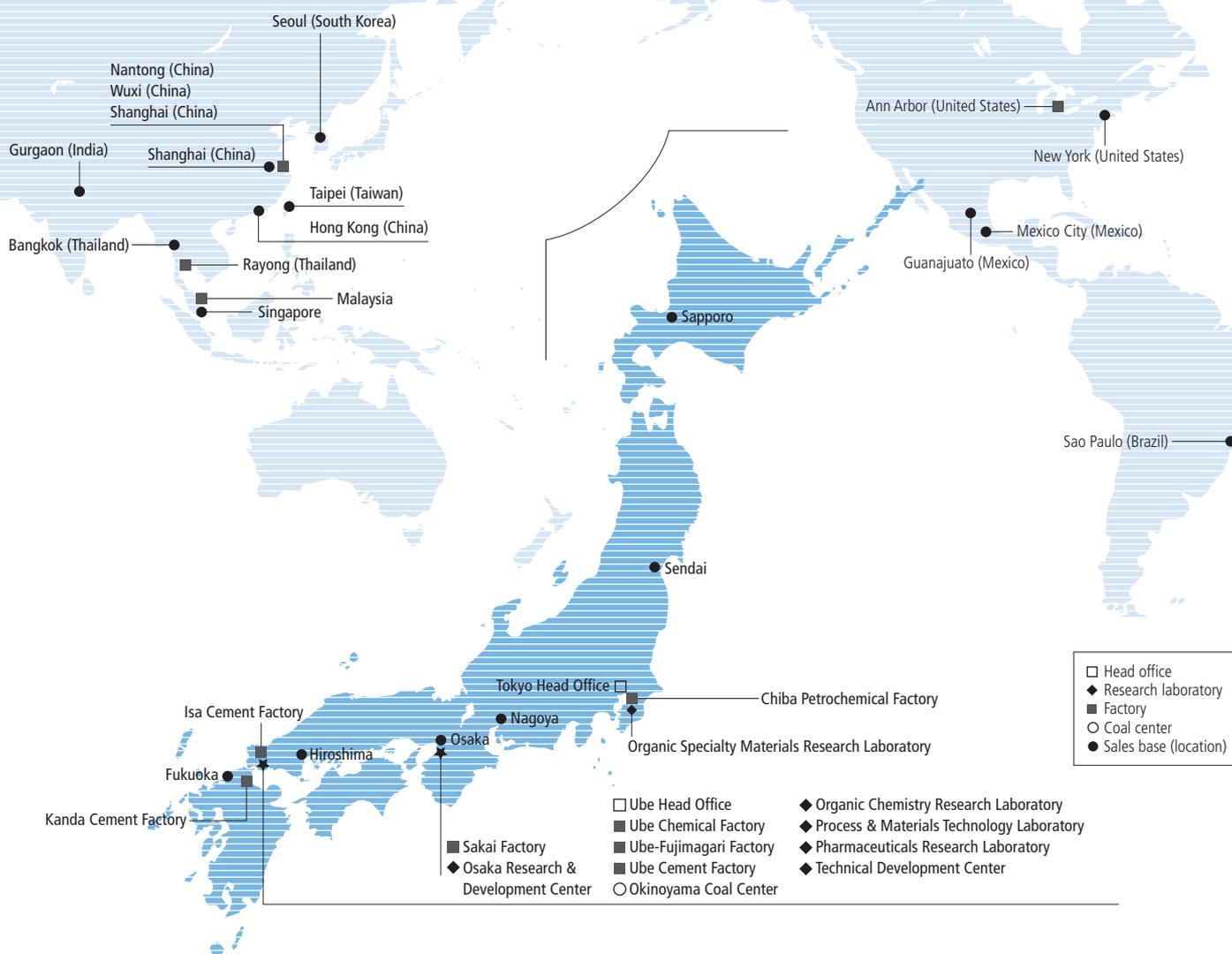
The UBE Group's technical strengths are demonstrated by the high-value-added materials and products its unique technologies make possible.

Pharmaceutical

UBE began pharmaceutical R&D in the 1980s, building on its abundant organic synthesis technologies nurtured in other businesses. Today, UBE partakes in drug discovery, developing active pharmaceutical ingredients in-house and in collaboration with other pharmaceutical manufacturers, as well as the contract manufacturing of active ingredients and intermediates, in which the Company undertakes production process development and manufacturing on behalf of pharmaceutical companies. These two areas are the pillars of UBE's pharmaceutical business.

The UBE-produced anti-allergy agent *Talion*, (marketed by Mitsubishi Tanabe Pharma Corporation), antihypertensive agent *Calblock* (marketed by Daiichi Sankyo Company, Limited) and antiplatelet agent *Effient* (marketed by Daiichi Sankyo Company, Limited and Eli Lilly and Company) are on the market, helping to improve users' health.

Business Bases in Japan and Overseas



Cement & Construction Materials

The UBE Group meets a wide range of needs in the areas of civil engineering and construction with its extensive product lineup and by constantly introducing new products with excellent functions, further expanding its reputation for reliability.

Ube-Mitsubishi Cement Corporation provides a stable supply of UBE brand cement throughout Japan. From ordinary cement to specialty cement and solidification agents, the broad spectrum of trusted UBE brand cement products supports the formation of infrastructure.

UBE's cement factories accept various waste materials, including waste plastic and sewage sludge, for reuse as fuel. UBE also boasts an extensive lineup of construction materials. In recent years, the Group's seismic retrofitting technologies have been widely adopted in schools and other buildings.



Machinery

UBE brand molding machines and industrial machinery, including die-casting machines, injection molding machines and extrusion presses, enjoy an excellent reputation in the global market. UBE supplies die-casting machines primarily to the automotive industry in and outside Japan, and boasts a particularly outstanding global track record in large machines. The Company also has an industry-leading lineup of injection molding machines with mold clamping force ranging from 650 tons to 3,000 tons, among the strongest in the world.

By strengthening and enhancing the linkage of products and services, UBE is reinforcing its ability to meet the needs of customers in the global market while expanding its network of locations to emerging nations that promise growth, such as India and Mexico.



Energy & Environment

In addition to the UBE Group's overall energy infrastructure, which includes coal-related businesses that provide a stable supply of imported coal and the supply of electricity from in-house power stations, the Group operates new energy businesses, such as the independent power producer (IPP) business and solar power (megawatt) business.

UBE's annual coal handling capacity is approximately seven million tons. The Okinoyama Coal Center in Ube City is one of Japan's largest. UBE stores coal at the center. From there, it distributes coal to users throughout the country.

Furthermore, the UBE Group is actively engaged in the development of new biomass fuels, which are promising for their potential to reduce greenhouse gas emissions.

The UBE Group's Corporate Philosophy and CSR

This is UBE's founding philosophy and core CSR concept and has been passed down for over 119 years

The Spirit of "Living and Prospering Together"

■ Promoting the Management Philosophy "Living and Prospering Together" to Create Ideal Local Communities

Sukesaku Watanabe, the founder of UBE Kosan, was a businessman who loved his hometown. Strongly believing in the importance of maintaining close links with local communities while pursuing business development, Watanabe undertook various initiatives to upgrade the civil and social infrastructure of the region. Such initiatives included establishing an electric company that provided the region's first electric lighting, constructing water supply facilities and railroads, and setting up schools to foster the development of human resources. Sukesaku Watanabe's favorite phrase, "living and prospering together with the local community," forms the basis of the UBE Group's CSR activities.

■ Promoting the Management Philosophy "Creating Industries with Infinite Possibilities from the Finite Resources of Coal" to Foster a Frontier Spirit

Anticipating a future in which there would be no coal left to mine, Watanabe espoused the philosophy of "creating industries with infinite possibilities from the finite resources of coal" in order to ensure the continuing prosperity of local communities. Consequently, he focused his efforts on making the transition from the coal mining industry to new, developing industries. In particular, Sukesaku Watanabe had the foresight to use soil removed from mines to create waterfront landfills that could serve as industrial sites. In addition, he established harbor jetties and railroads while opening steel, cement and chemical factories. Such facilities form the foundation of the present UBE Group. In line with Watanabe's philosophy of taking on new business challenges, UBE cultivates a corporate culture that encourages a spirit of challenge that fosters a frontier spirit in every employee.

These two founding philosophies are the starting point of the UBE Group's CSR, and, having been handed down since the Company's founding, are now our Management Philosophies.

Group Vision:

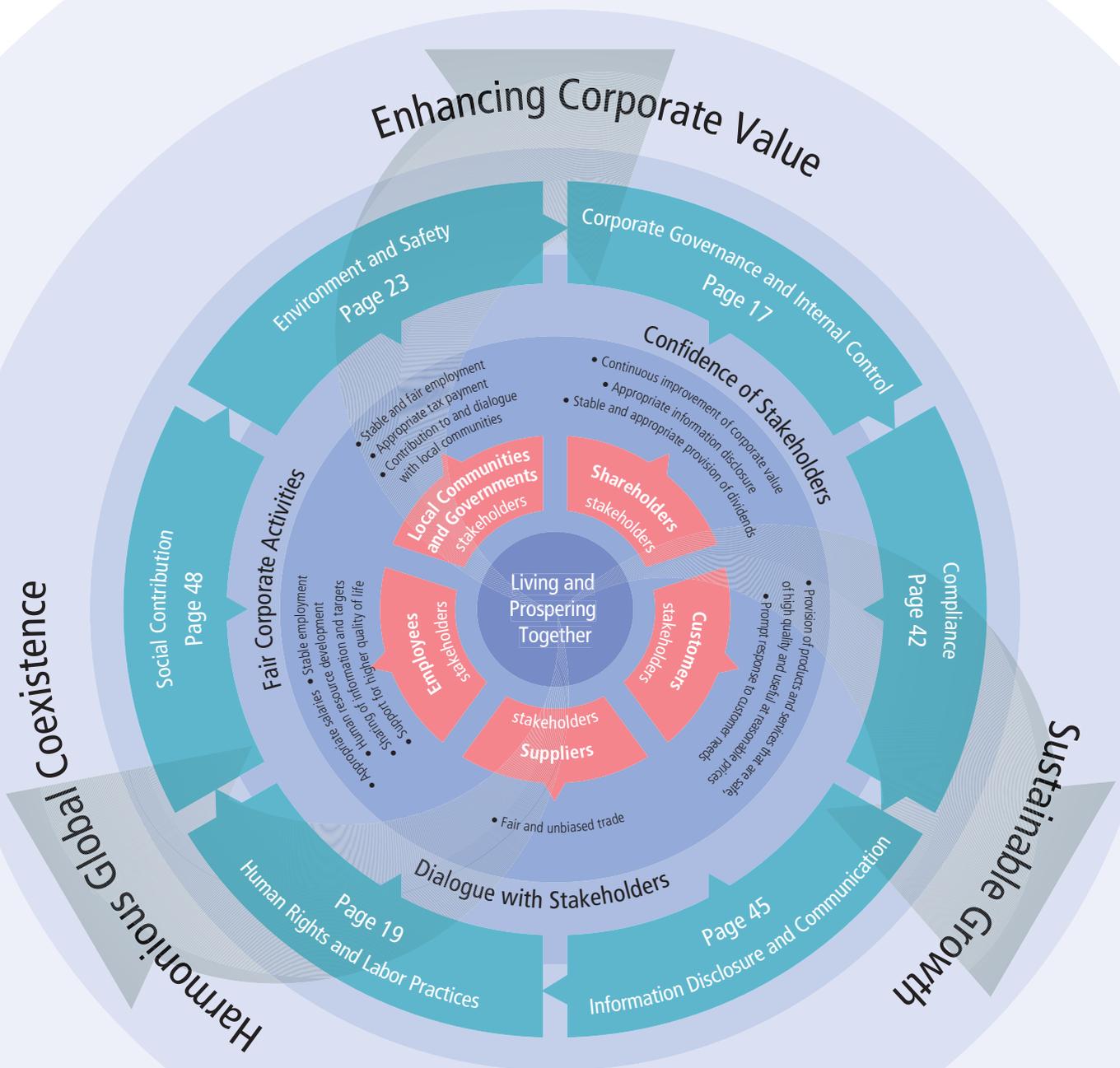
Wings of Technology and Spirit of Innovation

This is the heritage driving our global success. The UBE Group will embrace a frontier spirit in seeking to achieve coexistence with the global community driven by the limitless possibilities of technology, while continuing to create value for the next generation through product manufacturing.

The UBE corporate philosophy, "living and prospering together," and a spirit of unremitting self-reform comprise the UBE Group vision. This Group vision is being passed along to every employee. The UBE Group's strengths lie in business activities centered on product manufacturing through the use of original technology as well as a proactive approach that meets the needs of the age. Expanding these strengths worldwide, we will work to realize sustainable development around the globe with the aim of achieving global coexistence.

The UBE Group works to achieve sustainable business and social development by positioning its [Basic CSR Policies](#) (see page 15) at the center of its business activities. In so doing, we are fulfilling our responsibility to maintain coexistence between business and society. In addition, we adhere to the [UBE Action Guidelines](#) (see page 16) in order to realize proactive CSR activities and, in turn, attain the trust of all stakeholders.

Expanding the Scope of Living and Prospering Together That is the UBE Group's CSR.



The concentric circles and outward pointing arrows of this diagram convey the concept of globally expanding the scope of living and prospering together, UBE's management philosophy, through problem solving using the CSR matrix.*

In the center ring are the five stakeholder categories and UBE's mission with regard to each.

To address the six CSR issues of concern to stakeholders, the UBE Group always conducts fair business activities and works to deepen stakeholder confidence through regular dialogue.

UBE believes that the organic operation of these separate CSR activities will contribute to enhancing corporate value, sustainable growth and harmonious global coexistence.

* CSR matrix: A table that clearly lays out the CSR issues, broken down by stakeholder, for each UBE Group executive and employee to address.

UBE Group Basic CSR Policies

- Continually improve profits and earnings and maintain a sound financial position in order to increase corporate value
- Provide products, services and systems that contribute to safety and the environment, reduce the use of harmful materials and waste, and institute policies for the prevention of global warming in order to contribute to the conservation of the global environment
- Establish compliance procedures to improve corporate governance and create a better working environment as a part of our activities to contribute to society

Established July 2005

CSR Promotion Initiatives

CSR is an approach to corporate management that defines such management as a company's actions to fulfill its role as a member of society.

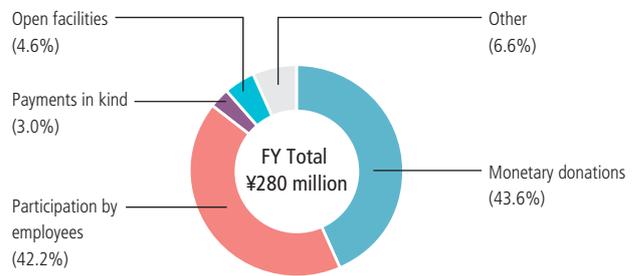
The UBE Group's CSR activities encompass increasing the Group's corporate value and purpose; ensuring sustainable growth; deepening the confidence of stakeholders and broadly working to coexist harmoniously with society through day-to-day dialogue with its stakeholders; and globally expanding the scope of "growing and prospering together," the Company's founding philosophy (our management philosophy), through business activities going forward.

● Group CSR Committee

CSR activities are promoted by the Group CSR Committee, which is composed of members of the Group Strategic Management Committee and chaired by the Group's CEO. In line with the Group's Basic CSR Policies, the Group CSR Committee makes decisions on and revises important matters related to CSR activities and assesses the results of the Group's CSR-related activities.

Under the Group CSR Committee are six specialized committees, namely the Compliance Committee, the Competition Law Compliance Committee, the Information Security Committee, the Restricted Cargo and Export Management Committee, the Crisis Management Committee and the CSR Promotion Committee. Each of these undertakes deliberations, reporting and revisions related to concrete action plans based on the CSR matrix.

Breakdown of Spending on Social Contribution Activities in Fiscal 2015



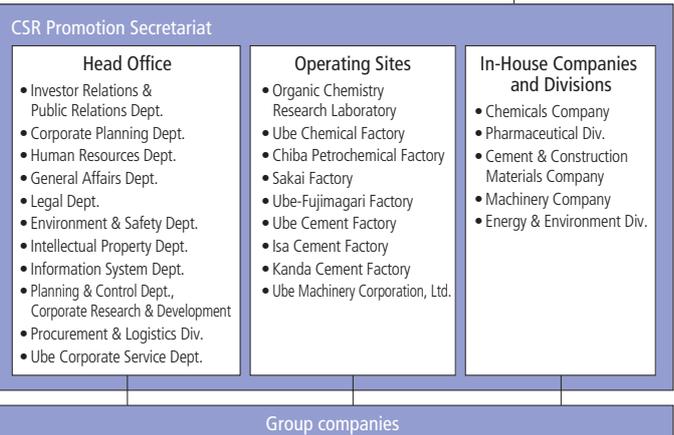
Group CSR Committee



CSR Promotion Committee



Secretariat (Supervised by):
CSR Department



UBE Action Guidelines (See page 42)

UBE has established the UBE Action Guidelines as a code of conduct that embodies the philosophy of “living and prospering together” to guide the Group to engage in business activities in line with relevant laws around the world, the Company’s internal rules, and social mores.

Chapter 1 Corporate Mission and Social Responsibility

We will strive to create new value and achieve sustainable growth as a corporation while actively fulfilling our corporate social responsibilities to contribute to the sound growth of society.

Chapter 2 UBE Group and the Law

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 antisocial forces, and will not bow to the unreasonable demands of antisocial forces.

Chapter 3 Business Activities and Creating Value

We will develop and supply technologies, products and services that are safe and serve useful purposes, in order to earn the confidence of the public.

Chapter 4 Fairness and Integrity

We will strive to promote fair and open competition while executing our work with integrity as we pursue our business activities both at home and abroad.

Chapter 5 Safety and the Environment

We are committed to safety, and will actively and voluntarily implement initiatives to conserve the global environment as an issue facing all humankind.

Chapter 6 UBE Group and Human Rights

We will respect human rights and create healthy and positive workplaces that are comfortable to work in, as we pursue our business activities both at home and abroad.

Chapter 7 UBE Group and Information

We will strive to protect information and engage in appropriate disclosure of corporate information, while actively and thoroughly facilitating communication with society.

Chapter 8 UBE Group and the International Community

We will contribute to the growth of the regions we are involved in, as a member of the international community.

Chapter 9 Summary: Building a Firm Foundation of Corporate Ethics

We will build a firm foundation of corporate ethics, based on the UBE Action Guidelines and through close cooperation within the UBE Group and with our business partners.

Revised March 2015

Relationships with Stakeholders

UBE identifies five types of stakeholders with whom it maintains deep relationships. In the course of achieving sustainable growth, the Group actively strives to fulfill its corporate social responsibilities with regard to these stakeholders.

The UBE Group will continue to value engagement with stakeholders as it implements CSR activities and works to coexist harmoniously with society.

Stakeholders	UBE’s Mission	Main Means of Engagement
Customers	Provide safe, high-quality products and services that are useful to society at fair prices and swiftly react to customer needs	Communication through sales activities and providing information by various means (including the UBE website and product catalogs)
Suppliers	Engage in fair, honest transactions	Communication through purchasing activities
Employees	Provide fair pay and stable employment, develop human resources, share information and tasks, and support improvement in quality of life	Corporate briefings, the Central Labor-Management Conference, training, reporting and counseling systems, internal publications and the Company intranet
Local communities and governments	Provide stable, fair employment, pay taxes appropriately, and engage in dialogue with local communities and society	Regional dialogue meetings, the local newsletter “Tsubasa,” the CSR Report and charity concerts
Shareholders	Continuously raise corporate value, provide appropriate information disclosure, and pay stable, appropriate dividends	IR activities (results briefings, investor briefings, facility tours, etc.), the General Meeting of Shareholders, and providing information by various means (the UBE website, the .Annual Report and the <i>UBE Business Report</i>)

● **Initiatives to Establish and Maintain Corporate Governance**

The UBE Group’s basic mission is to promote sustainable growth and increase corporate value over the medium to long term for the entire Group.

To that end, we believe that we must establish and maintain effective corporate governance in order to sustainably conduct proper business activities and thereby fulfill our duties toward and earn the trust of all the Group’s stakeholders, including shareholders, suppliers, employees and local communities.

Board of Directors

To bring a third-party perspective to decision making, thereby ensuring efficiency, transparency and objectivity in management, four of the eight corporate directors that make up the Board of Directors are appointed from outside the Company. Furthermore, the Board of Directors is chaired by a director who, in principle, is not an executive officer. In addition, UBE has positioned a Nominating Committee and an Evaluation and Compensation Committee as subsidiary entities of the Board of Directors. Both committees comprise five directors and are chaired by outside directors.

Audit System

UBE has a Board of Corporate Auditors. Together with the Board of Directors, this board works to enhance the supervision of management and ensure management fairness and transparency.

The Board of Corporate Auditors consists of four corporate auditors, of whom two are appointed from outside the Company. The task of corporate auditors is to ensure that directors and executive officers perform their duties appropriately by attending and offering their views at important meetings, including meetings of the Board of Directors, by examining important approval documents and by receiving reports on operations from directors and other officers.

The corporate auditors also regularly meet with the independent auditors to hear about their auditing plans and the status of their implementation. In addition, corporate auditors work to maintain effective communication with the internal auditing departments and the corporate auditors of Group companies through regular exchanges of information.

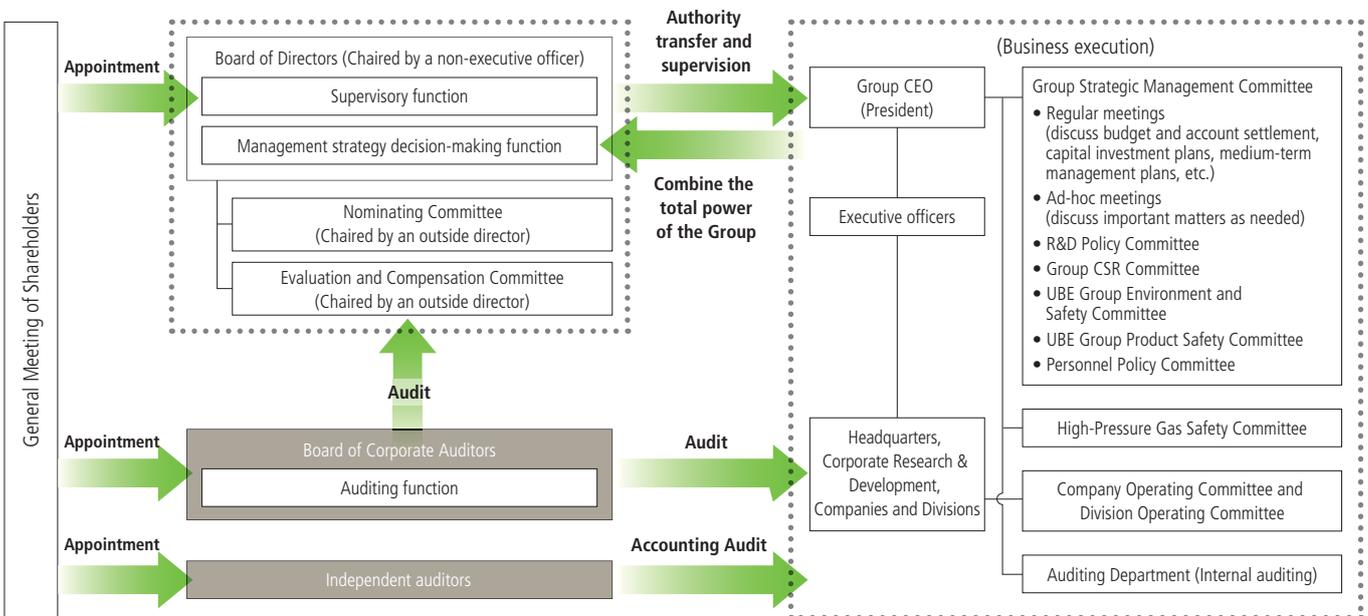
At UBE, internal audits are conducted by the Auditing Department, which reports directly to the President as an independent organization. Audits cover the entire UBE Group, including UBE’s overseas subsidiaries. By checking the status of internal control and compliance with laws and regulations as well as adherence to manuals, UBE endeavors to identify potential risk across all areas of its business activities. The Auditing Department and the corporate auditors regularly exchange information and work in close cooperation with each other; for example, when the auditors conduct audits, some of the Auditing Department staff may accompany and support them as required. As a member of Companywide risk management organizations, such as the Compliance Committee, the head of the Auditing Department collaborates with each committee and works to strengthen risk management systems.

Executive Officer System

In June 2001, UBE adopted an executive officer system with the aim of separating governance and management functions. As of June 2016, the Group has 23 executive officers, of whom three are also directors. Executive officers carry out business operations in accordance with management policies determined by the Board of Directors, exercising the authority delegated to them by the President and Representative Director.

To realize flexible personnel matters with regard to officers and fully enforce a performance-related rewards system, director and executive officer terms of service are set at one year.

Corporate Governance Structure



Decision-Making System

● **Board of Directors**

On behalf of shareholders, the Board of Directors discusses and makes decisions on the issues provided for by the Companies Act, the basic policies of the Company and important executive issues from medium- to long-term perspectives.

● **Group Strategic Management Committee**

The Group Strategic Management Committee is responsible for discussing and making decisions on key matters concerning resource allocation, items that need to be adjusted from an overall Group perspective, and other key matters that affect the Group as a whole in accordance with the Group Management Guidelines and Group Strategic Management Committee rules.

● **Company Operating Committee and Division Operating Committee**

The Company Operating Committee and the Division Operating Committee are responsible for discussing and making decisions on key matters, such as business strategy, at their respective levels. They engage in these activities for Ube Industries and other UBE Group companies in accordance with the Group Management Guidelines and Company/Division Operating Committee rules that govern their operations.

● Risk Management Systems

The UBE Group is developing and reinforcing its risk management systems so that it can identify and assess the probability and impact of risks that might prevent the attainment of its business objectives and implement appropriate risk countermeasures.

To promote environmental safety and product safety, we have established the UBE Group Environment and Safety Committee and the UBE Group Product Safety Committee, which formulate policy for the entire Group and implement various related measures. In addition, the Group has established the following committees to deal with individual risk categories.

Information Security Committee

Due to the digitization of a wide range of information, companies are facing risks of information leakage, falsification and loss, and these risks can have a serious influence on their corporate activities.

In 2002, the UBE Group established the Information Security System, and the Information Security Committee. The committee formulates basic policy and rules regarding information security, implementing measures based on extensive discussions of security management. As one measure to address new risks in everyday operations, we conduct data center disaster drills based on particular types of disaster and yearly information security training for all Group employees, thus providing opportunities to learn about the latest information security measures. In fiscal 2015, we revised our system for protecting trade secrets and worked to respond to such developments as the Personal Information Protection Law (the "My Number" system) and Basic Law on Cybersecurity. In fiscal 2016, we plan to strengthen security systems at overseas Group companies and are working to ensure information security throughout the UBE Group.

Crisis Management Committee

The UBE Group has established the Crisis Management Committee to discuss and make decisions regarding basic matters related to the handling of unforeseen circumstances that could seriously impact the Group's businesses. The committee maintains the Group crisis management regulations and crisis management manual and determines yearly tasks to address. In fiscal 2015, the committee addressed the key tasks of natural disaster response, infectious disease response, Companywide response to disaster at a factory, and BCM improvement.

Moreover, the Overseas Crisis Management Committee has been established within the Crisis Management Committee to examine crisis management for employees who are on business trips or stationed overseas and family members who are stationed with them.

● Business Continuity Framework: BCP*¹ and BCM*²

The UBE Group strives to minimize the impact of unexpected events on its businesses and on stakeholders. Specifically, the Group has established a business continuity plan (BCP) and implements activities aimed at increasing its ability to sustain business operations as well as business continuity management (BCM).

In terms of preparedness for a major earthquake directly under the Tokyo metropolitan area or the Nankai Trough, every year we inspect and review the BCP, conduct field drills at relevant business sites and hold disaster response BCP briefings to promote the sharing of the BCP.

Furthermore, the Group formulates and implements measures to reduce the impact of natural disasters on factories and facilities, mainly through the Group Earthquake Countermeasures Committee (see page 27).

To prepare for outbreaks of infectious disease, we have created a Group manual for responding to future outbreaks of new influenza strains in line with Japan's Special Measures Act to Counter New Types of Influenza Governmental Action Plan and the accompanying guidelines. Based on the policies laid out in this manual, we promote measures to be taken under ordinary circumstances, conduct periodic drills based on outbreak scenarios and regularly inspect and revise the BCP for specific offices and facilities as well as the Group as a whole.

Furthermore, given the potential for enormous impact that disasters at factories (such as a fire or explosion) pose, we are developing a Company-wide response structure for dealing with such disasters and carry out media training as part of comprehensive disaster drills at each factory.

Furthermore, to respond to recent changes in approaches and methods related to the BCP and BCM, since the latter half of fiscal 2015 we have been considering ways to improve our BCP. In particular, in addition to our previous drills, which improved readiness with regard to certain types of responses, we are working to add workshops and simulation drills to make drills more comprehensive and immersive. By doing so, we aim to minimize the possibility of encountering situations that we have not prepared for.

● Main Risk Response Drills in Fiscal 2015

Disaster response drills	3 times
Disaster response BCP briefings	10 times
Media training	3 times
Data center disaster drills	3 times



BCP field drill for an earthquake directly below the Tokyo Metropolitan Area (held at Tokyo Head Office and Ube Head Office) (February 2016)



BCP field drill for a major earthquake in the Nankai Trough (Nagoya Branch) (February 2016)



Media training (Ube-Fujimagari Factory) (October 2015)

Glossary

*1. BCP (business continuity plan): A plan, including policy, systems and procedures, devised to prevent the suspension of principal businesses in the event of unexpected events and, should businesses be suspended, recover their functions as quickly as possible.

*2. BCM (business continuity management): Management designed to promote the ongoing improvement of an enterprise's ability to sustain operations through the formulation of BCPs, the regular implementation of education and drills, and the verification, evaluation and revision of such BCPs, education and drills.

Human Rights and Labor Practices



Fundamental Philosophy

Human Rights and Labor Practices

Respect for Human Rights

In its Action Guidelines for Business Conduct, the UBE Group has stated that it will respect human rights and develop healthy, bright and motivating workplaces. We regard respect for human rights as a fundamental rule guiding the corporate activities of the UBE Group.

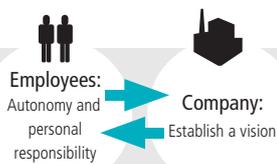
Ideal Personnel

The UBE Group gives top priority to human resources among its management assets, and it is committed to developing highly skilled professionals who can act independently and produce results. The basic image that the UBE Group promotes for individual employees is that of someone who has unparalleled skills, sets their own goals, works independently and takes on new challenges while being unafraid of change.

● Personnel System

UBE has introduced an evaluation system that incorporates a goal management system and a performance-based component. By organically linking the development, evaluation, qualification and compensation systems, and impartially evaluating individual efforts, UBE seeks to create a workplace that is challenging and motivating for every employee.

The Interconnecting Aims of Each System



Qualification System	Courses are divided by expected role and qualitative differences in positions
Development System	Training professionals who will generate profit
Evaluation System	Results and expertise evaluations
Compensation System	Compensation that stresses results and ability

● Human Resource Development Initiatives

In order to develop superior human resources, we work to enhance the following key areas: 1) on-the-job training (OJT); 2) off-the-job training (workshops, etc.); and 3) self-improvement support programs. At the same time, we maintain support systems so that all UBE employees can fully exercise their abilities in carrying out their work. Specifically, to assist in employee career development, every year employees prepare Career Development Sheets. Opportunities are provided for interviews about their

careers with their superiors using these sheets, and employees are rotated through various posts to enable them to gain a broad perspective and expand their areas of expertise. Furthermore, UBE updates the content of off-the-job training, consisting mainly of workshops, based on changes in the external environment.

Strengthening Global Human Resource Development

Given that overseas business development is expected to expand going forward, UBE is actively fostering globally capable human resources. The key points of these efforts are 1) raising the level of language abilities 2) enhancing opportunities for overseas experience 3) reinforcing cultural sensitivity, and 4) cultivating global business leaders. Based on these points, we are conducting various types of global training to increase awareness and ambition among employees with regard to foreign languages and global business.

In addition, human resource managers from Thailand, Spain and Japan gather at the Group's annual Global Human Resources Meeting to exchange information on human resource development and personnel systems. Furthermore, by reviewing personnel and evaluation systems, we are responding to globalization on the human resources front. In fiscal 2014, we established a set of human resource principles for the entire UBE Group to clearly state our Groupwide approaches to human resource management and promote the sharing of relevant values across the global UBE Group.

We are also actively promoting personnel exchanges with overseas UBE Group companies. Through joint training, exchanges and dispatches to Japan of young employees, we provide Group employees with real work experience in other countries, helping to cultivate global mindsets.



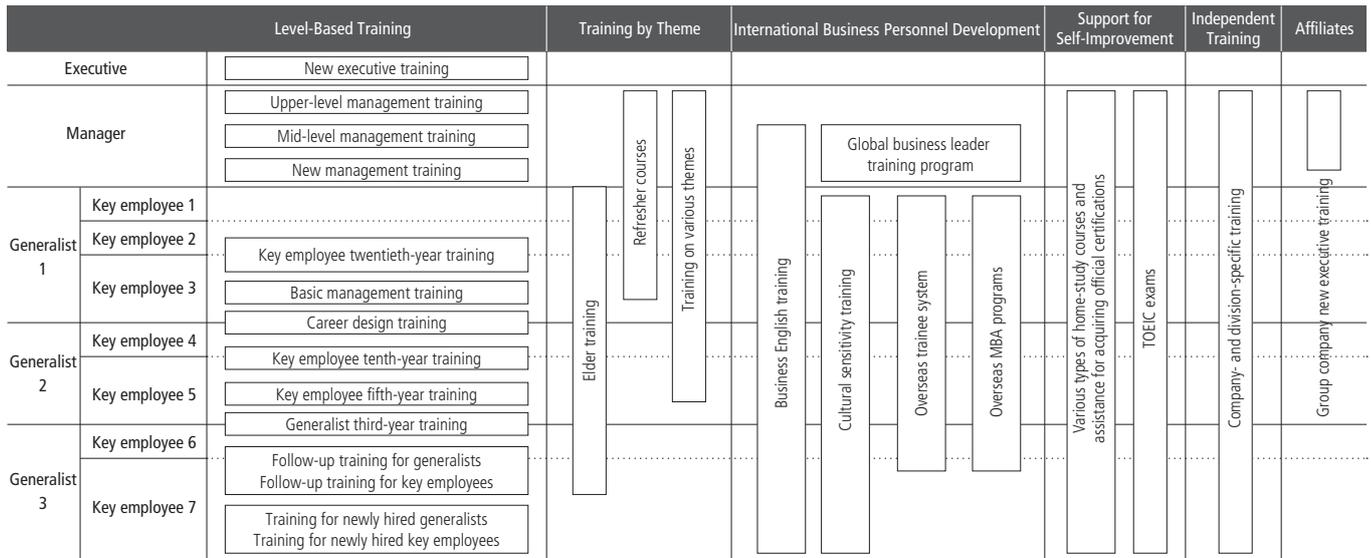
Global business leader training (fiscal 2015)

● Diversity Initiatives

UBE positions diversity as a key management strategy. We are working to create a corporate culture that respects diverse individuality and values and abounds with creativity and ambition.

In October 2013, we established the Diversity Promotion Office within the Human Resources Department as a dedicated unit that promotes the diversity of human resources and working styles.

Training System Overview



Human Resource Diversity Initiatives

UBE recruits and hires people across a wide range of fields, regardless of personal history, nationality, gender and other such factors, striving to create workplace environments where all employees can utilize their individual abilities and succeed.

UBE Employee Data (as of March 31, 2016)

	Number of Employees (% of total)		Number of Managers (% of total)		Average Age	Average Number of Years at UBE
Male	3,446	93.3%	938	98.9%	41.7	15.9
Female	247	6.7%	10	1.1%	40.1	15.5
Total (average)	3,693	100.0%	948	100.0%	41.6	15.9

Hiring Breakdown

Fiscal year	(Number of People)					
	2013		2014		2015	
New graduate hires (generalist positions)	54	(10)	50	(7)	46	(12)
New graduate hires (key employee positions)	58	(6)	30	(2)	17	(2)
Mid-career hires	43	(5)	26	(2)	53	(4)
Hires with disabilities	5	(1)	2	(0)	5	(0)
Hires of non-Japanese nationals	1	(1)	1	(1)	2	(2)

Numbers in parentheses are the number of female hires

Leveraging Non-Japanese Human Resources

As globalization continues, we are expanding personnel exchanges with the Group's non-Japanese employees based overseas and actively hiring foreign nationals in Japan in order to leverage their experience with different value systems and cultures.

Helping Women Succeed

As of March 31, 2016, the percentage of UBE employees and managers who are women stood at 6.7% and 1.1%, respectively. To facilitate the success of women in the Company, since fiscal 2014 we have held training for managers and female employees, working to change mindsets. Furthermore, under our three-year action plan, launched in fiscal 2016 based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we have set three concrete targets and are working to expand promotion and other opportunities for women and to improve the culture and atmosphere of our workplaces.



Targets Under UBE's Ordinary Employer Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

- (1) Achieve an average rate of 20% or more women among new graduate hires for generalist positions over the period of the plan
- (2) Achieve a paid vacation usage rate of 70% or above
- (3) Achieve a childcare leave usage rate among eligible male employees of 30% or above

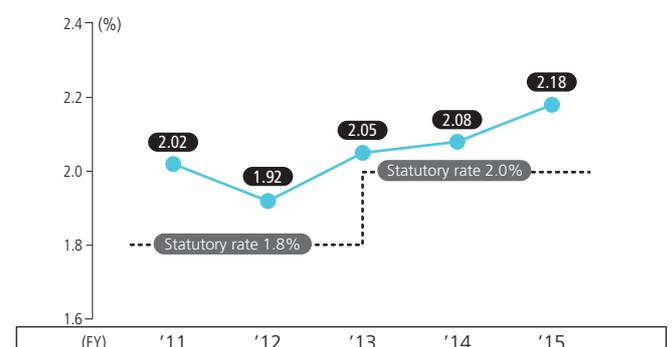


"Brush up" training for female employees (fiscal 2015)

Employment of People with Disabilities

The UBE Group actively undertakes measures to promote the employment of people with disabilities. The Group has organized a network to support the employment of people with disabilities and leverages the expertise accumulated by our special-purpose subsidiary, Libertas Ube, Ltd., established in 1991, to promote the Groupwide employment of such individuals.

Percentage of Employees with Disabilities



Employing Seniors

We are rehiring employees who have reached standard retirement age as senior employees and rethinking programs and other aspects of the workplace environment as well as working to change the mindsets of senior employees so that they can take advantage of their experience and skills to work with enthusiasm and dedication. 83.7% of new retirees in fiscal 2015 were rehired and are now working within the UBE Group.

Work-Life Balance

We are working to improve systems to allow employees, regardless of gender, to continue working in ways that make sense for them at various stages of their lives and to create a climate that ensures that employees are able to take advantage of such systems.

Support for Childcare and Nursing

UBE has in place several systems to accommodate employees who require time to take care of their children or other family members. These include childcare leave, nursing care leave and reduced working hours.

Furthermore, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, UBE has developed a main activity plan for general businesses to help ensure an employment environment that allows employees to use their abilities to the fullest while both working and raising children. To this end, UBE also strives to ensure that work conditions are wide-ranging and flexible. Part of childcare leave is paid, and UBE has undertaken initiatives to allow male employees to actively participate in child rearing. In 2013 and again in 2015, UBE received "Kurumin" next-generation certification as a company that is friendly to child rearing. Under the four-year action plan launched in fiscal 2015, we are working toward the following three goals: 1) implement measures to firmly establish support systems for employees that are taking care of children or other family members while working and facilitate the flexible use of such systems, 2) enhance childcare support, and 3) expand social contribution programs related to raising the next generation.



The "Kurumin"
Next-Generation
Certification Logo

Encouraging Employees to Take Annual Paid Vacation

To encourage employees to systematically take their annual paid vacation and reduce working times, we ask employees to select scheduled vacation dates in advance for every six-month period and we have set an annual recommended paid vacation day, among other measures.

Flexible Working Systems

We have introduced flextime, self-managed work,* a system for taking annual paid vacation in half-day units, and other systems to enable employees to work in a flexible and efficient manner. We are also committed to appropriately managing employees' working hours. For example, we provide guidance for departments with long overtime work hours in implementing measures to help reduce these hours and arrange consultations between employees and industrial doctors.

* Self-managed work: A system that entrusts employees to make their own decisions regarding how to undertake their duties and the allocation of work time in order to achieve work-related goals.

Paid Vacation and Overtime Hours at UBE

Fiscal year	2013	2014	2015
Annual paid vacation usage	60.5%	64.2%	66.5%
Overtime hours worked (annual)	172	185	199

Leave for Volunteer Activities

The Group has established a system that enables UBE employees to use accumulated leave time for volunteer activities that contribute to society or local communities.

Usage of Main Work-Life Balance System (Fiscal 2015)

System	Description	Number of Employees Who Used It
Childbirth leave	• Employees whose spouses have given birth can take four days of paid leave.	94 (77.1% of those eligible)
Childcare leave	• Leave can be taken until the day before the child's first birthday (or the child's second birthday, in certain circumstances).	48 (including 44 men)
	• The first seven days of leave are fully paid.	
Family nursing leave	• Employees can take leave to provide nursing care for family members (up to a total of 365 days)	0
Child nursing leave	• Employees can take leave to nurse children in the third grade of elementary school or younger. (Five days per child can be taken each year, up to a maximum of ten days a year)	3 (including 1 man)
	• Employees can use this leave in half-day units.	
Shortened working time	• The working hours of employees caring for children in the third grade of elementary school or younger or nursing family members can be shortened by up to two hours per day.	15 (including 0 men)

Quality Working Environments

Respect for Human Rights at Workplaces

We have established the Human Rights Education Promotion Committee as part of efforts to provide human rights education to employees, including training for company officers, training divided by workplace and rank, and lectures by external instructors. We implement Groupwide training programs via e-learning to ensure that all employees have a proper understanding of and fully recognize human rights issues. Such initiatives help ensure work environments where all employees are respected as human beings.

Working with the Labor Union

UBE maintains labor agreements with the Ube Industries labor union and seeks to promote smooth labor-management relations. Through the Central Labor-Management Conference, in which members of top management participate, we engage in open discussion aimed at promoting understanding of management policy and plans while reflecting the opinions of union members in management.

Workplace Tours for Families

We offer workplace tours of factories for the families that support our employees, providing them with a rare opportunity to see the environments employees work in and what they do. By helping families better understand our workplaces, these tours promote communication within private households and help increase employees' feelings of motivation toward their work.



Factory tour for families
(Ube Machinery
Corporation, Ltd.)

Developing a Comfortable Workplace and Undertaking Initiatives to Maintain and Improve Employee Health

● Reducing Days Lost to Non-Occupational Injuries and Illnesses

To curb the number of days lost to non-occupational injuries and illness, we implement countermeasures to the top three factors statistically most likely to result in lost time: 1. Mental health, 2. neoplasms and 3. cardiovascular disease.

Mental Health Countermeasures

The UBE Group works together with industrial physicians, nurses and other health specialists to maintain the mental health of its employees. In fiscal 2015, we expanded the number of workplaces with external EAPs,* implemented such specialized countermeasures as counseling and support for returning to the workplace after leave, and held counselor-led training to help superiors support their subordinates, seeking to enhance measures to promote mental health.

Furthermore, to foster active communication and an open workplace atmosphere, we conduct the Meet and Greet Campaign, encouraging employees to exchange words of greeting and encouragement, every year.



Mental health seminar (Ube Head Office)

Meet and Greet Campaign (Ube Electronics, Ltd.)

Neoplasm Countermeasures

As one measure toward the early detection of neoplasms, which can be cancerous, we have added tests to regular employee health checks, including tumor marker exams. Beginning in fiscal 2016, this has been implemented throughout the Company. We have also begun to work with our health insurance union (the "collabo-health" program) to create environments that make it easier for employees to get cancer screenings.

Cardiovascular Disease Countermeasures

To reduce the risk of illness related to the brain or heart, UBE uses the results of employee health checks to recommend additional examinations as needed and to diagnose health risks. By effectively using Companywide health check data, we are working to grasp and address health risks at our workplaces. We will continue to reflect the understanding gained through such efforts in our countermeasures.

Furthermore, we conduct events to raise employee health awareness at our offices and facilities.

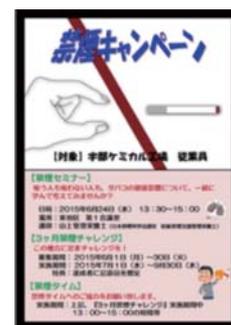


Dietary education event
(Chiba Petrochemical Factory)

Health Festival (Sakai Factory)

● Activities Related to Quitting Smoking

UBE continued seminars on quitting smoking at various offices and facilities in fiscal 2015. The Ube Chemical Factory held such a seminar and then a quitting challenge, providing support for those who wanted to try to quit. We also took such measures as removing tobacco vending machines from the premises and instituting smoke-free times of day, effectively improving smoking habits.



● Spreading Health Information

We have revamped the health-related content of our website as part of efforts to provide useful health-related information. In fiscal 2015, we began publishing health management information to make it easy for employees to view and compare their own health check results for multiple years, encouraging all employees to actively work to manage their health.

● Overwork Countermeasures

We have instituted meetings with industrial doctors for employees working significant overtime. These meetings are optional for those working more than 45 hours of overtime per month and mandatory for those working more than 80. We also conduct activities to encourage employees to reevaluate the ways they work, including no-overtime days.

Staff Message

The Health and Smiling Faces of Our Employees Are My Motivation



Sumiko Murakami

Safety Team (Health Management Office)
Chiba Petrochemical Factory

What does "health" really mean? This is a surprisingly difficult question. The definition of health in the World Health Organization's constitution is a well-known one. It defines health as "a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity."

In other words, forming healthy social relationships, using one's own abilities to work with vigor, and achieving a fulfilling lifestyle could be said to be health. Maintaining health is something that each person must do themselves, but it is not easy to do alone, and even if we wish to make changes to our lifestyle habits, it can be hard to follow through. That is why consideration from the Company is important, and it is where we industrial health specialists can help.

We seek to support employees' efforts to be healthy, always staying alert and reaching out to employees. By doing so, we hope to ensure that the Health Management Office can give employees the emotional and practical support they need.

Glossary

* External EAP (Employee Assistance Program): Programs through external institutions to support employees' mental health. These programs help provide more specialized mental health care from experts including industrial counselors and clinical psychologists.

Environment and Safety Management

At the UBE Group, conserving the environment and protecting health and safety come first in business operations.

This emphasis is necessary in order to provide products and services that make people's lives better and to achieve solid and sustainable growth.

UBE Group Environmental and Safety Principles

As members of society, corporations must be fully conscious of their responsibilities regarding contributions to society, environmental preservation and the maintenance of health and safety in carrying out their corporate activities.

The UBE Group shall pursue the following vision in order to fulfill its leadership role and shall work to improve the safety and the quality of the environment among all of its Group companies through the publication of performance reports and the implementation of dialogues with society.

• Operational Safety

Ensuring operational safety shall be the priority in all areas and activities under UBE's commitment to respect human life.

• Process Safety

Maintenance of process safety shall be part of the UBE Group's basic mission as a manufacturer.

• Environmental Preservation

As a responsible corporate citizen, the UBE Group shall act positively to protect and improve both community and regional conditions and work for the preservation of the global environment.

• Product Safety

The UBE Group shall pursue its corporate responsibility in providing its customers and the public with safe and reliable products.

• Health Management

The UBE Group recognizes that maintaining and promoting the health of its employees is the basis of corporate and social vitality.

Revised in April 2015

Y. Yamamoto

Yuzuru Yamamoto

President and Group CEO, Representative Director

Environment and Safety Promotion System

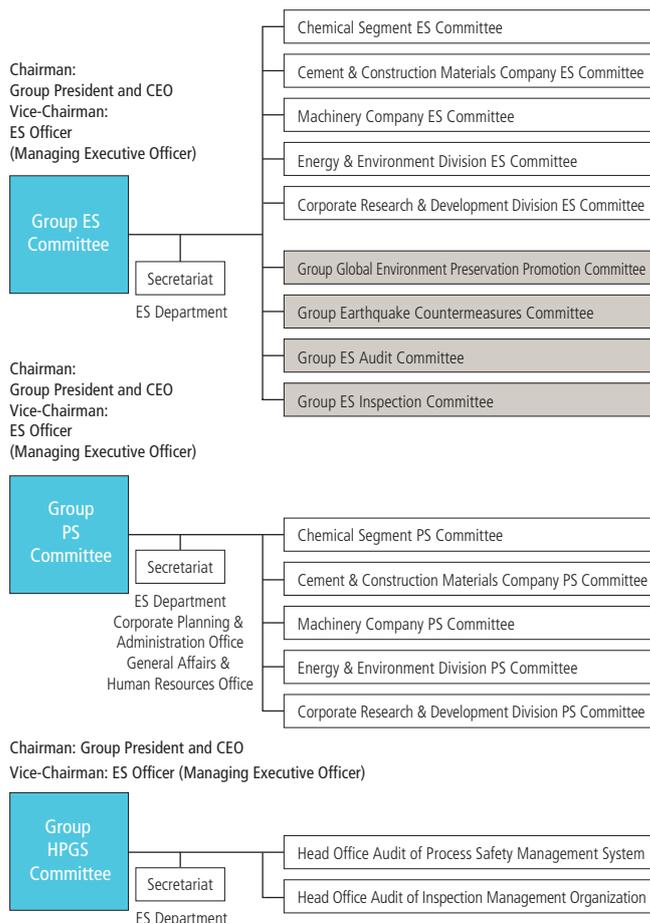
The UBE Group has established the Group Environment and Safety (ES) Committee and the Group Product Safety (PS) Committee as the top decision-making organizational units for the promotion of the Environmental and Safety Principles. In addition, the Group has established the Group High-Pressure Gas Safety (HPGS) Committee for decision-making regarding the process safety measures outlined in the ministerial order related to the High Pressure Gas Safety Act. These committees comprise members of the Group Management Committee, which is headed by the Group CEO (the president), and decide and revise policy and measures related to Group issues in the areas of the environment, safety and health, product safety, and process safety.

The Group ES Committee and the Group PS Committee have established subcommittees for each segment. These subcommittees are involved in translating the policies of Group-level committees into concrete initiatives appropriate to segment business activities. In addition, the Group ES Committee maintains four other subcommittees charged with implementing activities across the Group based on their specific areas of responsibility.

Responsible Care Management System

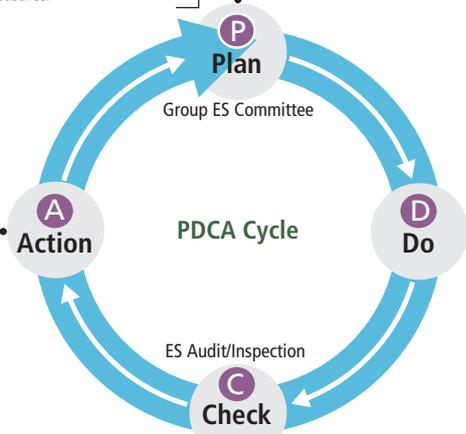
Aiming for continuous improvement in areas related to the environment, occupational safety and health, product safety, and process safety, the UBE Group pursues responsible care (RC)* initiatives in all its business areas. With the aim of achieving constant improvement, RC is undertaken according to the Plan-Do-Check-Action (PDCA) cycle. To steadily promote RC initiatives, the UBE Group systematically implements the PDCA cycle each year.

Organization of Environment and Safety-Related Committees



Measures to be applied during the fiscal year are established through deliberations and decisions made by the Group ES Committee. Each office and facility formulates action targets and schedules for the year based on these measures.

Each office and facility makes corrections to problem areas identified in audits and inspections. Audit and inspection results are reported to the Group ES Committee and then reflected in the next fiscal year's measures.



The status of implementation is checked through environment and safety audits and inspections, and problem areas are identified.

Glossary

* RC (responsible care): Under RC, corporations that manufacture and/or handle chemical substances work voluntarily to preserve "safety, health and the environment" throughout product life cycles, from the development of chemicals through their manufacture, distribution, use and final consumption to disposal and/or recycling. These commitments must be clearly reflected in the corporations' management policies. Activities are carried out in the areas of environmental protection (protect people's health and the natural environment worldwide); disaster prevention (work to prevent disasters at facilities and counter natural disasters); occupational safety and health (ensure the safety and health of workers); chemical and product safety (clarify chemical products' properties and handling methods and thereby protect the safety and health of all handlers, including customers, while preserving the environment); logistics safety (strive to prevent logistics-related accidents and disasters); and communication (announce activity details and results and promote social dialogue).

Environment and Safety Activity Targets and Results

Outline of Environment and Safety Activities

In order to advance its medium-term environment and safety policy, each fiscal year the UBE Group strives to improve its environment and safety activities by formulating action plans in line with its Responsible Care Code and through the use of the PDCA cycle.

Fiscal 2015 evaluation: Plans were achieved or mostly achieved in all categories.



Continually improving the quality of RC.

Responsible Care Code		FY2015 Action Plans
Process Safety and Disaster Prevention	Reinforcing process safety frameworks	<ol style="list-style-type: none"> 1. Create methods to collect and use information about accidents and problems 2. Implement risk assessments for exceptional circumstances and emergencies 3. Survey process safety technologies and create a policy for their use
	Earthquake and tsunami readiness	<ol style="list-style-type: none"> 1. Steadily implement Earthquake and Tsunami Countermeasure Plans
Occupational Safety and Health	Health management	<ol style="list-style-type: none"> 1. Curb days lost to non-occupational injuries and illnesses 2. Respond to regular health check results
	Occupational safety	<ol style="list-style-type: none"> 1. Promote evaluations of small groups for safety*2 initiatives and provide guidance for workplaces where improvement is needed 2. Increase safety level through improvements focused on each location's weaknesses 3. Enhance front-line capabilities through on-the-job training (OJT)
Environmental Preservation	Global warming countermeasures	<ol style="list-style-type: none"> 1. Promote measures to prevent global warming <ol style="list-style-type: none"> 1-1. [Energy-oriented] CO₂ emissions: Down 15% compared with the fiscal 1990 level 1-2. [Energy-oriented + Non-energy-oriented (excluding waste-oriented)] CO₂ emissions: Down 20% compared with the fiscal 1990 level 1-3. Reduce CO₂ emissions by reducing energy use (130,000 ton reduction) 1-4. Investigate risks and opportunities presented by climate change 2. Implement initiatives to conserve biodiversity 3. Set goals for the next medium-term plan (FY2016-2018)
	Reducing emissions of environmentally hazardous substances	<ol style="list-style-type: none"> 1. Steadily respond to environmental laws and regulations and reduce risk 2. Steadily reduce emissions of chemical substances 3. Promote recycling of industrial waste and steadily reduce its external final disposal
Chemicals and Product Safety (Transportation Safety)	Chemical and product safety	<ol style="list-style-type: none"> 1. Response to chemical regulations <ol style="list-style-type: none"> 1-1. Enhance chemical management systems in Japan through training, auditing and other measures 1-2. Gather legal information in coordination with domestic offices and business units and reinforce management structures in line with each country's laws 1-3. Continue SDS*3 and label creation and correction in line with the laws of each country 2. Reduce quality loss costs through management led by offices and facilities 3. Implement chemical substance risk management <ol style="list-style-type: none"> 3-1. Continue to check GHS*4 workplace labels 3-2. Adjust work environments to facilitate chemical substance risk assessments
	Transportation safety	<ol style="list-style-type: none"> 1. Transportation safety Update internal operating rules and transportation safety management guidelines, and continually reinforce the operating system
Dialogue with Communities		<ol style="list-style-type: none"> 1. Promote dialogue with communities 2. Improve information disclosure and transparency
Management Systems		<ol style="list-style-type: none"> 1. Implement environment and safety audits and inspections and quality and product safety audits

Glossary

- *1. Irregular HAZOP: Short for irregular hazard and operability study. A method for identifying hidden process risks in operations at times of irregular operation, such as plant startup or shutdown.
- *2. Small groups for safety: Teams of employees (of the UBE Group or partner companies) with limited numbers of participants to maximize the effectiveness of supervision by team leaders. Each small group for safety has its own safety goals to encourage employees to take initiative in safety promotion.
- *3. SDS: Safety Data Sheet, documentation containing the product name, physicochemical properties, hazard and toxicity information, usage, and related laws and regulations.
- *4. GHS: Globally Harmonized System of Classification and Labeling of Chemicals, a universally standardized hazardous chemical classification system used in preparing SDS and container labels.

★★★: Achieved ★★: Mostly achieved ★: Not achieved

FY2015 Results		Self Evaluation	See Page(s)
1. Shared and utilized information gathered by the Process Safety Management Liaison Group and Accident Information Liaison Group 2. Began using irregular HAZOP* ¹ as a method for assessing risks related to irregular operations and emergencies 3. Implemented surveys of such process safety technologies as non-destructive testing	★★	P27	
1. Created and implemented Earthquake and Tsunami Countermeasure Plans at each department and location in light of government guidelines and revisions to earthquake resistance standards	★★		
1. Implemented mental health initiatives, including adoption of external EAPs (see glossary on page 22) and preparations for a new stress check system 2. Used results from health examinations to implement health risk diagnoses and responses, lifestyle-related disease countermeasures, overwork countermeasures and dietary environment improvement initiatives	★★	P22	
1. Carried out quantitative evaluations of small groups for safety initiatives at offices and facilities and made results clearer. Also supported measures to prevent recurrences at workplaces that have had multiple accidents related to small groups for safety in recent years and thus are designated as needing to improve. 2. Evaluated facility safety using environment and safety audits. Used quantitative evaluations to identify strong and weak points and promote safety enhancement. 3. Reflected past actual accidents in experiential training provided by training centers and began on-the-job training (OJT) that includes key safety points	★★	P28	
1. Promote measures to prevent global warming 1-1. [Energy-oriented] CO ₂ emissions: Reduced 20% compared with the fiscal 1990 level 1-2. [Energy-oriented + Non-energy-oriented (excluding waste-oriented)] CO ₂ emissions: Reduced 23% compared with the fiscal 1990 level 1-3. Reduced CO ₂ emissions by 80,000 tons in fiscal 2015 (reflecting the implementation of planned measures) 1-4. Each division identified, organized and shared information about risks and opportunities presented by specific causes of climate change 2. Shared information through biodiversity preservation study meetings, participated in woodland conservation activities and educated employees 3. Target for the next medium-term plan: Reduce greenhouse gas emissions from the domestic UBE Group and main overseas facilities 15% compared with fiscal 2005 by fiscal 2021	★★	P31-32	
1. Ensure appropriate response to the Fluorocarbon Emission Restriction Law and other new environmental regulations 2. Emissions of 20 voluntarily selected chemical substances (see glossary on page 37): Reduced 25% compared with fiscal 2010 3. External final disposal: Reduced 78% compared with fiscal 2000	★★	P37 P36	
1. Response to chemical regulations 1-1. Implemented internal audits of 12 business sites in Japan and implemented legal education by external consultants to raise the knowledge level of staff responsible for chemical substance management 1-2. Built management systems under local subsidiaries in the United States, China and South Korea. The management system in Taiwan is in progress. Also began creating systems at Group locations in other ASEAN countries and Central and South America. 1-3. Continued using SDSs/labels based on each country's laws and regulations. Confirmed the compliance of such measures with 375 laws in fiscal 2015 2. Continued to implement quality loss cost management led by offices and facilities, including the sharing of related information among offices and facilities 3. Implement chemical substance risk management 3-1. Completed GHS* ⁴ workplace labels at offices and facilities. Continued safety education using such tools as SDS at each workplace. 3-2. Still considering risk assessment tools offered by the Ministry of Health, Labour and Welfare, Japan Industrial Safety & Health Association and International Labour Organization	★★	P40	
1. Transportation safety Confirmed the status of maintenance and updating of Yellow Cards and Transportation Labels through internal audits and conducted training and information sharing to facilitate their use	★★		
1. Promote dialogue with communities 1-1. Held 13th RC Regional Dialogue Conference in the Ube District 1-2. Held 10th RC Regional Dialogue Meeting in the Yamaguchi Western District and Sakai/Senboku District 1-3. Published local newsletter <i>Tsubasa</i> (released semiannually) 2. Published <i>UBE Group CSR Report 2015</i> and received third-party verification related to RC and third-party opinions	★★★	P46 P47 P57	
1. Implement environment and safety audits and inspections and quality and product safety audits 1-1. UBE and its divisions implemented environment and safety audits at 14 facilities and Group companies 1-2. UBE implemented quality and product safety audits at 12 facilities and Group companies 1-3. Implemented environmental safety inspections at six facilities and Group companies	★★★	P24	

● Initiatives for Industrial Safety

In light of damage to petrochemical complexes due to the Great East Japan Earthquake and numerous serious accidents at chemical plants, industrial process safety has become a major social issue. Based on reports from the Ministry of Economy, Trade and Industry as well as action plans and guidelines recommended by industry organizations, the UBE Group incorporated reinforcing process safety frameworks and earthquake and tsunami readiness as key measures in its fiscal 2015 action plans (see pages 25 to 26), and is working to prevent industrial accidents.

The table below outlines UBE's response to the Japan Petrochemical Industry Association's Industrial Process Safety Action Plan.

Furthermore, since fiscal 2014, we have been implementing an ongoing response to measures recommended for businesses in the report from Japan's Inter-Ministerial Liaison Council for Studying Measures for Preventing Disasters in Petroleum Industrial Complexes and Other Petroleum Facilities. UBE is also using the Japan Chemical Industry Association's Process Safety and Accident Prevention Guidelines at certified sites for high-pressure gas. In addition, we use educational DVDs about actual accidents in our Chemicals Production Division, Cement & Construction Materials Company, and Energy & Environment Division. We will continue to make effective use of these resources in future training on process principles and safety design.

Building a Companywide Response System for Large-Scale Plant Disasters

Because large-scale accidents are likely to cause significant harm that extends beyond the facility where they occur, rapid and precise conveyance of information and response are particularly important. To that end, the UBE Group maintains a practical manual that clarifies the role of each organization as well as topics related to the internal contact system and external response.

Earthquake and Tsunami Readiness

In light of governmental guidance and revised earthquake resistance standards, the Group Earthquake Countermeasures Committee discussed

overall policy. Divisions and offices formulated and implemented Earthquake and Tsunami Countermeasure Plans.

Emergency Drills

The Group regularly implements emergency drills, including such responses as reporting, issuing alerts, and extinguishing fires at its facilities. We have also secured evacuation sites and conduct evacuation drills in preparation for an earthquake or tsunami.

Plant Safety Assessment

Plant safety assessments of new, additional or modified facilities are carried out following the methods stipulated in the plant safety assessment standards. In fiscal 2015, the UBE Group carried out 85 such safety assessments.

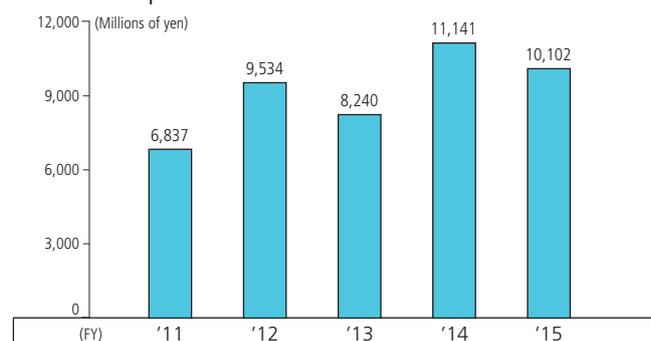
UBE Group Facility-Related Accidents

(Number of accidents)

FY	2011	2012	2013	2014	2015
UBE	3	3	2	4	7
Group companies	1	3	2	1	2

In fiscal 2015, the UBE Group recorded nine accidents and implemented countermeasures after each incident. For example, in response to a fire at the diol factory within the Ube Chemical Factory, we set up an accident investigation committee to determine the causes of the accident and implement thoroughgoing measures to prevent recurrences and similar incidents.

Occupational Safety, Health and Disaster Prevention Expenditure of the UBE Group



Response to the Japan Petrochemical Industry Association's Industrial Process Safety Action Plan

	Initiatives That Member Companies Should Take	UBE's Initiatives	
1. Commitment of corporate management to industrial process safety	(1) Express and strongly advance basic principles and policy	UBE Group Environmental and Safety Principles and UBE Action Guidelines On-sight roundtable meetings with top management are held at facilities each year, facilitating direct communication between the president and employees	
	(2) Appropriate resource allocation for industrial process safety (human resources, facilities, etc.)	Formulation of budgets and manpower plans based on plans for production and for facility maintenance and repair	
2. Setting goals for industrial process safety	(1) Set numerical targets for process safety	Numerical target: Zero major facility accidents	
3. Formulating action plans to implement industrial process safety measures	(1) Risk assessments (RA) at irregular times	Using a broad interpretation of irregular times, we are beginning risk assessments of possible incorrect operation	
	(2) Education and training (development of human resources who can understand entire processes)	Implementing Companywide initiatives to reinforce the process safety framework	Reviewing methods of training and drilling aimed at enhancing emergency response capabilities
	(3) Utilize information about accidents		Sharing information on accidents and their countermeasures through the Accident Information Liaison Group
	(4) Prevent facility problems (facility maintenance and deterioration countermeasures)	Sharing information on facility failure and problems through the Process Safety Management Liaison Group	
	(5) Ensure earthquake resistance of high-pressure gas facilities	Companywide initiatives implemented to review earthquake and tsunami damage predictions and formulate countermeasures. Action plans formulated for each facility to evaluate compliance with high-pressure gas facility earthquake resistance standards and formulate countermeasures	
4. Surveying and evaluating achievement of goals and implementation of measures	(1) Evaluate and confirm achievements and results, and reflect them in the next year's plans	Checks and evaluations of implementation status through yearly audits. Environment and Safety Committees consider the results of the year's activities when discussing measures for the next year	
5. Initiatives to advance each company's own process safety activities	(1) Evaluate everyday process safety activities	Recognition by the president at Group safety and health rallies of individuals, small groups for safety, facilities and partner companies that achieved excellent results	
	(2) Develop a culture of safety (utilize conferences, etc.)	Implemented the Process Safety Enhancement Center's Process Safety Evaluation System and began evaluations in fiscal 2013	

Measures to Prevent Occupational Accidents

Utilizing Occupational Accident-Related Information

UBE compiles occupational accident-related information into a database that is made openly available within the Company. Examples of countermeasures are shared horizontally within offices and facilities, and are used as important data in risk assessments of facilities and operations, helping to prevent the occurrence of similar accidents.

Enhancing Small Groups for Safety Activities

UBE began using the small groups for safety approach in fiscal 2009 and has made the quantitative evaluations (begun in fiscal 2014) and results of each group's activities more accessible and easier to grasp. At the UBE Group safety and health rally held every year, outstanding small groups for safety teams recommended by their divisions or facilities are recognized by the president. These initiatives help to raise safety awareness.

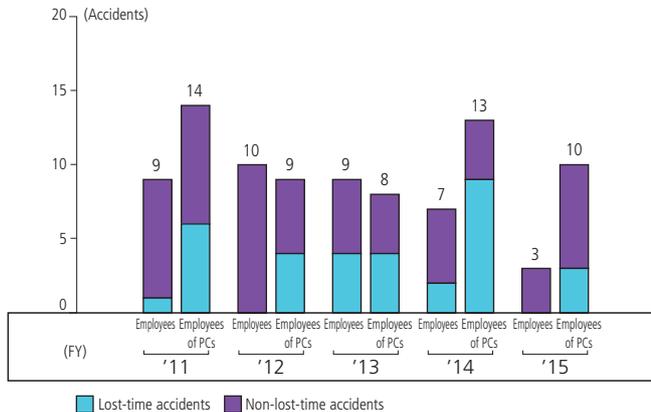
Enhancing Safety and Disaster Prevention Training

The increasing pace of the generational shift from older to younger employees is making the passing along of skills ever more important. As such, we are focusing on experiential training. In fiscal 2014, we established a training system that spans the three divisions listed below and launched experiential training that simulates such situations as being caught in machinery or working in high places.

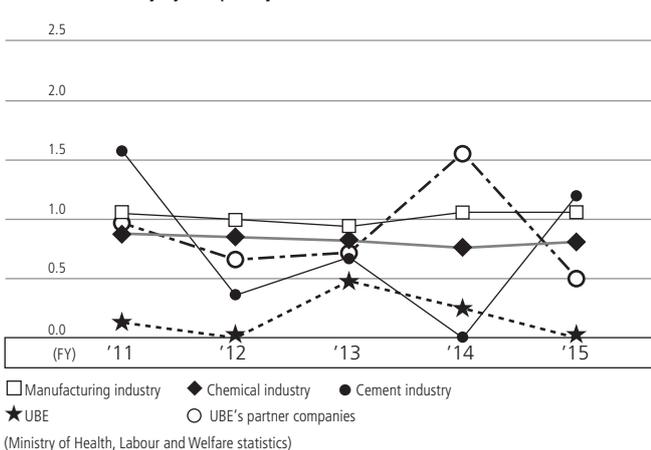
These training centers are also open to partner companies. By adding lessons based on examples of past accidents as appropriate, we aim to enhance Companywide safety and disaster prevention training.

Machinery Company	2007	Established the Product Manufacturing Center
Cement & Construction Materials Company	2009	Established the Safety Training Center
Chemicals Company	2014	Established the Chemical Training Center

Number of Occupational Accidents (Involving Employees of UBE and Those from Partner Companies (PCs))



UBE Lost-Time Injury Frequency Rate



Measures against Asbestos

Employees who have handled asbestos-related products, including those who are now retired, undergo regular health examinations. The Group cooperates in the submission of industrial accident reports by individuals whose examination results warrant medical attention. The Group also appropriately treats problems at locations where a high rate of asbestos diffusion has been found. In addition, the Group is promoting systematic measures for the disposal and replacement of asbestos materials. Insulation and gasket packing are replaced regularly with substitute materials when piping and reactors are opened.

Confirmation via Audits and Inspections

We implement audits and inspections of each office and facility individually. Audits are performed by auditors comprising environment and safety staff from the Head Office and other offices and facilities. Each audit consists of a quantitative assessment using a checklist of items related to such topics as the site's policies, environmental and safety management plan and its implementation, communication with employees and partner companies, and accident and disaster countermeasures. The results of these assessments help identify strong and weak points, details of which are included in feedback provided to the site. Since fiscal 2013, excellent initiatives are compiled into a collection of best practices and reflected in the Safety and Health Guidelines, which are published within the Group.

Inspections are conducted by members of the Group Strategic Management Committee (chaired by the president), who visit offices and facilities to confirm the results of audits and achievements of initiatives and provide feedback.

The results of these audits and the feedback from these inspections helps offices and facilities improve any weak points and increase their level of safety.

UBE Group Safety and Health Rally

The Ube Group holds a safety and health rally every year. Over 400 UBE Group managers and employees from across Japan participate, sharing information and fostering motivation. In addition, individuals and groups that have made particularly outstanding contributions to safety and health receive recognition from the Group president. The event also features presentations from small groups for safety teams on their experiences and special lectures from outside instructors about safety and health management, helping to raise safety awareness.

At the end of the rally, all participants, including managers, join together in reciting our safety pledge, renewing their commitment to eliminating accidents and improving work environments.

Topics

JCIA Annual Safety Award First Prize—Special Prize

The Corporate Research & Development Division (of the Ube District) received the 39th JCIA Annual Safety Award First Prize—Special Prize. This award was given in recognition of such safety initiatives as the division's mutual safety patrols and long-running accident-free record. This was the third time UBE has received a JCIA Safety Award, following recognition in 2002 and 2009.



Award ceremony (JCIA Symposium 2015)

Environmental Preservation

Environmental Accounting

Since fiscal 1999, the UBE Group has employed environmental accounting as a tool for quantitatively understanding and evaluating the costs and effects of environmental preservation in Group business activities while promoting more efficient, sustained environmental preservation.

The results for fiscal 2015 are as shown in the following tables.

● Environmental Preservation Costs

Capital investment in fiscal 2015 totaled ¥6,630 million. This was primarily attributable to the installation of exhaust heat power generation facilities and construction to expand the waste plastic treatment capacity at the Kanda Cement Factory, the installation of a flare stack at the Chiba Petrochemical Factory, the installation of a flare stack at the Chiba Petrochemical Factory and the installation of an electrostatic precipitator at Ube Material Industries, Ltd.

Costs fell ¥1,430 million compared with those of fiscal 2014 to ¥11,370 million.

● Economic Effect

The income effect amounted to ¥2,320 million. This figure includes proceeds from the sale of marketable waste.

The savings effect was ¥7,720 million, due to the promotion of resource reuse and energy conservation.



Flare stack (Chiba Petrochemical Factory)



Electrostatic precipitator (Ube Material Industries, Ltd.)



Shredded waste plastic hopper, extraction facilities (Kanda Cement Factory)

Environmental Preservation Costs

(¥100 million)

Category	Main Activity	Capital Investment			Costs			
		FY2014	FY2015	Difference	FY2014	FY2015	Difference	
Cost by business area	Pollution prevention	Investing in and maintaining energy-saving facilities	11.5	11.8	0.3	50.3	46.9	(3.4)
	Investing in and maintaining air and water pollution prevention facilities	Resource recycling	3.8	47.5	43.7	6.4	8.9	2.5
	Global environment preservation	Recycling and reducing industrial waste	7.7	6.4	(1.3)	42.2	36.9	(5.3)
Upstream/downstream costs	Container/packaging recycling, green purchasing	0.0	0.0	0.0	6.3	5.3	(1.0)	
Costs of management activities	Acquiring, running and maintaining environmental management systems	0.4	0.2	(0.2)	6.6	4.9	(1.7)	
Research and development costs	R&D of environment-friendly products and technologies	0.2	0.4	0.2	10.1	6.1	(4.0)	
Costs of social activities	Greening and beautifying offices/facilities and their surroundings	0.0	0.0	0.0	3.4	2.2	(1.2)	
Costs of cleaning up environment damage	Payment of environment-related levy	0.0	0.0	0.0	2.7	2.5	(0.2)	
Total			23.6	66.3	42.7	128.0	113.7	(14.3)

Economic Effect

(¥100 million)

Category	Effect	FY2014	FY2015	Difference
Income effect	Proceeds from sales of marketable waste products	14.2	23.2	9.0
Savings effect	Savings achieved through resource recycling and energy conservation	37.0	77.2	40.2

UBE Group Environmental Accounting Method

- Companies covered: UBE Group companies (only consolidated subsidiaries described under "Companies covered" on page 57, except for Ems-Ube, Ltd. and UBE-MC Hydrogen Peroxide, Limited).
- Calculations are based on Environmental Accounting Guidelines (Ministry of the Environment, 2005 edition).
- The economic effect is the effect obtained in fiscal 2015 as a result of environmental protection activities. This is limited to what can be calculated rationally and excludes hypothetical calculations, such as the avoidance of the cost of cleaning up environmental damage.
- Internal transactions within the UBE Group are eliminated.

Environmental Performance

The UBE Group recognizes that environment-oriented business practices are vital to its continued growth. We will continue to promote measures to prevent global warming, reduce emissions of chemical substances, and reduce and effectively use industrial waste in order to continuously foster business activities that contribute to the formation of a recycling-based society.

Overview of the UBE Group's Environmental Impact in Fiscal 2015

Input		UBE Group Business Activities 	Output	
			Airborne Emissions	Waterborne Emissions
Total Energy		● CO ₂ * ¹ 10,600,000 t-CO ₂	● Wastewater 164,000,000 m ³	
● As crude oil 2,310,000 kl		● Non-CO ₂ greenhouse gases* ² 160,000 t-CO ₂	● COD* ⁶ 737 t	
Total Raw Materials		● SOx* ³ 2,845 t	● Total phosphorus 12 t	
● 16,813,000 t		● NOx* ⁴ 15,910 t	● Total nitrogen 554 t	
Water Resources		● Dust 409 t	● PRTR substances 98 t	
● Water used 212,000,000 m ³		● PRTR substances* ⁵ 195 t		
		Soil Emissions	Industrial Waste Emissions	
		● PRTR substances 0 t	● Off-site disposal volume 7,193 t	
			● Recycled volume 417,020 t	

* See "Companies covered" on page 57 for details on the scope of UBE Group performance data.

Fiscal 2014 and 2015 Environmental Impact Data by Facility

		Emissions into the Atmosphere						Emissions into Water						
		SOx Emissions		NOx Emissions		Dust Emissions		COD Emissions		Total Phosphorus Emissions		Total Nitrogen Emissions		
		2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
In Japan	Chiba Petrochemical Factory	1.1	0.7	41	34	0.2	0.2	12	12	0.1	0.1	2.7	3.5	
	Sakai Factory	0.0	0.0	8	3	0.1	0.0	68	8	5.9	0.4	66	7	
	Ube Chemical Factory	1,963	1,692	3,372	3,612	132	116	438	455	6.7	6.5	450	472	
	Ube-Fujimagari Factory	512	615	412	528	3.8	5.3	244	241	4.2	4.5	67	66	
	Ube Cement Factory	40	31	1,364	1,439	55	53	8.1	8.0	—	—	—	—	
	Isa Cement Factory	349	366	7,514	6,830	166	157	0.0	0.0	—	—	—	—	
	Kanda Cement Factory	7.6	6.2	2,518	2,494	56	37	1.2	1.4	0.0	0.1	0.7	1.3	
	Technical Development Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	
	Okinoyama Coal Center	—	—	—	—	—	—	—	—	—	—	—	—	
	Ube District Research Laboratories	—	—	—	—	—	—	0.2	0.2	0.1	0.1	0.2	0.2	
	Organic Specialty Materials Research Laboratory	—	—	—	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	
	Subtotal	UBE	2,872	2,711	15,228	14,940	413	369	772	726	17	12	587	550
	Overseas	Ube Film, Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Meiwa Plastic Industries, Ltd.		—	—	—	—	—	—	0.1	0.0	0.0	0.0	0.1	0.0	
Ems-Ube, Ltd.		0.0	0.0	3.2	2.9	0.0	0.0	3.6	6.6	0.0	0.0	1.3	1.3	
UBE-MC Hydrogen Peroxide, Limited.		0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0	
Ube Exsymo Co., Ltd.		0.0	0.0	0.5	0.4	0.1	0.1	0.6	2.1	0.0	0.0	0.0	0.0	
Ube Material Industries, Ltd.		124	119	972	893	36	28	0.6	0.7	0.0	0.0	1.0	0.9	
Ube Board Co., Ltd.		0.3	—	5.0	—	1.9	—	0.2	—	0.0	—	0.1	—	
Ube Machinery Corporation, Ltd.		0.0	0.1	—	—	—	—	1.2	0.9	0.1	0.2	1.3	1.3	
Ube Steel Co., Ltd.		15	14	44	45	11	12	0.6	0.6	—	—	—	—	
Fukushima, Ltd.	0.5	0.5	29	29	0.1	0.1	—	—	—	—	—	—		
Subtotal	Group companies	140	134	1,053	970	49	40	7	11	0	0	4	4	
Total	UBE Group	3,012	2,845	16,281	15,910	462	409	779	737	17	12	591	554	
Overseas	Thailand	4	5	48	46	10	10	90	104	3	2	10	7	
	Spain	17	51	271	446	12	9	92	78	1	1	102	120	

Note: Ube Board Co., Ltd. was dissolved in March 2015.

Glossary

*1. Shows total CO₂ emission volumes (excluding waste used as raw materials and fuel)

*2. Six gases, namely CH₄, N₂O, HFC, PFC, SF₆ and NF₃

*3. SOx: Sulfur oxides originate in the sulfur (S) component of fuels. Boilers are UBE's main source of SOx.

*4. NOx: Nitrogen oxides originate when a fuel is combusted in the air. Boilers and cement kilns are UBE's main sources of NOx.

*5. The 462 substances specified under the Japanese PRTR Law, on an aggregate basis (see page 37).

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

Measures to Mitigate Global Warming

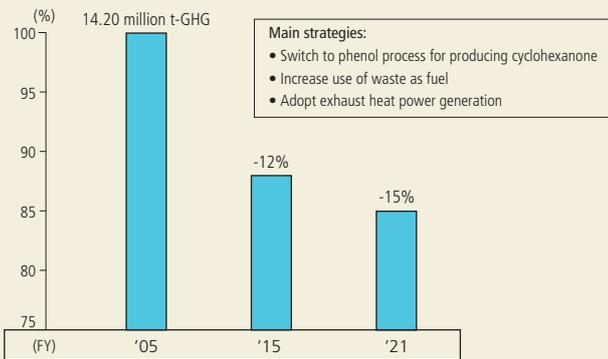


Change & Challenge 2018

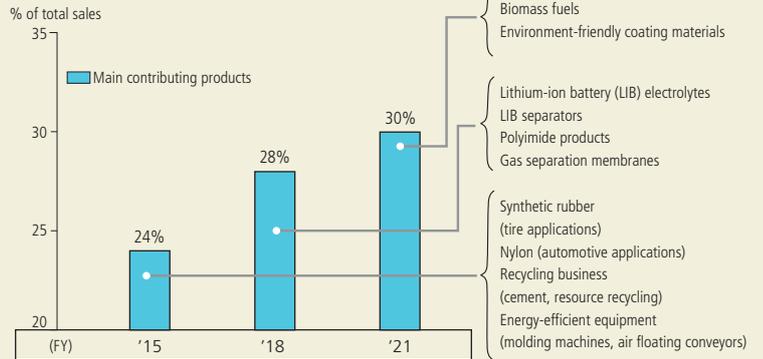
Greenhouse Gas (GHG) Emissions Reduction Targets

Target: 15% Reduction from Fiscal 2015 by Fiscal 2021

(UBE Group in Japan and Main Business Locations Outside of Japan)



Aiming for 30% or More of Overall Sales by Fiscal 2021



Policy for Addressing Global Warming

The UBE Group is implementing energy-saving measures to reduce CO₂ emissions from energy use. Through these efforts, we have been steadily reducing our CO₂ emissions since 1990. As a company that emits a high volume of greenhouse gases (GHGs), reducing such emissions is also a major task for us going forward. To reduce GHG emissions and expand the use of environment-friendly products and technologies, the UBE Group is advancing initiatives based on the following three pillars.

Directly Reducing GHG Emissions

By setting GHG emission reduction targets and then taking such measures as steadily implementing energy saving and expanding the use of waste materials, we are working to further reduce GHG emissions resulting from the product manufacturing stage at our factories.

Contributing to the Control of GHG Emissions

By expanding the use of environment-friendly products and technologies and streamlining logistics, we strive to help reduce GHG emissions throughout the supply chain.

Restoring and Adapting to Changes in the Global Environment

We continue to consider the risks and opportunities posed by climate change from a medium- and long-term perspective and are developing technologies to help reduce the burden on the global environment.

The UBE Group offers products useful in areas related to water resources and agriculture as well as products that reduce CO₂ emissions generated by the use of finished products. Through such products we are playing one small part in the effort to reduce the impact of climate change on the global environment.

Initiatives to Reduce GHG Emissions

Previous Medium-Term Management Plan (2013-2015) Progress toward CO₂ Reduction Targets for the Domestic UBE Group

■ Reduce CO₂ emissions from energy use 15% compared with fiscal 1990 levels by fiscal 2015.

Fiscal 2015 emissions were 5,300 kt-CO₂, down 20% from fiscal 1990.

■ Reduce total CO₂ emissions from energy use and non-energy-use (excluding emissions from waste) 20% compared with fiscal 1990 levels by fiscal 2015.

Fiscal 2015 emissions were 10,600 kt-CO₂, down 23% from fiscal 1990.

CO₂ Emission Intensity Index

The fiscal 2015 CO₂ emission intensity index improved 10% compared with fiscal 2014.

Energy Consumption and Energy Consumption Intensity Index

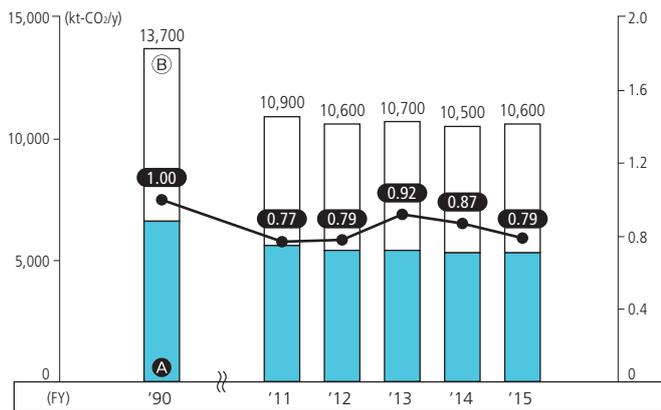
The Group's energy consumption in fiscal 2015 increased 11% compared with fiscal 2014. The energy consumption intensity index was on par with fiscal 2014.

Efforts in Logistics

Under its Logistics Re-Engineering Project aimed at improving logistics efficiency, the UBE Group continues to improve load ratios by using larger lots and co-loading in coordination with customers, as well as by optimizing vehicle selection. We are also promoting modal shifts by expanding rail transport as well as adopting larger vehicles for transport within Group facilities and larger vessels for transporting coal ash.

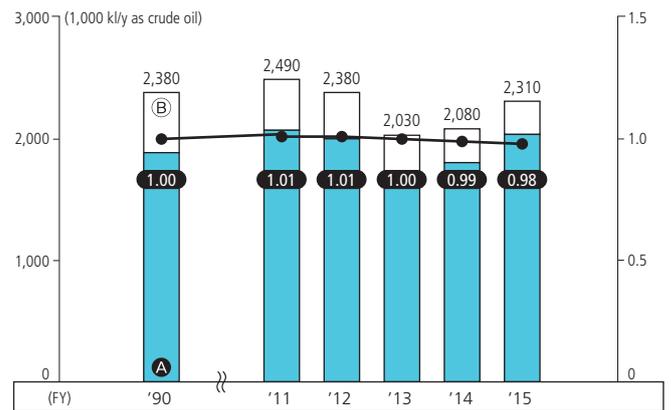
As a result, energy consumption intensity in fiscal 2015 was 2.7% better than the average for the past five years, achieving the goal of a 1% or greater improvement.

CO₂ Emissions and CO₂ Emission Intensity Index



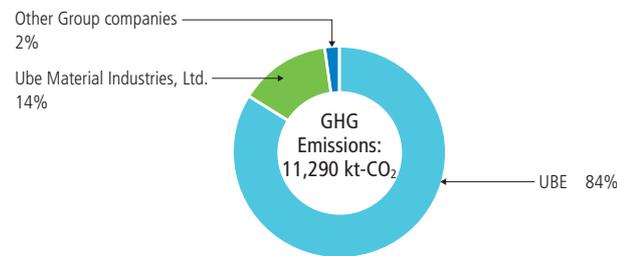
A Energy-based CO₂ emissions
B Non-energy-based CO₂ emissions (excluding emissions from waste)
 ● CO₂ emission intensity index (fiscal 1990 basis)
 The volume of CO₂ emissions is calculated based on the Act on Promotion Measures to Cope with Global Warming.

Energy Consumption and Energy Consumption Intensity Index

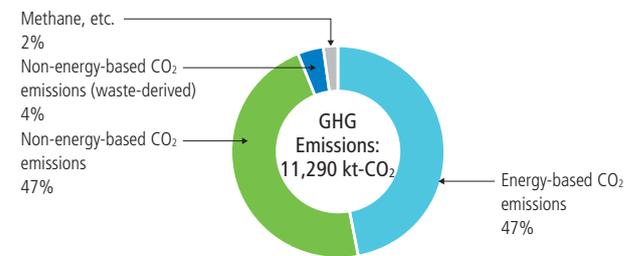


A UBE **B** Group companies ● Energy intensity index (fiscal 1990 basis)
 The volume of energy consumption is calculated based on the Act on the Rational Use of Energy.

GHG Emissions for UBE Group in Japan by Company (Fiscal 2015)



GHG Emissions for UBE Group in Japan by Type of Gas (Fiscal 2015)



Efforts in Factories

The UBE Group is working to reduce energy consumption through far-reaching energy-saving measures being undertaken at all factories. In fiscal 2015, through the reduction of steam use and reduction of electricity use through facility streamlining and other initiatives, we reduced our CO₂ emissions by approximately 80,000 tons. In particular, exhaust heat power generation facilities that came online in December 2015 at the Kanda Cement factory are expected to reduce CO₂ emissions by 50,000 tons per year (see page 33). Furthermore, at the Ube Chemical Factory, we finalized plans to switch to a more efficient method of producing cyclohexanone, an intermediate used to make caprolactam, with the transition expected to be completed in fiscal 2017. Compared to the current production method, the new method's manufacturing process is shorter, making the plant more compact, and achieves a higher yield ratio. Furthermore, because these facilities will use significantly less steam and electricity, they will help to reduce GHG emissions (an annual reduction of approximately 190 kt-CO₂).

Understanding CO₂ Emissions throughout the Supply Chain

To understand and work to reduce CO₂ emissions throughout the supply chain, the UBE Group measures scope 3 emissions.

Total scope 3 CO₂ emissions in fiscal 2015 were calculated at 15,940 kt-CO₂. To reduce these emissions and its environmental burden, the UBE Group is advancing initiatives to utilize biomass, enhance the energy-saving functions of die-casting machines and other products, and expand sales of polyurethane dispersion (PUD) and polycarbonate diol (PCD), which help reduce the use of volatile organic compounds (VOCs) when used as ingredients in resins for waterborne coatings.

Scope 3 Emissions (Domestic UBE Group)

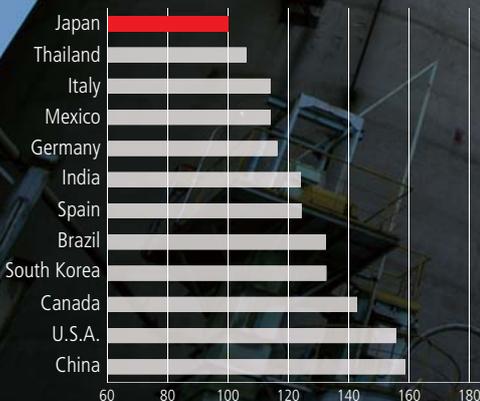
Category	GHG Emissions (kt-CO ₂)	Note
1 Purchased goods and services	850	
2 Capital goods	90	
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	500	
4 Upstream transportation and distribution	880	
5 Waste generated in operations	10	
6 Business travel	10	
7 Employee commuting	0	
8 Upstream leased assets	—	Included in Scope 1 and Scope 2*
9 Downstream transportation and distribution	490	
10 Processing of sold products	40	
11 Use of sold products	11,310	Sold coal, machinery, etc.
12 End-of-life treatment of sold products	1,700	
13 Downstream leased assets	—	Not applicable
14 Franchises	—	Not applicable
15 Investments	50	
Total	15,930	

*Scope 1: Direct emissions from a reporting entity, due to fuel use, etc.
 *Scope 2: Indirect emissions from electricity and heat purchased from other entities
 *Scope 3: Indirect emissions of CO₂ throughout the supply chain, such as those that occur during material procurement, transport and product processing, use and disposal

Special Feature
2

The Cement Industry's Contribution to the Environment and Society

Energy Index: Energy Needed to Produce One Ton of Cement Intermediate (Clinker) (With Japan as 100)



Source: Japan Cement Associated website

The Cement Industry— Helping to Create a Recycling-Based Society

Japan's cement industry boasts world-leading energy efficiency. Since 1875, it has produced the basic materials used to construct buildings, dams, tunnels, bridges and other infrastructure, creating the foundation for our daily lives. Today, the industry accepts an annual 29 million tons of waste—enough to fill Tokyo Dome 15 times—that it recycles as raw materials and fuel for making cement. The material taken in comprises more than 20 types of waste and byproducts from industry and households as well as urban waste. The heat of the cement calcining process, which reaches 1,450°C, completely breaks down harmful substances contained in waste. Thus, by addressing the social issues of environmental preservation and landfill shortage, the cement industry contributes greatly to helping realize a recycling-based society.

The Kanda Cement Factory—UBE's Main Recycling Factory

UBE's unique cement business centers on the Ube and Isa cement factories in Yamaguchi Prefecture and the Kanda Cement Factory in Fukuoka Prefecture. Reflecting evolving social needs, the last of these, which began

Waste Used by Ube

Waste used as materials and fuel	Regional and local governments	Sewage sludge, water supply sludge, ash from incinerated municipal waste
	Automotive industry	Waste tire, foundry sand, automobile shredder residue
	Steel industry	Blast furnace slag, iron and steel slag, dust collector ash
	Paper-making industry	Paper sludge, incinerated ash
	Electricity industry	Coal ash, by-product gypsum
	Waste processing industry	Ash, waste plastic
	Smelting industry	Non-ferrous slag
	Housing industry	Used tatami, wood waste
	Food product industry	Distillery residue, sludge, waste plastic
	Construction industry	Waste soil from construction, construction scraps and sludge
	Oil industry	Waste oil, catalytic waste, sludge
	Chemical industry	Sludge, ash, liquid waste
	Printing industry	Waste oil, waste acids, waste alkali
	Farming and livestock industries	Waste plastic, meat and bone meal

Specific energy consumption: Improved **15%**

CO₂ emissions from energy use: Down about **10%** (50,000 tons/year)

Environmental Preservation through

Waste Recycling and Waste



The cement industry, supporting highway and railway structures, buildings, dams, tunnels, bridges and other infrastructure

operations in 1964, has become active in the promotion of waste recycling. In 1998, the factory began its efforts with the installation of recycled oil treatment facilities. In 2002, it installed waste plastic treatment facilities (1st train) and in 2005 a high-chlorine bypass system that achieved 10% removal of chlorine, the highest rate in the industry at the time. In these and other ways, the plant has expanded its use of waste that is difficult to handle, including ash from incinerated municipal waste. In 2012, we brought on line industry-first facilities capable of converting a wide variety of waste plastic to fuel, removing chlorine and solidifying it to make a fuel that offers performance on par with coal. This has allowed us to begin taking in automobile shredder residue and other waste that is difficult to recycle as a source of thermal energy. The Kanda Cement Factory has an important place in the UBE Group as our main recycling factory.

Left: Waste heat power generation facilities—the “PH Boiler” newly installed at the calcining kiln

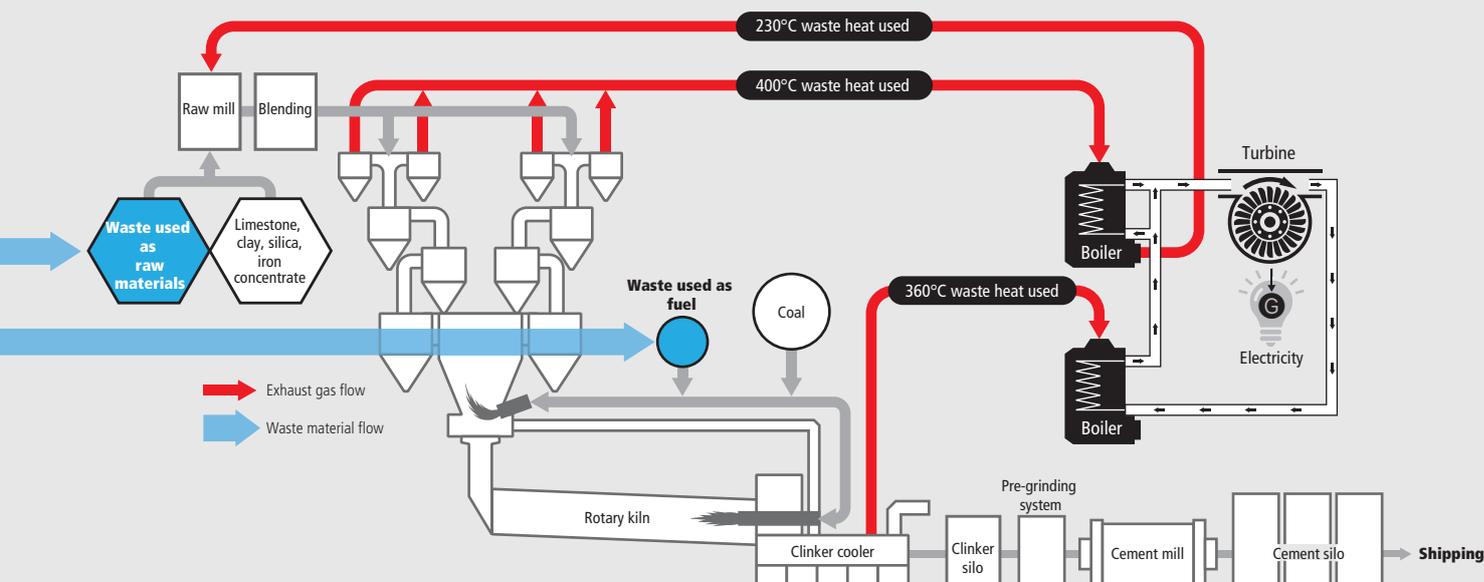
Right: Waste heat power generation facilities—the turbine building, containing the turbine, generator, etc.



Using Efficient Waste Heat Power Generation Facilities to Reduce CO₂

The Paris Agreement reached at COP21 in December 2015 calls for eventually reaching zero net anthropogenic greenhouse gas emissions. In line with this, Japan has set the long-term goal of reducing its domestic greenhouse gas emissions 80% by 2050. The UBE Group is doing its part through various initiatives. In December 2015, new waste heat power generation facilities, which use the heat of exhaust from cement-making processes, came online at the Kanda Cement Factory. With a generating capacity of 12,650 kilowatts, these facilities help to reduce CO₂ emissions arising from energy use. The new facilities use waste heat (of about 400°C) generated by pre-heating facilities for calcining (at over 800°C) raw materials comprising pulverized and adjusted limestone and waste, redirecting it to boilers to generate electricity. Waste heat from the boilers (of about 230°C) is then used to dry the raw materials. Waste heat (of about 360°C) from the clinker coolers used to rapidly cool down clinker produced in rotary calcination kilns (operating at 1,450°C) is also redirected to boilers to generate electricity. All electricity produced is used to power the plant, which has contributed to a rise in the plant’s electricity self-sufficiency rate from 10% to 40%. UBE’s efficient waste heat power generation system capitalizes on the unique characteristics of its plant and has raised energy efficiency even further.

Mechanisms of Resource Recycling and Waste Heat Power Generation in Cement Manufacturing



Heat Power Generation

Using Waste

Waste Recycling at Cement Factories

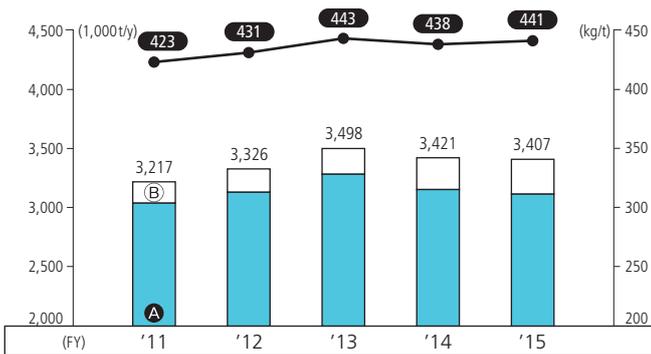
Cement Factories Are the Ultimate Resource Recycling Factories

Waste can be reused as a raw material (material recycling) and an alternative fuel (thermal recycling) in the cement-making process. For this reason, a wide variety of waste is treated at cement factories. Cement kilns contain a zone that reaches a very high internal temperature (1,450°C), where substances that cannot be disposed of by ordinary incinerators can be burned and degraded, for high-volume waste processing. Ash produced by incineration can also be used as an alternative to clay, a component of cement, eliminating the need for final disposal sites for incineration ash.

The three UBE cement factories actively accept and reuse various waste materials, such as coal ash, from both inside and outside the UBE Group. In fiscal 2015, the UBE cement factories made effective use of around 3.41 million tons of waste and byproducts. Of this, about 3.00 million tons was sourced from outside the UBE Group. This is one way the UBE is significantly contributing to the formation of a recycling-based society.

In addition, we are developing environment-related businesses to be future business pillars. UBE will continue to strengthen its systems for dealing with a variety of waste and work to expand its recycling business.

Waste and Byproduct Use

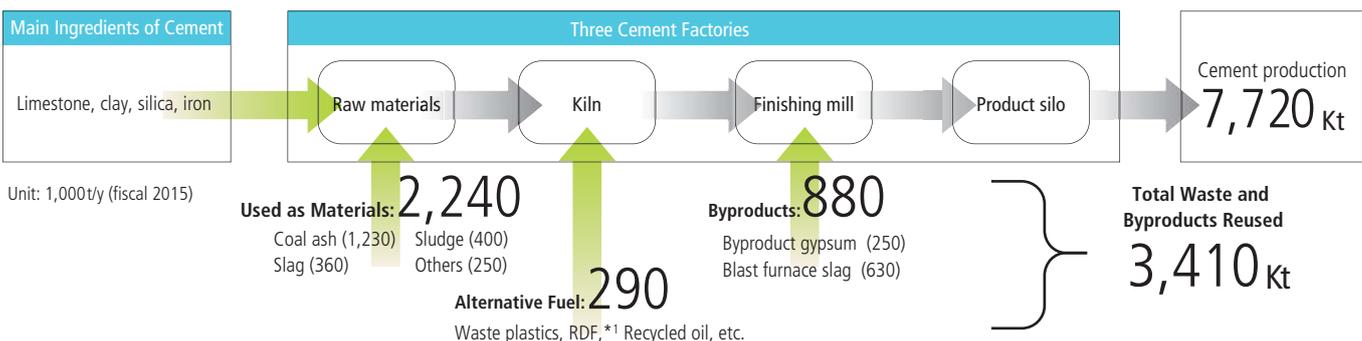


- (A) Waste and byproducts used as raw materials
- (B) Waste used as alternative fuel
- Usage amount per ton of cement (kg/t)

History of UBE's Waste Treatment Facility Installations

FY	Alternative Fuels	Raw Materials
1998	Kanda Factory: Waste oil treatment facility	Isa Factory: Chlorine bypass system
1999		Ube/Kanda Factories: Wastewater receiving treatment facility
2000	Ube Factory: Waste plastic treatment facility (1st train)	
2001		Ube Factory: Sewage sludge treatment facility
2002	Kanda Factory: Waste plastic treatment facility (1st train)	Isa Factory: Sewage sludge waste treatment facility (1st train)

Flow of Cement Production



Best Recycling Partner

Guest Message



Masanobu Gondo
President
Kyushu Metal Industry Co., Ltd.

Kyushu Metal Industry Co., Ltd. began as an automobile shredding business in Kitakyushu City in 1975 with a 2,000 horsepower industrial shredder. Since then, we have expanded our business to include the recycling of a wide range of items, including household electronics, office equipment, fiberglass-reinforced plastic (FRP) boats and other industrial waste. This business has become essential to the communities we serve.

Over the years, through trial and error, we have developed technology to sort scrap steel from other shredded materials. Thanks to this experience, in 2012 we received certification as an automobile shredder residue (ASR) recycling facility. We carefully collect and sort plastic and metals from ASR, and the remaining residue is then used by UBE and other cement factories as raw materials and fuel.

Given the added geographical benefit of the close proximity of our facilities to UBE's, we consider UBE to be one of our best partners. I hope that we can continue to work together through the noble work of recycling for many years to come.

FY	Alternative Fuels	Raw Materials
2002		Ube Factory: Chlorine bypass system Ube/Isa/Kanda Factories: Meat and bone meal treatment facility
2003	Isa Factory: Waste plastic treatment facility (1st train)	
2004	Isa Factory: Wood chip co-combustion facility for in-house power generation Isa Factory: Waste plastic treatment facility (2nd train)	
2005		Kanda Factory: High-chlorine bypass system
2006	Kanda Factory: Waste plastic treatment facility (2nd train)	
2007	Ube Factory: Waste plastic treatment facility (2nd train)	Isa Factory: Sewage sludge waste treatment facility (2nd train)
2008	Isa Factory: Waste plastic treatment facility (3rd train)	Kanda Factory: Waste for raw material loading facility
2009	Kanda Factory: Waste plastic treatment facility (3rd train)	Kanda Factory: Ash pretreatment facility
2011	Kanda Factory: Waste plastic pretreatment facility	
2012	Isa Factory: Sludge drying equipment	Ube Factory: Ash pretreatment facility Ube Factory: Closed sludge injection facility
2013-2014	Isa Factory: Waste plastic treatment facility Enhanced shredding capability (1st and 2nd trains)	
2015	Kanda Factory: Enhanced plastic processing capacity (1st train)	

Glossary

*1. Refuse Derived Fuel (RDF): Solid fuel made by compressing waste plastic, scrap wood and general garbage

Reduction of Industrial Waste



By fiscal 2015, the UBE Group plans to have reduced the volume of industrial waste for external final disposal by 80% compared with the fiscal 2000 level.

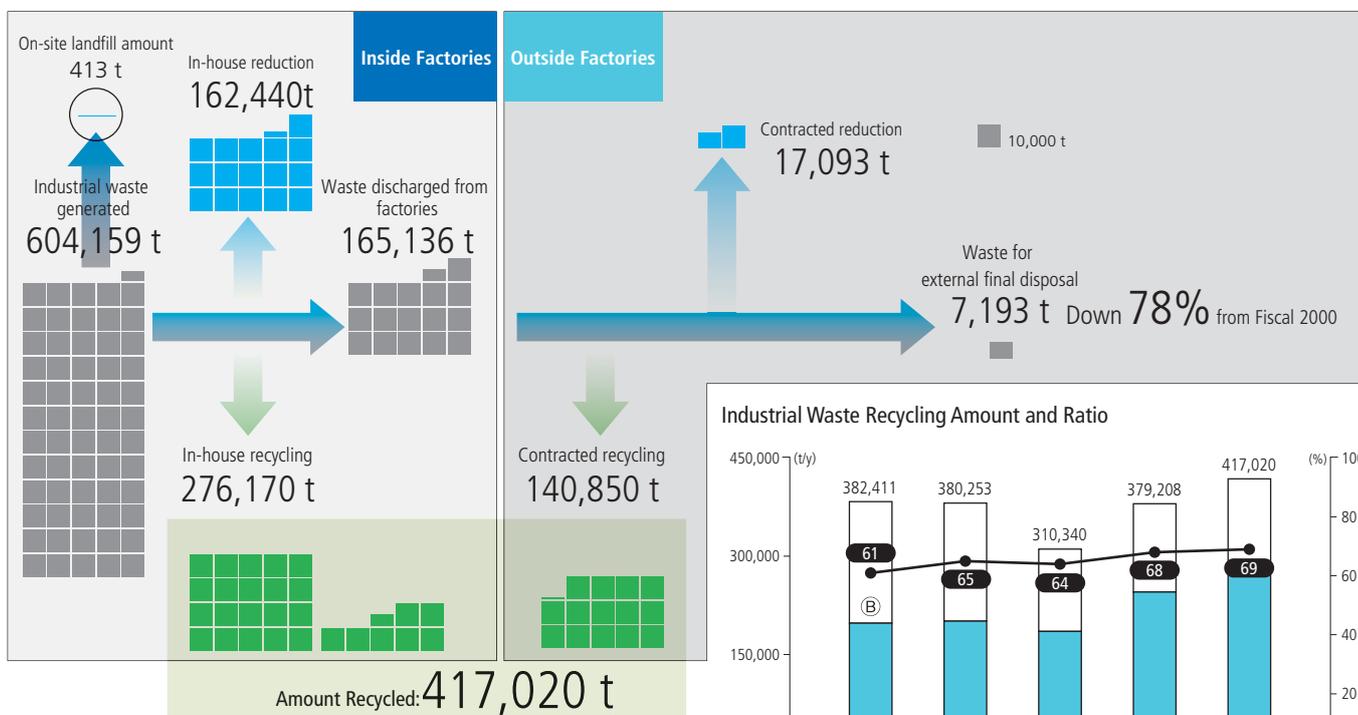
Industrial Waste Reduction

The entire UBE Group strives to recycle industrial waste and reduce its final disposal volume.

Industrial Waste Recycling

The UBE Group's industrial waste includes sludge, waste oil and waste

Overall Flow of Industrial Waste in Fiscal 2015



plastic generated at chemical factories; coal ash generated at in-house power stations; and waste oil and inorganic waste generated at machinery factories.

Most of the industrial waste produced by Group factories is recycled at facilities within the Group.

Industrial Waste Discharged from Factories

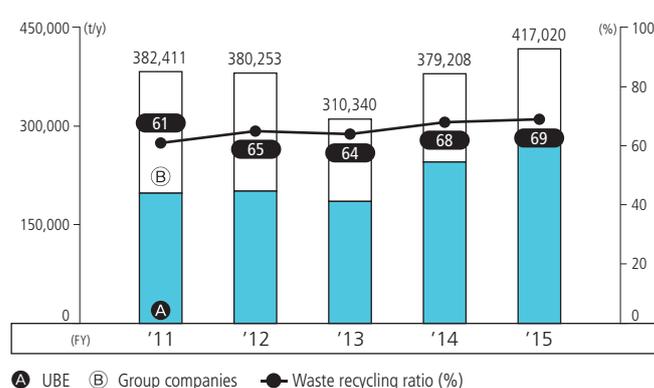
When contracting waste treatment or disposal outside the Group, the UBE Group utilizes industrial waste management forms (a waste manifest system) in compliance with waste treatment and clean-up laws (namely the Wastes Disposal and Public Cleansing Act) and carefully manages the entire process.

Industrial Waste for External Final Disposal

In fiscal 2015, we recorded a 78% reduction in industrial waste for external final disposal, compared with our target for fiscal 2015 of 80%.

In fiscal 2016 and onward, we will continue to strive toward further reductions.

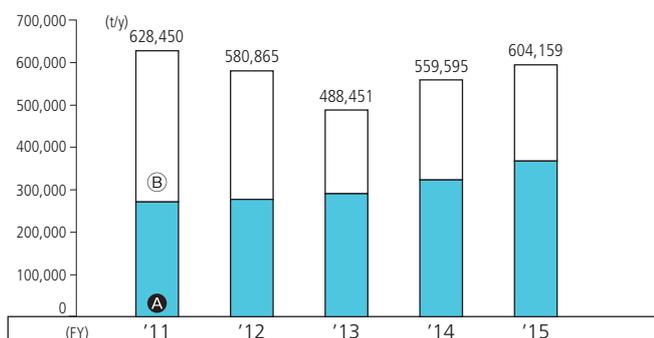
Industrial Waste Recycling Amount and Ratio



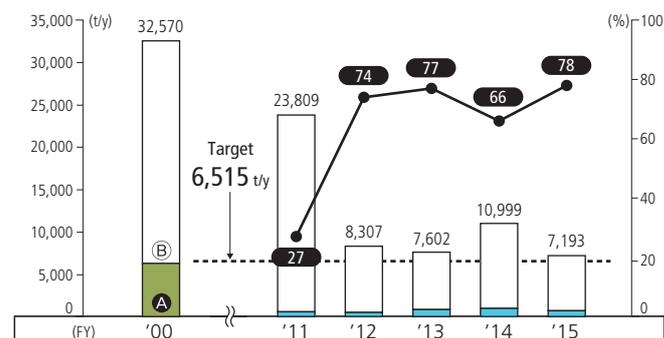
Industrial Waste Generated and That Disposed of Outside the Group

(A) UBE (B) Group companies ● Waste recycling ratio (%)

Industrial Waste Generated



Industrial Waste for External Final Disposal



Management of Chemical Substances

● Response to the Japanese PRTR Law*1 and VOC*2 Emissions Restrictions

UBE has voluntarily selected 20 substances*3 that it emits relatively large amounts of and particularly strives to reduce its emissions of these substances. The 20 substances comprise substances subject to the Japanese PRTR Law as well as a number of volatile organic compounds (VOCs). Fiscal 2015 emissions of these substances were down 25% compared with fiscal 2010. As a result, UBE's emissions of substances subject the Japanese PRTR Law and of VOCs have been reduced 40% and 25%, respectively, from the levels it recorded in fiscal 2010.

● Response to the Fluorocarbon Emission Restriction Law

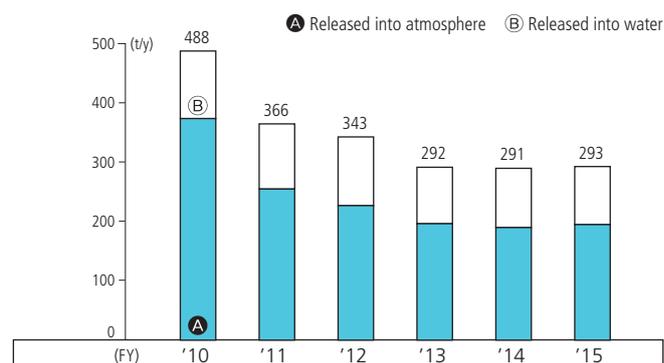
Promulgated in April 2015, the Fluorocarbon Emission Restriction Law is aimed at helping prevent the further destruction of the ozone layer and global warming by requiring the reduction of leaks of fluorocarbons used in commercial refrigeration and air conditioning equipment. The UBE Group is compliant with this law, and is working to reinforce its management of equipment covered by the law.

● Polychlorinated Biphenyl (PCB) Management

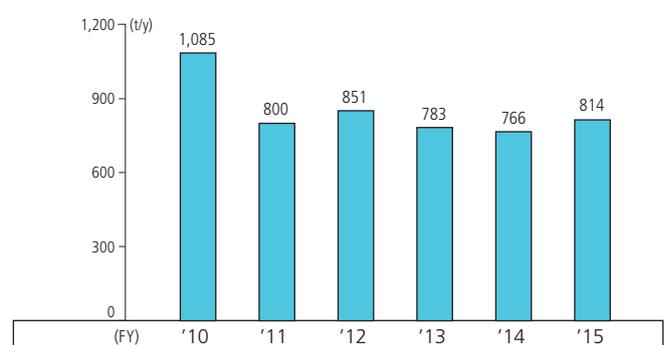
The UBE Group appropriately stores and manages PCB-containing equipment, including transformers, condensers and fluorescent lighting stabilizers, in its offices and factories in accordance with the Law Concerning Special Measures against PCB Waste. In accordance with the national

government's standards and plan for the disposal of waste containing PCBs, the Group is advancing the treatment of such waste in coordination with the Japan Environmental Storage & Safety Corporation and certified detoxification processing operators.

Emissions Volume of PRTR Substances



VOC Emissions



Total Volume of PRTR Substances Emitted/Transferred in Fiscal 2015

	Handling Volume	Emissions Volume				Increase/Decrease Rate Compared with Fiscal 2014 (Total Emissions)	Transfer Volume	Number of PRTR Substances
		Atmosphere	Public Water	Soil	Total			
UBE	265,049	101.7	89.2	0.0	190.9	(0.9%)	465.0	59 substances
Other Group companies	31,424	93.3	9.0	0.0	102.3	4.3%	820.3	26 substances
Total (UBE Group)	296,473	195.0	98.2	0.0	293.2	0.9%	1,285.3	70 substances

Emissions of Individual PRTR Substances in Fiscal 2015*4

Ordinance Designation No.	Chemical Substance	CAS No.	Handling Volume	Total Emissions Volume				Increase/Decrease Rate Compared with Fiscal 2014 (Total Emissions)	Transfer Volume
				Atmosphere	Public Water	Soil	Total		
300	Toluene	108-88-3	796	78.5	21.2	0.0	99.7	5.4%	179.4
76	ε-Caprolactam	105-60-2	137,756	0.0	69.9	0.0	69.9	(11.7%)	361.9
80	Xylene	—	188	35.8	0.0	0.0	35.8	26.1%	11.3
134	Vinyl acetate	108-05-4	6,976	26.5	0.0	0.0	26.5	(2.2%)	0.0
53	n-Hexane	100-41-4	45	19.8	0.0	0.0	19.8	72.2%	0.1
392	Ethylbenzene	110-54-3	246	14.1	0.0	0.0	14.1	2.9%	19.0
400	Benzene	71-43-2	420	7.7	0.1	0.0	7.9	(52.4%)	357.6
213	N,N-dimethylacetamide	127-19-5	529	5.9	0.0	0.0	5.9	3.5%	117.0
405	1,3-butadiene	—	56	0.1	3.4	0.0	3.5	(0.3%)	1.6
389	Hexadecyltrimethylammonium chloride	112-02-7	2	0.0	2.2	0.0	2.2	22.2%	0.0
243	Dioxins	*	—	285.8	2.0	0.0	287.8	131.1%	2.3

CAS No.: Chemical Abstract Service registry number

Unit for dioxins: mg-TEQ/year

* Contains various compounds

Glossary

*1. PRTR (Pollutant Release and Transfer Register): A registration system for emissions and transfers of chemical substances. Involves conducting voluntary surveys to assess the volume of chemical substances that are emitted into the environment (atmosphere, water, soil) and transferred outside in the form of waste from company facilities during business activities and reporting survey findings to national and other governments while undertaking full public disclosure. The aim of PRTR is to take steps to control and reduce environmental burden through the appropriate use and management of chemical substances.

*2. Volatile Organic Compounds: Organic chemicals that evaporate or sublime easily, entering the atmosphere as gases. Includes a wide variety of substances, such as toluene and xylene. VOCs are one of the various causes of suspended particulate matter and photochemical oxidant pollution.

*3. UBE's 20 voluntarily selected chemical substances: methyl alcohol, butyl alcohol, toluene, ε-caprolactam, cyclohexane, ammonia, vinyl acetate, xylene, N,N-dimethylacetamide, 2-hexanone, ethylbenzene, n-hexane, benzene, water-soluble zinc compounds, 1,3-butadiene, cis-2-butene, boron compounds, cyclohexanone, hexadecyltrimethylammonium chloride and dichloromethane

*4. Of the 70 substances subject to the Japanese PRTR Law, these are the top ten by volume emitted by UBE along with dioxins.

Measures to Prevent Air and Water Pollution

Measures to Prevent Air Pollution

The UBE Group monitors pollutants at the source, and appropriate pollution control is undertaken based on levels established in agreement with governments and its own voluntary pollution prevention management standards. All of these measures are reflected in our factory operations.

Measures to Prevent Odors

The UBE Group is working together with governments on odor countermeasures, installing odor reducing equipment and building proprietary odor monitoring systems in the UBE District.

Measures to Prevent Water Pollution

The UBE Group has installed systems to monitor water pollutants in emissions to bodies of water. In addition, UBE Group factories, which can have a serious impact on public water quality, purify wastewater through the use of wastewater treatment facilities.

Measures to Prevent Soil and Groundwater Pollution

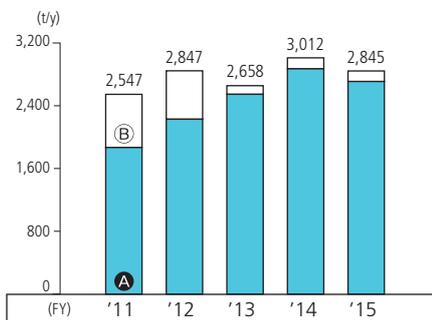
The UBE Group performs surveys and takes appropriate measures in accordance with the regulations set forth in the Soil Contamination Countermeasures Law and ordinances established by local governments.



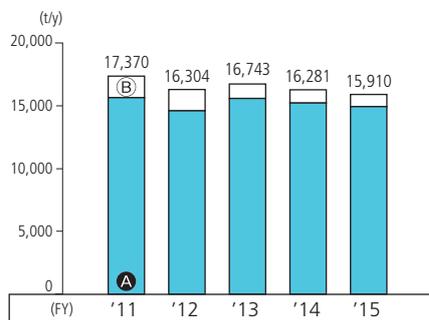
Emissions to the Air

Ⓐ UBE Ⓑ Group companies

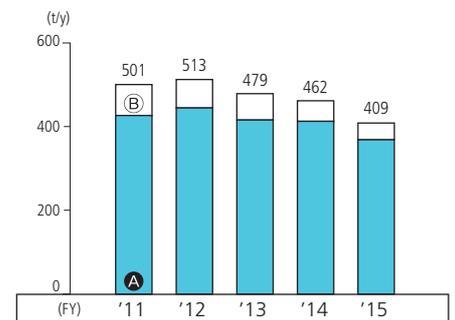
SOx Emissions*1



NOx Emissions*2



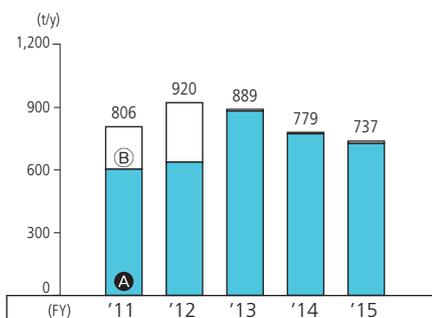
Dust Emissions



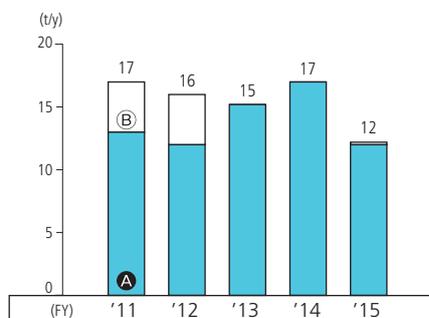
Emissions to Bodies of Water

Ⓐ UBE Ⓑ Group companies

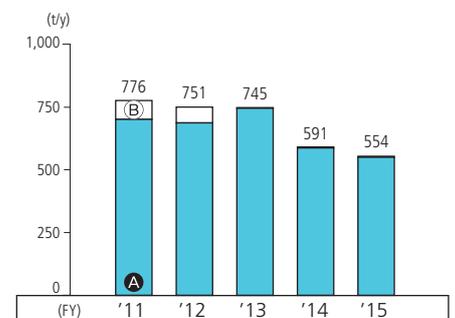
COD Emissions*3



Total Phosphorus Emissions



Total Nitrogen Emissions



Reference: Please refer to page 30 for environmental impact data by facility

Glossary

*1., *2., *3. See the Glossary on page 30

Biodiversity

● Private Business Partnership to Preserve Biodiversity

UBE supports Nippon Keidanren (the Japan Business Federation)'s "Declaration of Biodiversity by Keidanren," and works as part of a related private business partnership to conserve biodiversity.

● Environmental Study Meetings to Promote Activities

The UBE Group's Environmental and Safety Principles state "the UBE Group shall act positively to protect and improve both community and regional conditions and work for the preservation of the global environment."

The UBE Group has established Environmental Study Meetings as a horizontal Companywide organization. Through these meetings, we are working to understand and evaluate the impact of UBE's business activities on biodiversity, gather and share information, and discuss the development of environment-friendly products and technologies and businesses.

In fiscal 2015, UBE Group Employees contributed approximately 1,600 man-hours to initiatives to preserve biodiversity, and the Group spent some ¥10 million on efforts that included forest maintenance and tree planting at former limestone quarries.

Eighth Forest Creation Experiential Activity for Water Conservation



● Forest Conservation Initiatives

In fiscal 2015, the UBE Group participated in the Eighth Forest Creation Experiential Activity for Water Conservation, sponsored by the Mine City Office of Yamaguchi Prefecture's Agriculture, Forestry & Fisheries Department, with 131 employees taking part in the thinning and logging of bamboo over about two hectares. Furthermore, UBE employees participated in activities to protect and nurture the Akiyoshidai plateau in Mine (hosted annually by the Akago Area Community-Building Council). In addition, some of the management of forest and water sources undertaken by Yamaguchi Prefecture is supported by fees paid by UBE for the water it uses in its factories.

We are also implementing greening activities at former limestone quarries. Since fiscal 2008, we have planted citrus trees, vines, and other plants on the slopes of the Kanda Mine's Taihei and Amakubo quarries. Since fiscal 2011, we have planted Wild cherry trees (*Prunus jamasakura*) and Round leaf holly (*Ilex Rotunda*) on the slopes of the Maruyama Quarry at the Isa Mine.



Plantings at Isa Mine

Guest Message

Protecting Biodiversity Together



Koji Kawauchi

Training Officer, Staffing Department
General Affairs Division, Ube City

We are surrounded by the plentiful benefits of biodiversity and nature. These benefits make possible many important aspects of our daily lives, such as our food, including rice, vegetables and fish; our health, including the changing scenery of the seasons that refreshes us; and various aspects of business, including pharmaceuticals and biomimicry technologies.

In March 2013, Ube City was among the first in the country to create a biodiversity preservation community alliance action plan, aiming to protect the rich natural environment of the area around Ono Lake area, which is the water source for the Ube and Sanyoonoda areas, for future generations. Under this plan, we have worked together with environmental organizations and other parties to implement a wide range of biodiversity preservation activities.

In particular, in January 2016, we held a special citizen's meeting on biodiversity under the themes of brainstorming together and the links between all creatures. This meeting served as a venue for matching human resources and funding between environmental organizations and corporate-sector interests and as a place for organizations to share information with one another. UBE kindly assisted us in holding this event. Let's continue to advance biodiversity preservation efforts together in ways that are manageable, fun, and ongoing.

Customer and Business Partner Relationships

Product Safety Initiatives

● Safety Data Sheet (SDS)

To ensure the safe use of our chemical products, we actively provide SDSs for all of our products to our customers and disclose SDSs for our main products on our website. In addition, employees can use our product SDS database, which contains information about product hazards and toxicity, relevant laws and regulations, use, storage, transport and disposal procedures.

We update SDSs and product labels in light of country-specific laws (including those of the United States, South Korea and China), the EU's REACH Regulation, CLP*1 and other relevant regulations as necessary.

● Product Labels

A GHS label listing cautionary measures to be taken during handling is attached to every product container. Moreover, we have fully adopted the Container Yellow Card labeling system.

● Transportation Safety

Based on the annual plans of the Group Product Safety Committee, we undertake measures to prevent transportation accidents and improve the quality of transportation operations. Such measures include maintaining Yellow Card*2 and transportation labeling systems as well as conducting disaster drills.

● Response to Customers' Green Procurement*3

Particularly in the electric and electronic device and automotive industries, we are seeing advances in products designed for easier recycling and the reduced use of harmful materials. As a provider of raw materials, UBE responds enthusiastically to its customers' green procurement efforts. With regard to its own raw materials procurement, the Company has set internal standards and monitors procured parts, materials and products for harmful materials.

Glossary

- *1. CLP Regulation: A new EU regulation in addition to REACH pertaining to classification, labeling and packaging that facilitates the introduction of GHS within the EU. (CLP stands for Classification, Labelling and Packaging)
- *2. Yellow card: A card for use in case of an accident during transport that displays product information, including product name, relevant laws, attributes, handling procedures, accident response procedures and emergency contact information
- *3. Green procurement: Procurement of materials conducted by companies based on their individual safety and environmental criteria established to meet the requirements of relevant legal regulations, including the EU RoHS Directive that restricts the use of certain hazardous substances in electrical and electronic equipment
- *4. High Production Volume Chemicals Program (HPV): An international chemical safety management initiative that gathers safety information about, conducts toxicity assessments of, and shares information regarding mass-produced chemical substances. Begun by the OECD, it is now carried out by the ICCA.
- *5. Japan Challenge Program: A domestic chemical safety inspection program. The Japanese version of the High Production Volume Chemicals (HPV) Program that gathers and communicates information on the hazards and toxicity of chemical substances in Japan and internationally in coordination with industry and the national government.
- *6. Japan Initiative of Product Stewardship (JIPS): Voluntary risk management of chemical substances promoted by the JCIA
- *7. Global Product Strategy (GPS): An initiative for voluntary chemical substance risk management promoted by the ICCA with the goal of minimizing the impact of chemical substances on the environment and people by 2020
- *8. Safety Summary Sheet: A document summarizing the results of in-house chemical substance risk assessments that reflects the results of GPS initiatives, published on the ICCA's GPS website

● Advance Safety Assessments of Chemical Substances

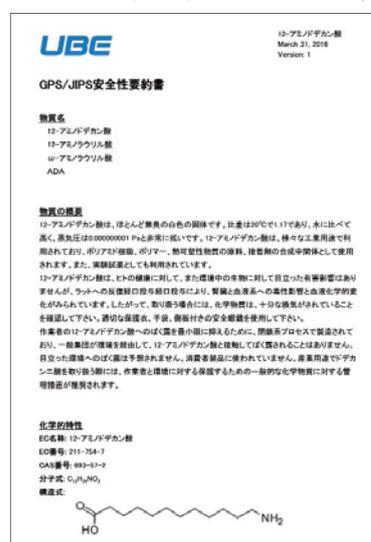
We conduct advance safety assessments of newly developed chemical substances and chemical substances that we will be handling in factories for the first time. In fiscal 2015, the UBE Group performed 27 advance safety assessments of chemical substances

● Participation in Chemical Safety Management Initiatives in Japan and Overseas

UBE actively gathers and communicates hazard information about its chemical products, taking part in the International Council of Chemical Associations (ICCA) HPV Program*4 and the Japan Challenge Program.*5 Since fiscal 2011, we have been participating in the Japan Chemical Industry Association (JCIA)'s Japan Initiative of Product Stewardship (JIPS, the domestic version of the ICCA's GPS),*6,*7 while promoting the gathering and communication of hazard information and risk assessments. The results of this participation include Safety Summary Sheets*8 for eight

substances published on the GPS web portal.

Through the JCIA, we also actively support the ICCA in its voluntary Long-Range Research Initiative (LRI), which focuses on the effects of chemical substances on human health and the environment.



Safety Summary Sheet (GPS/JIPS)

Quality Assurance

The UBE Group is developing global businesses in such fields as chemicals, pharmaceuticals, cement and construction materials and machinery.

To satisfy customers by providing stable, safe, reliable products, we take the initiative in quality assurance efforts tailored to each field.

● Chemicals Company

Providing Assurance and Satisfaction through Companywide Quality Assurance Initiatives

In April 2015, the Chemicals Company organized a quality assurance department (the Chemicals Quality Assurance Department) under the direct control of the company president. Previously, we had carried out quality assurance activities at each manufacturing site, but we have now built a "Business Leading quality assurance" framework for the Chemicals Company that covers all activities in all factories as well as the sales division, technology center and engineering center. Under the framework, we brush up quality assurance activities by sharing customer information and demands precisely and speedily. To satisfy customers and ensure the reliability of our products and services in our global business, we have established the following Chemicals Company Quality Policy.

- (1) We perform our social responsibility by observing the laws and social demands relevant to quality assurance and product safety.
- (2) We implement the PDCA cycle speedily and surely in our Quality Management System to maintain the continuous development of our business.
- (3) We identify customer demands correctly and take cross-functional QA action in our business to increase customer satisfaction and win customer confidence.
- (4) We renovate "Monozukuri" technology to prevent quality problems and establish more stable quality processes.
- (5) We continue making efforts to brush up our QMS with effective training, auditing and the "Change & Challenge" spirit.

To advance "Business Leading quality assurance," we have begun by advancing QMS unification activities for four domestic factories (Ube, Fujimagari, Sakai and Chiba). As for group companies and overseas sites, their QMS are maintained independently. We are now working to renew ISO 9001 (2015 version) certification by the end of fiscal 2016. Furthermore, to meet customer demands, we are working to acquire ISO/TS 16949*1 and JIS Q 9100*2 certification for some of our businesses. For continual improvement, we will further strengthen cooperation with overseas sites and promote worldwide Quality Assurance activities, in line with the Chemicals Company Quality Policy.

● Pharmaceutical Division

Committed to the Pharmaceuticals Quality Policy

To assure the efficacy, safety and quality of pharmaceutical products, consistent compliance with laws and regulations, spanning from manufacturing to sales and post-market safety measures, is necessary. The managers of our pharmaceutical business have fully committed to our Pharmaceuticals Quality Policy in order to meet such strict pharmaceutical quality requirements.

Furthermore, to realize this policy, we have set up concrete initiatives under a PQS.*3 We comply with relevant regulatory requirements, ensuring that production sites enforce manufacturing and quality management. At the same time, we appropriately operate and constantly improve the PQS. In these ways, we secure customer satisfaction and external trust.

Pharmaceutical Quality Policies



The following five items are pharmaceutical quality policies set up for the purpose of contributing to the maintenance and enhancement of people's health by serving the supply of high-quality pharmaceuticals which can win the trust in medical practice.

- (1) Implement social responsibilities and comply with domestic and overseas laws and regulations as a company related to pharmaceuticals, based on corporate activities giving top priority to ethics and compliance.
- (2) Always seek technological innovations, and arrange/strengthen the pharmaceutical quality system to secure the quality and stable supply of products which can win the trust of customers.
- (3) Maintain the pharmaceutical quality system intended to comprehensively evaluate and warrant all operations related to quality securement from the development to supply of products.
- (4) Promote continuous optimization of the pharmaceutical quality system by performing evaluations (reviews) and audits of operations related to quality securement of pharmaceuticals.
- (5) Strive to improve capabilities of members by planning and continuously implement systematic educations/training.

Established: April 01, 2010 Revised: April 01, 2016

Yasushi Konno, Executive Officer,
General Manager of Pharmaceutical Division, UBE Industries, Ltd.

● Cement & Construction Materials Company

Striving to Provide Stable Quality

The Cement & Construction Materials Company meets a wide range of needs in such areas as civil engineering and construction both in and outside Japan with an extensive product lineup that includes ordinary cement, specialty cement and solidification agents. At our cement factories, we are working to expand the recycling of waste, including waste plastic chips, while rigorously enforcing quality management in line with ISO 9001. We strive to provide products that offer consistent performance with minimal variation in quality.

At the same time, given that we export roughly 30% of the cement and clinker we produce, we make adjustments as needed in response to changes in overseas standards, such as those of the ASTM,*4 BS-EN*5 and API*6 (for oil-based cement). We also work to share customer information and implement quality assurance initiatives.

● Machinery Company

Delivering Valuable Products to the World

The Machinery Company provides a wide array of products, such as molding machines and industrial equipment, as well as machinery-related services to customers in Japan, Europe, the Americas, Asia and even the Middle East. To meet the laws and regulations of each country as well as our customers' various specifications, we assure quality through strict inspections. Through certification under international standards, such as those of ISO 9001, ISO 14001 and the ASME U-Stamp,*7 we strive to further improve the quality of our products and services. By reflecting the results of risk assessments undertaken from a user perspective in design and production, we deliver facilities that are safe and environment-friendly to the world.

Glossary

*1. ISO/TS 16949: A quality management system for the automotive industry

*2. JIS Q 9100: A quality management system that includes requirements of the aerospace and defense fields

*3. PQS: Pharmaceutical Quality System

*4. ASTM: American Society for Testing and Materials

*5. BS-EN: British Standards Institution-European Standards

*6. API: American Petroleum Institute

*7. ASME U-Stamp: The American Society of Mechanical Engineers U-Stamp (Boiler and Pressure Vessel Certification)

Compliance

● Measures to Ensure Compliance

A company and the executives and employees that work there must provide value for society. In addition to the basics of not engaging in illegal activities, such as forming unsanctioned cartels or engaging in improper accounting, a company must maintain a firm sense of ethics and comply with laws and other social rules.

To live up to the trust and expectations of its stakeholders, the UBE Group maintains an effective system for ensuring compliance and is working to enhance such measures as helping its employee understand the essence of compliance.

● Compliance Policy and Standards

UBE Action Guidelines (see page 16)

The UBE Group has established the UBE Action Guidelines, comprising nine chapters, as a code of conduct for all its executives and employees to follow in their daily work. The guidelines have been distributed in booklet form to all members of the Group. The guidelines, together with additional explanations and examples of how they might apply in real situations employees could encounter, are made available on the Group intranet. Through these and other measures, the Group promotes awareness of and compliance with the UBE Action Guidelines.

Protection Against Antisocial Elements

The UBE Group clearly states its Basic Policy with Regard to Anti-Social Elements to the Group and the world. This policy states that, to ensure the safety and soundness of civil society, the UBE Group will neither maintain relations with nor bow to improper demands from antisocial elements. Furthermore, the Group takes measures to ensure that even in the event of unintentional dealings with antisocial elements it can swiftly end such relationships, for example, by including cancellation clauses in contracts with suppliers that allow it to cease transactions if the supplier is found to have relationships with antisocial elements. The Group promotes coordination with local police and works to collect information that will facilitate its proper response to any contact from antisocial elements.

● Compliance System

Organization

UBE has established compliance officers (COs),*¹ who are responsible for ensuring compliance throughout the Group, as well as the Compliance Promotion Secretariat,*² which develops and implements compliance-related measures. Furthermore, to help ensure compliance, the Compliance Committee,*³ an advisory body to the COs, approves annual compliance plans, confirms their implementation, exchanges information about compliance violations and considers preventive measures.

Competition Law Compliance Initiatives

In 2014, the UBE Group established the Competition Law Compliance Committee to create systems to prevent cartel activity and other such issues in line with competition law in and outside Japan. In particular, because meetings between sales employees and other companies in the same business as their own may lead to cartel activity, such employees must obtain prior approval for such meetings from their managing division and submit a report afterward. Through these and other measures, UBE has adopted rules to ensure that potential violations are nipped in the bud.

Control of Restricted Cargo

The UBE Group maintains that the basic purpose of export management is to prevent the illegal export or supply of goods and technologies that are subject to export controls under laws and regulations designed to maintain international peace and stability, such as Japan's Foreign Exchange and Foreign Trade Act. We strive to promote awareness of related issues throughout the Group.

Group Consultation Hotline

UBE has established a Group Consultation Hotline through its divisions that handle environment and safety, intellectual property, labor issues and other such areas important to compliance. By enabling easy consultation regarding questions and possible compliance issues that arise in the course of day-to-day operations, we aim to stop compliance violations before they become serious.

Internal Reporting System (UBE C-Line)

We have established compliance hotlines (the UBE C-Line) inside and outside the Group, aiming to quickly uncover and resolve actual or potential compliance-related problems in the UBE Group by enabling anyone who discovers such a problem to report it directly. Reports received through UBE C-Line are handled by the Compliance Promotion Secretariat, which works in cooperation with the parties involved to conduct rapid and careful fact gathering and work toward a solution.

Number of Internal Notifications in Fiscal 2015

Classification	Cases
1. Violations of business procedures	5
2. Bullying, sexual harassment, etc.	3
3. Other	3

● Employee Training and Development

Workshops

We began compliance workshops in fiscal 2009. Since April 2015, they have been led by instructors selected from within each office or facility in an effort to provide training better rooted in the needs of each location. We also hold regular workshops to deepen understanding of laws that apply to our business activities, including the Antimonopoly Act and other competition laws, the Act against the Delay in Payment of Subcontract Proceeds, etc., to Subcontractors, and the Unfair Competition Prevention Act.

Compliance Training Via e-Learning

Twice a year, we hold online training aimed at increasing compliance awareness among management and employees. The e-learning materials used in this training are mainly based on themes of major social significance and actual issues that have arisen in and outside the UBE Group. In fiscal 2015, the training included topics related to harassment, the falsification of product data, trade secret management and improper accounting.

Sharing Information on and Raising Awareness of Problems

To nurture a sense of responsibility for assuring compliance among employees and management, information about actual compliance issues that have occurred within the UBE Group is made available on the Group intranet along with explanations of what the problems were in each case as part of efforts to share information and raise awareness.

Staff Message

Proactively Promoting Compliance



Akira Ishida

Auditing Office, Compliance Department
Ube Material Industries, Ltd.

Internal instructors hold compliance workshops at UBE Group offices, facilities and Group companies. I am the instructor for Ube Material Industries, Ltd.

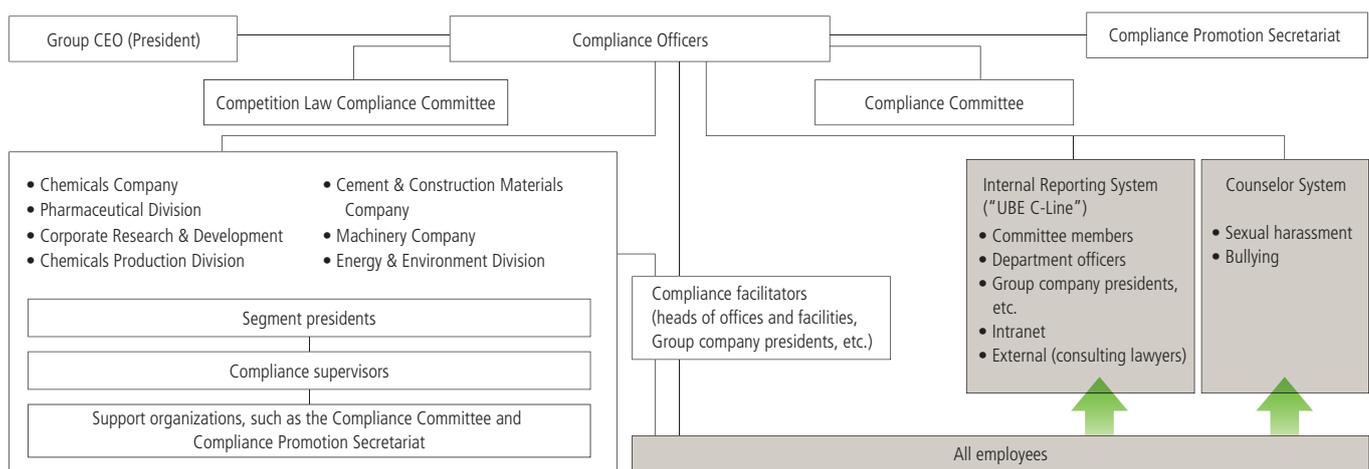
The content of these workshops is basically the same throughout the Group, but I adjust it somewhat for the specific needs of my company and include lots of real examples. Every year, we select areas to hold the workshops, and in fiscal 2015 we held them 19 times, with 331 participants.

As part of the workshops, we play DVDs of skits made specifically for each division, such as manufacturing and sales, and these have been well received. However, many employees find the more general explanations of compliance difficult to understand.

Nevertheless, given the frequency of corporate scandals in the world, the content we discuss comprises the minimum that all our employees, as members of the UBE Group, need to understand, so reducing the content covered is not on the table. We must therefore find ways to make training understandable, even when dealing with difficult topics.

Aiming to ensure that every single employee can proactively maintain compliance, we will continue our proactive compliance promotion activities, such as regularly posting compliance newsletters on the company intranet and conducting training for new employees.

Compliance System



Overview of Systems Ensuring Compliance

*1 Compliance Officers (CO)

Two executive officers have been appointed as Compliance Officers (one of whom was appointed as Chief Compliance Officer). Their task is to promote and ensure compliance throughout the UBE Group by supervising compliance-related activities.

*2 Compliance Promotion Secretariat

This unit administers compliance-related activities under the direction and supervision of the COs.

*3 Compliance Committee

The Compliance Committee advises the Compliance Officers and deliberates on important compliance-related issues. To ensure transparency, a legal adviser (a consulting lawyer) is invited to serve as an outside committee member.

Intellectual Property

● Respect for Intellectual Property

UBE respects newly created value (property) and engages in just, fair intellectual property activities.

UBE's Intellectual Property

Intellectual property rights, including patents, utility models, designs, trademarks, know-how and copyrights, are valuable assets that legally reinforce the market exclusivity of UBE's businesses.

Patents are created on a regular basis out of UBE's R&D, production technology development and other activities, and UBE applies for hundreds of patents in and outside Japan every year.

	Japan	United States	China	South Korea	Taiwan	Other areas
Patents received (fiscal 2014)	Over 380	Approx. 50	Approx. 50	Approx. 30	Approx. 30	Approx. 70
		Overseas: Over 210				
Total	Approx. 2,500	Approx. 2,000				

Protection and Use of Intellectual Property and Infringement Countermeasures

We regularly apply for and receive patents based on our business strategies. Due to revisions to business policy or R&D themes, however, our patents sometimes become unnecessary. We therefore evaluate the necessity of maintaining each of our patents every year and confirm that we are maintaining necessary rights Companywide.

Patent infringement can lead to serious problems, such as the suspension of product manufacturing or demands for large compensatory payments. The infringement of other companies' valid rights is, of course, also a problem in terms of CSR, so we carefully examine other companies' patents and the scope of their rights. To engage in business that falls within the scope of the rights of another company, we may attempt to license the rights or legally nullify the patents in question. However, these methods take time and money and are not guaranteed to succeed. UBE therefore works to steadfastly protect its own network of patents so that it can engage in business outside the scope of other companies' patents.

In recent years, there has been greater demand to use means other than patents to address intellectual property issues, such as preventing unfair competition and protecting trade secrets and copyrights. We are working to respond to such changes in international business conditions.

Incentive System

To encourage new inventions and facilitate the smooth usage of intellectual property rights, UBE has established internal rules compliant with the Revised Patent Law regarding employee inventions and pays multiple types of monetary rewards to inventors. Rewards based on actual business results serve as a barometer indicating the extent that a patent is being put to effective use in business. The ongoing creation of numerous incentivized patents is essential to the strong growth and development of UBE's business.

Purchasing

● UBE Engages in Purchasing That Thoroughly Adheres to Its Purchasing Policies

UBE regards its suppliers as valuable partners and works to build fair and honest relationships with them to promote the sustainable development of one another and society. UBE's purchasing adheres to the Basic Purchasing Policies shown below.

Approach to Green Purchasing*1

In line with the Law on Promoting Green Purchasing, the UBE Group encourages its employees to choose eco-friendly products when purchasing stationery goods, copy paper, work uniforms, toner and other supplies. We aim to increase the use of eco-friendly copy paper to 100%; UBE's

percentage already stands at 100%, while the UBE Group's percentage stands at 87%. The UBE Group's green purchasing rate stands at 69%.

Measures Concerning CSR Procurement*2

The Group has established a CSR procurement policy and guidelines, and published them on its website in March 2013. Furthermore, we are advancing CSR procurement to effect improvements at all stages of the supply chain. In fiscal 2015, we implemented a second survey of our business partners to better understand the status of their CSR activities. We are now aggregating and analyzing the survey results.



Basic Purchasing Policies

Fair and Unbiased Transactions

We are committed to treating our suppliers in a fair and unbiased manner based on free competition and constantly search for opportunities to deal with new suppliers. We will cooperate with suppliers on a fair and equal footing and promote mutual understanding and relationships of trust on a long-term basis.

Objective Selection of Suppliers

We will choose suppliers from the viewpoint of economic rationality by comprehensively examining their quality, prices and delivery schedules.

Compliance with Laws and Regulations, and Confidentiality

We will comply with all relevant laws and regulations and with social norms, and we will protect all confidential information obtained through our purchasing activities.

Green Procurement and Purchasing

We will give due consideration to environment-friendliness in our product selection and purchasing activities.

CSR Procurement

UBE is advancing CSR procurement at all stages of the supply chain, including with suppliers, to increase its social credibility.

The UBE Group gives priority to suppliers that meet the following criteria.

- Have in place an internal framework for promoting CSR
- Emphasize quality and maintaining a stable supply
- Conduct business in a fair manner that honors corporate ethics, laws and societal standards
- Prioritize environmental considerations
- Exercise respect for human rights and safety and hygiene management
- Emphasize contributing to and communicating with society as well as information management and disclosure

Glossary

*1. Green purchasing: To purchase products and services that have minimal environmental impact from suppliers who are committed to reducing their environmental impact, considering not only the quality and price of the products, but also the environment.

*2. CSR Procurement: The procurement of goods and other items by companies using a set of criteria based on the status of supplier's CSR measures.

Community Involvement and Development

Information Disclosure and Communication

Relationships with Shareholders and Investors

● Interactive Communication through IR Activities

UBE always conducts its IR activities in good faith, striving to promote understanding of the UBE Group's management strategy and business conditions in capital markets and to implement transparent management in order to earn the trust of the market. To this end, we disclose information in a timely, appropriate and fair manner. In addition, we are actively increasing opportunities for interactive communication with market participants, such as shareholders, investors and securities analysts, thereby promoting mutual understanding and incorporating market perceptions and evaluations into our management.

The following were the main IR activities conducted in fiscal 2015.

- Results briefings for institutional investors and securities analysts (held after full-year results were announced)
- Web-based conferences for institutional investors and securities analysts (held on the days that quarterly results were announced)
- Results briefings for individual investors (two times)
- Overseas IR (individual visits to institutional investors in Europe, the United States and Asia, three times)
- Small-scale meetings held with the President (four times)
- Individual meetings with institutional investors and securities analysts (approximately 200 during the year)
- Facility tours (three times) and business briefing sessions (one time)
- The 109th General Meeting of Shareholders (1,494 attendees)

UBE creates many opportunities for direct dialogue with investors in and outside Japan, including conferences and individual meetings. In addition, UBE also provides a wide range of information through its website.

Furthermore, in the semiannual *UBE Business Report* for individual investors, UBE's business content and strategies are explained in an easy to digest format. UBE will continue to adhere to its commitment to timely, appropriate and fair information disclosure, and it will enhance interactive communication with stakeholders.

● Shareholder Returns (Dividend Policy)

In principle, UBE seeks to maintain a consolidated dividend payout ratio of at least 30% while also working to maintain and increase its financial soundness, enhance shareholders' equity in preparation for future investments and ensure stable dividends.

Main External Awards and Recognitions (Fiscal 2015)

● Overall CSR

Ratings	Japan Credit Rating Agency, Ltd.: A- Rating and Investment Information, Inc.: A-
SRI indices	FTSE4Good: Selected for the FTSE4Good Global Index since 2004 Morningstar Japan K.K.: Selected for Morningstar Socially Responsible Investment Index since 2009

● Human Resources

June 2015	Received the Production Technical Award in the 55th Society of Inorganic Materials, Japan Awards Recipient: Kiyoharu Hironaka, Technical Development Center, Cement & Construction Materials Company
September 2015	Received an award from the Ministry of Health, Labour and Welfare as an excellent business in the provision of employment for people with disabilities Recipient: Shinjiro Arita and Hiromi Ochi, Libertas Ube, Ltd.
October 2015	Received a Fulrath Award from the American Ceramic Society Recipient: Tadashi Matsunaga, Polyimide and Specialty Products Business Unit
October 2015	Received the gold and bronze prizes in desktop publishing in the 2015 Yamaguchi Prefecture Abilitylympics Recipients: Hiroshi Shibata (gold) and Yuki Murakami (bronze), Libertas Ube, Ltd.
October 2015	Received 2015 President's award for effort from the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers as an excellent business in the provision of employment for people with disabilities Recipient: Masaaki Yamagata, Libertas Ube, Ltd.
November 2015	Received a Contemporary Master Craftsmen (<i>Gendai no Meiko</i>) award Recipient: Tsutomu Okusa, Ube Steel Co., Ltd.

● Environment, Safety and Technology

May 2015	Received the 39th JCIA Annual Safety Award First Prize from the Japan Chemical Industry Association Recipient: Corporate Research & Development Division (Ube District)
May 2015	Received the 2014 Technology Advancement Prize (new products, technologies and applications division) from the Japan Fine Ceramics Association Recipient: (the former) Inorganic Specialty Product Research Laboratory, Corporate Research & Development Division
June 2015	Received a 2014 Tanaka Award (excellence in bridge design and construction category) from the Japan Society of Civil Engineers Recipient: GENTA Bridge, Tottori City (renovated by a joint venture between Fuji P.S. Corporation, Ube Machinery Corporation, Ltd. and Kounogumi Corporation)
July 2015	Received the 4th Green & Sustainable Chemistry Encouragement Award Recipient: The development of durable water-borne polyurethane coating materials (PUD)
July 2015	Received recognition for excellent cooperation from the Ube Sanyo-Onoda Fire Department Recipient: Ube Chemical Factory
March 2016	Received the Excellent Paper Award from the Mining and Materials Processing Institute of Japan Recipient: Technical Development Center, Cement & Construction Materials Company (for joint research with the Niinae laboratory of the Yamaguchi University Graduate School of Science and Engineering)

● Main Tools of Communication

Website

The UBE Group’s website delivers the latest information about UBE to its stakeholders in Japanese and English. The website is divided into sections, namely, Corporate Profile, News Releases, Investor Relations, Products, Research & Development and CSR Activities.



<http://www.ube-ind.co.jp/english/>

Corporate Brochure

The corporate brochure summarizes the UBE Group’s business activities and is available in Japanese, English and Chinese. The brochure was revamped in April 2016 to give a concise message and overview of the UBE Group today. It is also available as a PDF in Japanese on UBE’s website.



Annual Report

The Company’s annual report targets mainly institutional investors and is printed every August, in Japanese and English. The report mainly covers management strategy, results and financial information. The report is available in PDF format in Japanese and English on UBE’s website.



UBE Business Report

This report, intended mainly for individual investors, is printed semiannually in Japanese only. The report explains UBE’s businesses and strategies in an easy to understand way and also explains various procedures related to holding shares. *The UBE Business Report* is also available as a PDF in Japanese on UBE’s website.



Relationships with Local Communities

Responsible Care (RC) Regional Dialogue Meetings

Local member companies of the Japan Chemical Industry Association (JCIA) RC Committee hold RC Regional Dialogue meetings every two years in each of the Committee’s districts with the purpose of building relationships of trust with local residents. UBE’s chemical factories are members in the Yamaguchi western district, the Sakai/Senboku district and the Chiba district. In fiscal 2015, the 10th RC Regional Dialogue Meetings were held in the Yamaguchi western district and the Sakai/Senboku district in November 2015 and February 2016, respectively.

Furthermore, in addition to the biannual RC Regional Dialogue meeting, the members in the Ube district hold an RC Regional Dialogue Conference every year, providing a valuable forum for interaction between industry, government, academia and the public. The 13th annual RC Regional Dialogue Conference in the Ube district was held in February 2016, bringing together 54 attendees. Following an explanation of RC activities undertaken in the last year by participating companies, the Environmental Policy Office of the Ube City Environmental Department gave a presentation on environmental preservation initiatives in Ube City. Afterward, group discussions on process safety and disaster prevention and odor pollution were held.



10th RC Regional Dialogue Meeting in the Sakai/Senboku district

Going forward, we will continue to prioritize dialogue with local communities and implement RC activities to foster harmonious coexistence and mutual development with local communities.

Hosting Local Events

The Ube Chemical Factory held the 10th UBE Chemical Summer Festival in August 2015, welcoming more than 2,900 people, including nearby residents and families. The event featured a stage show by UBE employees, a *yosakoi* dance and a performance by the UBE Kosan Mixed Chorus Group.



Tours of Local Industrial Facilities

The UBE Group once again participated in tours of local industrial facilities entitled “Social Tours for Grownups” in fiscal 2015. These tours are conducted by a local council established to promote industrial tourism in the cities of Ube, Mine and Sanyoonoda. Various tours were undertaken at UBE Group facilities, with 1,736 participants. Activities included a tour showcasing the production of cement (Isa Cement Factory and highlighting roads used exclusively by UBE) and another highlighting the Okinoyama Coal Mine and its founder Sukesaku Watanabe (UBE-i-Plaza and the Okinomiya Coal Mine electric powered mine shaft).

Participation in Local Events (Main Events)

UBE's offices and facilities participate in various local events to promote harmonious coexistence with local communities.

Chiba Prefecture: 2015

June: UBE participated in a campaign to promote seatbelt use.
 June: 12 UBE Group employees participated in the Goi-Rinkai Festival.



Yamaguchi Prefecture: 2015

July: 137 UBE Group employees, divided into 15 teams, competed in the 22nd Annual Ube City Marine Day Cutter Race.



July/August: 23rd World Scout Jamboree



UBE's booth at the Yamaguchi Jamboree Festa, held at the same time

September: 28 UBE Group employees participated in the 2nd Annual Mine Lantern Night Festival (Mine City).



November: Around 1,000 participants from the UBE Group, comprising Group employees and their families, took part in the 64th Ube Festival.



Business Facility Tours

We invite various stakeholders, beginning with nearby schools, to tour our business facilities. In July 2015, the Chiba Petrochemical Factory held a facility tour for 80 local elementary school students. The Sakai Factory held facility tours for technical college students in October 2015 and for technical high school students in January 2016, for a total of 113 participants, and in May 2015 it invited 34 local residents for factory tours and

discussions. Furthermore, in August 2015, the Tokyo Head Office held its first family workplace tours.



Facility tour (Sakai Factory)



Family workplace tour (Tokyo)

UBE i Plaza

In 2007, to mark the Group's 110th anniversary, UBE-i-Plaza was established as the UBE Group's comprehensive information center in the Ube District, where the Group was founded. In the center's presentation room, visitors may watch videos about the UBE Group's history and businesses. The display room provides an overview of the Group's past, present and future and is divided into zones with the themes of corporate history, products and technologies, cutting-edge technology, organization and activities, and the future. In fiscal 2015, the center received 7,891 visitors.



Other Community Activities

At all our offices and facilities, we strive to promote harmonious coexistence with local communities through such efforts as the cleanup of areas near our facilities and participation in blood donation programs.



Cleanup of public roads (Kanda Cement Factory)

Local Newsletter Tsubasa

Since November 2012, the UBE Group has been issuing *Tsubasa*, a newsletter for local residents. This newsletter is distributed twice a year to residents of Ube, Yamaguchi Prefecture, where the UBE Group was founded. It is delivered directly to people's mailboxes, inserted in newspapers, and offered through UBE-i-Plaza and other venues. Since May 2014, UBE has offered a special online version of *Tsubasa* on its website that includes comments and perspectives from the authors and people involved that could not be included in the print version.

Tsubasa



Support of Culture and Art

UBE supports the activities of the UBE Foundation and the Watanabe Memorial Culture Association in the form of regular donations and human support.

● The UBE Foundation

The UBE Foundation (Director: Michio Takeshita) was established in 1959 as the Watanabe Memorial Science Foundation at the bequest of the late Takaji Watanabe, the founding chairman of UBE. The Watanabe Memorial Science Foundation was renamed the UBE Foundation in 1997. In 2010, the UBE Foundation was certified as an organization operating in the common interest by the Japanese Cabinet Office and registered as a foundation incorporated in the public interest. In Japan, the Foundation aims to promote academic research activities, improve research facilities and assist academic researchers in their activities in order to contribute to the future development of academic culture. In fiscal 2015, the 56th annual Ube Foundation Grant was awarded to 12 researchers from a total of 135 applicants. At the awards ceremony, held in June 2016, Professor



The Ube Foundation Grant awards ceremony

Masatsugu Shimomura of the Chitose Institute of Science and Technology gave the keynote address, entitled "The Latest Trends in Biometrics."

● Watanabe Memorial Culture Association

Established in 1936 as a private bequest of the late Sukesaku Watanabe, the founder of UBE, the Watanabe Memorial Culture Association (Director: Michio Takeshita) was registered as a foundation incorporated in the public interest in October 2014. The association promotes the welfare of the citizens of Ube City and supports a variety of cultural and art-related activities that include efforts to bolster local culture as well as lectures and concerts. In October 2015, the association hosted a community concert with the Japan Philharmonic Orchestra. The association donated a total of ¥800,000 to the Watanabe Memorial Book Collection and the Watanabe Memorial Culture Association Picture Book Collection in February 2016. The Watanabe Memorial Book Collection, established in the Ube City Library in 1953, contains 2,236 volumes, primarily in the field of art. Moreover, the Picture Book Collection, which lends books to kindergartens and childcare centers, has reached 4,546 volumes. In April 2016, the association donated funds to support seven selected cultural organizations in the UBE District.

Support funds donation ceremony



Charity Concert by the *Japan Philharmonic Orchestra*

In 2015, we invited the Japan Philharmonic Orchestra to perform the 8th annual UBE Group Charity Concert. We also opened the Charity Concert's dress rehearsal, free of charge, to about 600 students from local elementary and junior high schools and 40 students from local schools for the disabled and their respective guardians and teachers. Furthermore, in cooperation with Pioneer Corporation, we installed that company's systems for experiencing sound through vibrations felt through the body in certain seats, allowing hearing impaired audience members to experience the concert. All of the proceeds from the concert were donated to local organizations and schools. Specifically, five municipal junior high schools in Ube City were each given a wind instrument, while the Ube City Folk Orchestra and the Ube Music Appreciation Society received monetary donations.

The day before the performance, members of the Japan Philharmonic Orchestra participated in a "hands-on concert" for patients admitted to Ube Industries Central Hospital and the Yamaguchi University Hospital.



(Left) "Tanpopo Concert" (Ube Industries Central Hospital)
(Right) "Hands-on concert" (Yamaguchi University Hospital)

Community Concert Held by the Watanabe Memorial Culture Association



Music clinic for members of brass band clubs at local municipal junior high schools

Mini concert attended by more than 200 local residents



A sign language interpreter conveys explanations of the music given by the conductor and a soloist

The 8th annual UBE Group Charity Concert (October 2015)

Education and Social Contributions

● Chemistry Experiment Events for Children

Every year, UBE invites schoolchildren to attend chemistry experiment programs aimed at helping children experience the fascinating world of chemistry by introducing them to UBE's advanced technologies. In July 2015, the Advanced Energy Materials R&D Center hosted the 27th Annual Summer Holiday Junior Science Lesson in at Ube Industries in Ube City. Participants learned about batteries and then competed to make the best one.

In addition, the Organic Specialty Materials Research Laboratory and UBE-MARUZEN POLYETHYLENE Co., Ltd. held hands-on experiment events in which participants made kaleidoscopes using polyethylene film in August at the 2015 Dream/Chemistry-21 Children's Chemistry Experiment Show in Chiyoda City, Tokyo.



27th annual Summer Holiday Junior Science Lesson (Ube Industries)



Dream/Chemistry-21 Children's Chemistry Experiment Show 2015 (Tokyo)

Topics

Ube Machinery Corporation and the National Institute of Technology, Ube College, Form a Comprehensive Cooperation Agreement

In February 2016, Ube Machinery Corporation, Ltd., and the National Institute of Technology, Ube College ("Ube Kosen"), formed a comprehensive cooperation agreement aimed at furthering the development of promising human resources through mutual cooperation in the field of education in order to contribute to the prosperity of the local community and economy. Accordingly, Ube Machinery Corporation provided Ube Kosen's introductory course on the machinery manufacturing business in the first half of fiscal 2016. The course comprised 15 lectures about made-to-order machinery manufacturing, from receiving the order to design, production, shipping and after-sales service. Through these efforts, Ube Machinery Corporation is working to develop future engineers from local human resources.



Support for Areas in Kanto and Tohoku Affected by Flooding

In September 2015, Ube Machinery Corporation, Ltd. carried out activities to support disaster recovery in Joso City, Ibaraki Prefecture, which suffered severe damage due to the heavy rain and severe flooding that hit the Kanto and Tohoku regions in September 2015. At the time of the flooding, Ube Machinery Corporation was constructing bridge members for the nearby Ken-O Expressway Yadagawa elevated highway. The support activities were undertaken in response to a request from the Ministry of Land, Infrastructure, Transport and Tourism's Kanto Regional Development Bureau, from which Ube Machinery Corporation received the order for the construction. Afterward, the company received a letter of thanks from the bureau.



● Internships

The UBE Group offers internships for undergraduate and graduate university students, technical college students and high school students.

Main Internships (fiscal 2015)

		Number of participants
Tokyo Head Office		10
Ube Chemical Factory		8
Chiba Petrochemical Factory		6
Sakai Factory		3
Ube Cement Factory		3
Isa Cement Factory		5
Kanda Cement Factory		1
Electric Power Business Unit		3
Research centers (Ube)		1
Group companies	Ube Corporation Europe, S.A.U.	32
	Libertas Ube, Ltd.	10
	Ube Machinery Corporation, Ltd. and other Group companies	56



Internship (Ube Cement Factory)

● Volunteering in Afforestation and Flower Campaigns

In November 2015, the UBE Group participated in the Eighth Forest Creation Experiential Activity for Water Conservation, held in the Akiyoshidai International Art Village and sponsored by the Mine City Office of Yamaguchi Prefecture's Agriculture & Forestry Department, with 99 employees taking part in the thinning and logging of bamboo. These activities help to improve the water retention of the woodlands around Ono Lake, an important source of water for local residents and companies, and prevent flooding. In addition, the gardens planted every year by employees within the premises of UBE Group sites won eight awards in flowerbed contests held by Ube City in fiscal 2015.

Fiscal 2015 Ube City Flowerbed Contests

UMG ABS Ltd.	Spring	First Place Award (General flowerbed division)	Flower gardening master division
	Autumn	Ube City Mayor's Award/Perfect Award	
Ube Chemical Factory	Spring	Ube City Greening Promotion Committee Award, Planning Award	
	Autumn	Ube City Greening Promotion Committee Award	
Ube Material Industries, Ltd.	Spring, Autumn	Ube City Greening Promotion Committee Award	
	Spring	Third Place Award (Spacious flowerbed division)	
Ube Machinery Corporation, Ltd.	Autumn	Second Place Award (Spacious flowerbed division)	



Recipient of the Ube City Mayor's Award/Perfect Award (UMG ABS Ltd.)



Spain

Initiatives in Spain

● Science Study Promotion and Relations with Universities

The UBE Group in Spain has been active in promoting the study of science, taking part in and providing support to initiatives by schools and universities in the Castellón region. Expo Science 2015 took place in May 2015, organized by the University of Valencia's Scientific Park, where UBE conducts R&D programs. Our company's booth introduced polymeric materials through games and exhibits and was visited by over 500 young children with their parents. In addition, some 50 high school students from the Science Summer Camp of Jaume I University visited us to learn about the daily job of a chemistry graduate at UBE, and 35 students of the University of Valencia and Polytechnic University of Valencia visited the plant to learn about our process control systems and our innovation activities in engineering plastics.

Once again, we sponsored "The Pleasure of Doing Research," a contest for technical high school students, and a master course on energy efficiency in manufacturing industries, both organized by Jaume I University, as well as the Electric Car Team of Benicarló (Castellón) High School.

UBE employees have given lectures about human resource management at the National Student Congress of Labor Relations and about business culture in Japan and Spain to the students of a Master of English Language for International Trade program. Employees served as special participants in a focus study group at Jaume I University to discuss the relationship between transparent communication about R&D and ethics in the corporate world.



Expo Science 2015 (UBE booth with the R&D staff)



Science Summer Camp

Visit by the Civil Guard officials



1st Networking project of the CSR Forum

Left: Training in personal interview competencies; Right: Group training

● Interacting with Local Communities

The 1st Networking Project of the CSR Forum, in which 25 companies from Castellón provided training to improve the job-finding competencies of 40

unemployed people who have some kind of disability or are at risk of social exclusion, was celebrated with the active collaboration of our HR Department staff.

The Ube Biennale @ Castellón/Spain & Love Stone Project was carried out in April by the local authorities of Castellón and Ube cities, with the coordination of our company, to promote the famous outdoor sculpture exhibition organized in Ube City and develop the relationship between both cities through cultural events. It included an exhibit with videos and models of sculptures from Ube Biennale, organized with the cooperation of the Ube Tokiwa Museum, and the Love Stone Project, a participatory artistic activity organized by Atsuya Tominaga, the sculptor who won the 25th UBE Biennale. As the project's final result, a white, heart-shaped stone brought over from Yamaguchi Prefecture was polished by citizens of Castellón and placed atop a larger local stone on one of the main local streets to symbolize the close relationship between the cities.

This year, important institutional visits to UBE included the top officials of the local Civil Guard and the president of Castellón Port Authority, a key part of local infrastructure providing strategic services to our company that has, over the years, received our support and commitment in the form of facility investments.

● Support for Education and Culture

Our company sponsored the "Seminar series for good environmental practices at home," organized by Almazora Town for local families, as well as soccer, volleyball, basketball and other sports clubs, contributing to the healthy growth of the local youth. In terms of culture, our support went to events like the Castellón city festivals; the annual regional contest for young artists organized by a Castellón school; the exhibit Datamatics by the Japanese artist Ryoji Ikeda at Castellón Contemporary Art Space; and the Tarrega classical guitar contest of Benicasim City. Local NGOs, like Afanías, Down Syndrome Foundation, and the Red Cross Society, also received UBE's sponsorship.

In addition, Caritas Internationalis received six discarded computers, upgraded and fixed by UBE, to be used in their computer school to train people to use the computer tools necessary to search for and reply to job offers.

● Other Social Contribution Activities

Internally, the company continued its support for various programs organized as volunteer activities by employees, such as blood donation, used mobile phone collection and plastic bottle cap recycling. In addition, the "Family Plan," a new program held every two years, was started to offer counseling and guidance to disabled children or other relatives of five of our employees, supporting them in order to improve their development, autonomy and social and occupational inclusion.



Caritas computer school

Volleyball team



Thailand

Initiatives in Thailand

● Interacting with Local Communities

Protecting the Natural Environment

The UBE Group's Asia Operational Unit (AOU) plans and supports activities to protect the natural environment in the local area. On May 9, 2015 our employees and several community groups, for a total of 107 people, constructed a weir and embankment for wildlife near the Ban Nam Kroi Ranger Station of Khao Chamao-Khao Wong National Park in Rayong.



Building a weir and embankment

Village Cleanup Activities

To mark World Environment Day on June 5, 2015, we held an event titled "Big Cleaning Day." 70 participants, comprising local villagers, students, members of the Thai navy and 10 of our employees, gathered to clean up a nearby village.



Big Cleaning Day

Coastal Cleanup

On September 11, 2015, 65 AOU employees together with employees of other companies in the industrial estate, for a total of 500 people, participated in beach cleaning activities at a beach near our plants.



Coastal cleanup

● Support for Education and Culture

Science Lesson for Local High School Students

On July 13, 2015, we held a one-day workshop in collaboration with the Chulalongkorn University Faculty of Science to provide an opportunity to experience basic chemistry for high school students at Pheruksamatawittaya School in Rayong. 10 instructors and 75 students attended.



Hands-on event

National Research Contest

UBE Group (Thailand) organized a National Research Competition called "Thailand Computational Chemistry Challenge by UBE" with collaborative support from the Chulalongkorn University Department of Chemistry and the National e-Science Infrastructure Consortium. The aims of this activity are to motivate students and researchers in Thailand to utilize their research and technological capabilities, such as those in computational chemistry, in solving actual national issues and to promote the company's vision.

17 proposals were submitted for competition. The winning project was titled "A Computational Insight on the Role of CNT as Reinforcement Filler in Filled Natural Rubber." A trophy was presented by Princess Chulabhorn Walailak to the winners at the Pure and Applied Chemistry International Conference 2016 (PACCON2016), which was organized as a special event on February 9, 2016.



Group photo after the trophy presentation

UBE Group Social Contribution Activities



Ube Corporation Europe, S.A.U.

- Supporting the Company to Reach the Highest Standards of Integrity, Safety, Environmental Protection and Quality



Author:
José Alberto Fortanet
Senior Manager, Environment, Health,
Safety & Quality Assurance Department

EHS&QA Team members



UBE's biodiversity project in a neighboring town

Our plant started its activity in the late 1960s in the manufacture of caprolactam and ammonium sulfate. Today, we also produce such products as polyamides, PCD, PDL and higher value ammonium sulfate products. We have learned from our predecessors, and we are facing now the new business rules of the market with the "Change & Challenge" spirit while maintaining close contact with local communities.

The EHS & QA Department contributes to the company by promoting, planning, supporting and monitoring initiatives through our internal management system with the goal of evolving to a world class company in terms of safety, environmental care and quality.

In 2012 we launched a Safety Strategic Plan focused on the improvement of safety culture and process safety. Since then, more than ten teams, involving all the UCE staff, have been participating to develop these topics. Our motto is "Lead by example. Be an example in your team."

From an environmental point of view, UCE has implemented energy reduction projects that have reduced its emissions by 24% since 1999. UCE has carried out environmental campaigns in order to increase awareness among employees, and it is leading the "environmental code" of the Responsible Care program in Spain.

Quality of products and services is a core value for UBE and it is our competitive advantage. In 2015 we launched a QA Strategic Plan with the goals of improving our management system, getting the best tools for customer (internal and external)-oriented work, taking advantage of our know-how and leading the company toward agile team work.

Finally, risk management is also one of our main tasks. We help the company assess the risk level of its activities, including business, production and maintenance, in order to formulate and implement risk mitigation plans in an effective and efficient way.

Fukushima, Ltd.

- Providing Environment-Friendly Products and Contributing to Local Communities



Author:
Tsukasa Hattori
General Manager,
General Affairs and Accounting Department

Fukushima, Ltd. is a machinery manufacturing company. We handle the integrated production of such products as deck machinery for vessels and grab buckets used in waste disposal facilities and harbor loading and unloading. Our deck machinery is used on over 5,500 vessels around the world, and we have delivered more than 3,300 grab buckets within Japan. The special features and strengths of our products include their wide range—encompassing both low- and high-pressure oil hydraulic and electric and steam powered drive systems—and their excellent toughness and durability.

In recent years, we have worked to develop more environment-friendly products. As a result, we have released energy-saving grab buckets that emit 28% less CO₂ by reducing the amount of hydraulic oil discharge. In recognition of these technologies, this product received the Creative Award in the 2nd Annual Utsukushima Manufacturing Awards given by Fukushima Prefecture. Such products are part of our efforts to address global warming.

In terms of production, we have a *Kaizen* (constant improvement) Corner in each building of our plant and a *Kaizen* Showroom at our Production Headquarters as places to discuss ways to improve manufacturing and product quality on a regular basis. Through such efforts, we strive to provide high-quality, safe products and services.

Furthermore, to contribute to local communities, we actively offer experiential opportunities for students to learn about manufacturing, conduct various factory tours, accept students in vocational training as interns and implement other community-based activities.

Going forward, we will continue business activities rooted in local communities, aiming to achieve our environmental policy of promoting the harmonious coexistence of business with a beautiful Earth, nature and the environment.



Kaizen Showroom

Experiential learning about manufacturing for junior high school students



Energy-saving grab bucket

Factory tour for elementary school students

Ube Chemical Factory



Location: 1978-10 Kogushi, Ube City, Yamaguchi Prefecture

Start of operations: 1933

No. of employees: 1,374

Main products: Caprolactam, ammonium sulfate, nylon resins, industrial chemicals, fine chemicals, high-purity chemicals, polyimide, separation membranes, separators, new materials, active pharmaceutical ingredients, intermediates

As the mother factory for the chemical business, this factory produces a wide range of products, with due consideration given to the environment, product quality, safety and operating stability. The factory houses a number of complex plants handling a wide range of chemical substances. Accordingly, to help all employees comply with basic rules and principles while teaching them to think for themselves, in April 2014 we established the Chemical Training Center, bringing together all of the factory's experiential training equipment. We are using the center to help promote communication between employees. By strengthening various risk assessments, these efforts are also helping to improve facilities and operations, reinforce the self-managed process safety system, and further reduce chemical substance emissions.

Chiba Petrochemical Factory



Location: 8-1 Goi Minami Kaigan, Ichihara City, Chiba Prefecture

Start of operations: 1964

No. of employees: 281

Main products: Polyethylene, polybutadiene rubber, waterproofing materials

The Chiba Petrochemical Factory is located in the Keiyo Industrial Zone. We produce petrochemical products that support people's lives. To fulfill our promise to ensure the safety and security of local communities and customers, we strive to anticipate every possible risk and promote related prevention measures. Regarding our environmental initiatives, we are significantly reducing the factory's environmental impact by ceasing the use of highly harmful solvents and putting in place countermeasures in such areas as exhaust gas and the incineration of waste solvents in boilers. In addition, we regularly monitor the water and gas discharged from the factory, striving to identify irregularities early on. With the aim of encouraging interaction between the local community and UBE, we participate in the Goi-Rinkai Festival, hold factory tours for local elementary school students and engage in other events. Through such efforts, we support active exchange with the local community. 2014 marked the factory's 50th anniversary. Going forward, we will continue to contribute to the development of the local community.

Sakai Factory



Location: 3-1 Chikko Shinmachi, Nishi-ku, Sakai City, Osaka

Start of operations: 1967

No. of employees: 222

Main products: Polyimide, separation membranes, electrolyte solutions, separators

Our factory is located in Sakai City, which, as an environment-friendly model city, has announced the "Cool City Sakai" concept. The factory manufactures chemical products and specialty products and is taking proactive steps to conserve energy and resources. In February 2016, we held a Responsible Care Regional Dialogue Meeting in the Sakai/Senboku district, interacting with a great number of local residents. Going forward, we will continue aiming to contribute to the local community through dialogue with local residents and cooperation with the government while maintaining safe and secure operations. In July 2016, we completed the Osaka R&D Center on the factory premises. This is UBE's first new research facility in 20 years. Conducting integrated R&D ranging from battery materials and other functional products to production technologies, this center aims to operate as a central base for efficient product creation.

Ube-Fujimagari Factory



Location: 2575 Fujimagari, Ube City, Yamaguchi Prefecture

Start of operations: 2013

No. of employees: 99

Main products: Ammonia, liquid carbon dioxide

This factory was established in October 2013, taking over the factory operations of Ube Ammonia Industry, Ltd., which had been in operation since 1969. With operations that, among the Ube District factories, are the furthest upstream along the value chain, the Ube-Fujimagari Factory is the only factory in Japan that produces ammonia, an ingredient of lactam and nylon chains, from petroleum coke. In fiscal 2014, the factory received Accreditation of Completion and Process Safety Inspection in accordance with the High Pressure Gas Safety Act. Accordingly, it is now subject to periodic inspections every two years, rather than every year. All employees work together and with partner companies to maintain safe, stable operations and are aiming to achieve a second consecutive year of uninterrupted operations while maintaining zero occupational accidents and zero environmental irregularities. Going forward, we will continue to enhance our safety technologies as we strive to provide peace of mind for the local community.

Ube Cement Factory



Location: 1978-2 Kogushi, Ube City, Yamaguchi Prefecture

Start of operations: 1923

No. of employees: 238

Main products: Cement, limestone

The Ube Cement Factory is a manufacturing and shipping base for cement and limestone products produced in the Ube and Isa regions. At the same time, this factory produces specialty cement that meets various customer needs. We use waste plastic chips and wood biomass as alternative fuels in our cement manufacturing processes and actively work to save energy as part of regular efforts to realize a low-carbon society. Through the provision of cement and reuse of waste materials and byproducts in cement manufacturing, the factory contributes to recovery from earthquakes and other disasters, helps prevent and mitigate future disasters, helps address the problem of aging infrastructure, and promotes the creation of a recycling society. In addition, with the aim of making this the safest cement factory in Japan, all employees work together and with partner companies to prevent operational accidents and accidents related to process safety.

Isa Cement Factory



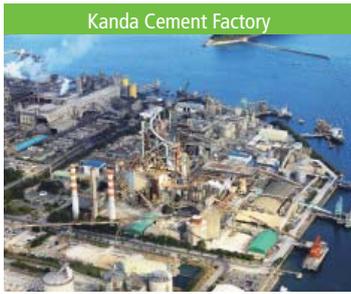
Location: 4768 Isa, Isa-cho, Mine City, Yamaguchi Prefecture

Start of operations: 1948

No. of employees: 232

Main products: Cement, limestone

Located in Mine City, home of Akiyoshidai Quasi-National Park—famous for its karstic (limestone) topography—Isa Cement Factory has one of the largest cement manufacturing and limestone mining operations in Japan. With our factory and mine situated close to the local community, we have established and operate within voluntary managerial targets that are stricter than existing laws and regulations in such areas as noise, vibrations and water discharge. We also recognize the importance of maintaining smooth communication with the local community. We seek to become an "eco factory trusted by the community" by paying the utmost attention to environmental protection while participating in various local events and operating factory tours. In recent years, we have received favorable reviews for tours of our industrial facilities, which highlight roads used exclusively by UBE.



Kanda Cement Factory

Location: 7 Nagahama-machi, Kanda-cho, Miyako-gun, Fukuoka Prefecture
Start of operations: 1964
No. of employees: 119
Main products: Cement, limestone

The Kanda Cement factory is a leader in waste processing. After installing a world-class high-chlorine bypass system in 2005, in 2012 we commenced operations of facilities that process waste plastic, removing chlorine and solidifying it to produce a source of thermal energy that is on par with coal. Furthermore, in December 2015, the factory's exhaust heat power generation facilities came online [See page 33](#). Since its founding, the Kanda Cement Factory has striven to beautify and contribute to the greenery on its grounds. In recent years, we have also worked to green former mining sites, undertaken cleanup activities along public roads around the factory and actively accepted guests for facility tours. Through these efforts, we are working to promote harmonious coexistence with local communities.



Okinoyama Coal Center

Location: 1980-29 Okinoyama, Kogushi, Ube City, Yamaguchi Prefecture
Start of operations: 1980
No. of employees: 35
Main products: Storage and distribution of coal and petroleum coke

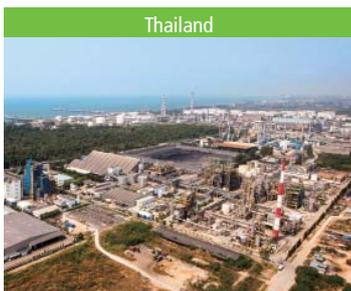
Although UBE started out in the coal mining business, the Company completely withdrew from such operations in 1977, having closed the Okinoyama Coal Mine in 1967. However, in 1980 the Okinoyama Coal Center commenced activities focused on such coal-related businesses as operating Japan's largest fuel coal import transshipment station (annual amount handled: 6 million tons), which provides a stable supply of coal, an important energy source for Japan. In particular, the importance of coal as fuel for thermal power generation has been reevaluated in light of the suspension of nuclear power generation since the Great East Japan Earthquake. Aiming to maintain the trust of the local community, we are working in unison with employees and partner companies in the areas of health and safety, environmental preservation, and process safety and disaster prevention.



Ube Machinery Corporation, Ltd.

Location: 1980 Okinoyama, Kogushi, Ube City, Yamaguchi Prefecture
Start of operations: 1914
No. of employees: 1,009
Main products: Die-casting machines, injection molding machines, extrusion presses, crushing machines, ceramic machines, transportation equipment, water screen equipment, bridge members, floodgates, steel structures, and the manufacture, sales, service and maintenance of other industrial machinery

Ube Machinery Corporation marked its 100th anniversary in 2014. We continue to evolve the company's manufacturing prowess, which has been handed down over generations. By doing so, we are reinforcing our ability to meet diversifying needs. We are integrating and globalizing manufacturing, sales and service operations, and delivering valuable products that satisfy the expectations of customers around the world. At the same time, through technological innovation, we are further advancing the development of environment-friendly products and reducing the environmental impact of our manufacturing and service operations. Our fundamental policy is to become a company with an exemplary safety record by fostering a culture that makes safety its highest priority. Accordingly, we are working to ensure that all employees have a sense of responsibility for safety and to implement truly effective safety measures. We are also actively promoting employee health maintenance and improvement activities. Through these efforts, we are creating work environments that are safe and healthy for all employees.



Thailand

UBE Chemicals (Asia) Public Co., Ltd.
Location: Rayong, Thailand
Start of operations: 1997
No. of employees: 503
Main products: Caprolactam, ammonium sulfate, nylon 6 resin, nylon compounds

THAI SYNTHETIC RUBBERS COMPANY LIMITED
Location: Rayong, Thailand
Start of operations: 1998
No. of employees: 72
Main products: Polybutadiene rubber

UBE Fine Chemical (Asia) Co., Ltd.
Location: Rayong, Thailand
Start of operations: 2011
No. of employees: 29
Main products: Polycarbonate diol, 1,5-hexanediol, 1,6-pentanediol

All companies of the UBE Group (Thailand) work together to continuously improve plant operations and produce better service for customers. We also give greatest priority to safety, occupational health and environmental issues, and in February 2016 reached 30 million man-hours without lost time accidents. Seeking to create a more environment-friendly factory, we are working with government agencies toward our aim of receiving Eco Factory certification. Furthermore, we implement social contribution activities. In fiscal 2015, we worked with universities and other bodies to hold a contest aimed at promoting computational chemistry among young scientists in Thailand. Such cutting-edge initiatives reflect our vision of being a "Success driver through innovative technology and operational excellence."



Spain

UBE Corporation Europe, S.A. Unipersonal
Location: Castellón, Spain
Start of operations: 1967
No. of employees: 417
Main products: Caprolactam, ammonium sulfate, nylon 6 resin, copolymerized nylon, polycarbonate diol, 1,5-pentanediol, 1,6-hexanediol

At the end of March 2016, the UBE Group's three companies in Spain were merged into UBE Corporation Europe (UCE) to optimize management. In nylon manufacturing, we have invested capital to improve stability and safety and to install new underwater pelletizers that produce round polyamide pellets as a part of measures to provide products that meet market needs. In caprolactam, through technological innovation, we have greatly improved steam and energy savings as well as specific consumptions, thus contributing to cost reduction. As a result, in 2015, the production volume of granular ammonium sulfate UBESOL 45 and of nylon reached record highs, even as CO₂ emissions decreased 8% (compared with 2013). To improve safety, we have advanced the Strategic Safety Plan that includes such features as management of change (MOC) and a Safety Instrumented System. Looking at polycarbonate diol (PCD), multiple grades developed by UCE's R&D team have undergone pilot testing and entered commercial production. Furthermore, working to further reinforce our R&D capacities, we have established a new Fine Chemicals R&D facility.



▲ Facility to produce biomass fuel for power plants

A facility to produce wood biomass from such sources as construction waste for use in cofiring power generation with coal. Contributes to resource saving and the reduction of CO₂ emissions.

▼ Large die-casting machines UB-IV Series

Aluminum casting machines for manufacturing automotive components, such as engine blocks and transmission cases. Equipped with the newly developed "I-Stop Servo," an energy-saving servo pump that features an idling stop function and rotational speed control to supply oil in just the amount needed to the hydraulic power unit that powers the machine, achieving significant energy savings.



▼ Nylon 6 UBE Nylon, Nylon 12 UBESTA

UBE's nylon materials are used in various cutting-edge fields, including the mobility area, where the development and adoption of electric vehicles (EVs) and fuel cell vehicles (FCVs) is advancing. For example, these materials are used in a hydrogen tank liner jointly developed with Toyota Motor Corporation.



▲ High-purity silicon nitride powder

Featuring excellent purity and regularity of particle size, our silicon nitride powder is used in applications that include as a material in the bearing balls used in wind turbines, contributing to the expansion of renewable energy.



▲ Air Floating Conveyor

A belt conveyor that transports belts by supporting them with air. Compared to conventional roller-type conveyors, the unit operates at a much lower noise level and uses less energy. In addition, it has a completely sealed structure that prevents spills and dust emissions.



▼ Cement/waste processing technologies

We accept ash from incinerated urban waste, waste plastic, sewage sludge, coal ash and other waste that is difficult to process as resources. We use proprietary waste treatment technologies to pretreat this waste as necessary for reuse as materials and fuel for making cement. [See page 33](#)



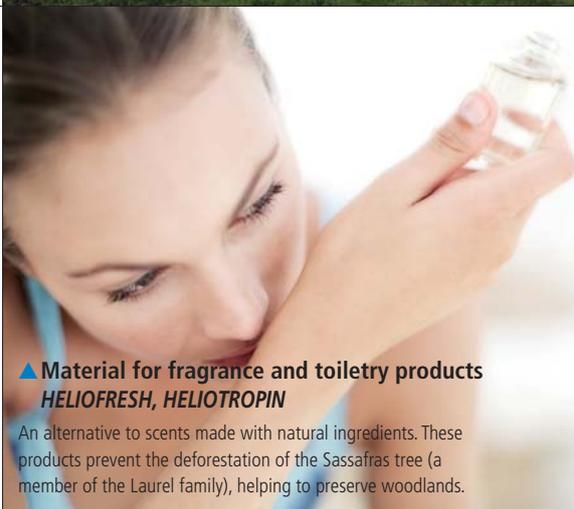
◀ Raw material for waterborne coatings and artificial leather

Polyurethane dispersion (PUD): Contributes to the reduction of VOCs through use in waterborne coatings.

Polycarbonatediol (PCD): Contributes to the reduction of VOCs through use as an ingredient in resins for waterborne coatings and to resource saving as an ingredient in highly durable resins.

◀ Polybutadiene rubber (BR)

More elastic and abrasion resistant than natural rubber. Used in a wide variety of specialty products, including *UBEVOL VCR*, which enables the weight reduction of tires and thus reduces CO₂ emissions.



▲ Material for fragrance and toiletry products HELIOFRESH, HELIOTROPIN

An alternative to scents made with natural ingredients. These products prevent the deforestation of the *Sassafras* tree (a member of the Laurel family), helping to preserve woodlands.



The UBE Group works constantly to develop products and technologies that address issues faced by the world today. This section features a number of products and technologies that are contributing to environmental conservation selected from among the more than 500 diverse products offered by the UBE Group.

▼ **Water and sediment quality environmental improvement agents**

CLEAR WATER, MINERAL CLEAR

Products that improve water and sediment quality and thus the environments of fish farms, enclosed water areas, etc. (sludge cleanup).



▲ **Gas separation membranes**
UBE organic solvent (alcohol) dehydration membranes
UBE carbon dioxide gas separation membranes

Used in applications related to bioethanol dehydration and to separate CO₂ from biogases, contributing to the development of environment-related businesses.

▼ **Exhaust gas processing facility UBE RID**

A high-efficiency facility that mechanically and chemically detoxifies various gases emitted by semiconductor manufacturing processes.



▼ **1,6-Hexanediol**

Used as a raw material for dry laminate adhesive for food packaging and also for UV-curing coating used in various items, including mobile phones. Use of 1,6-hexanediol requires no solvents and therefore contributes to VOC reduction.



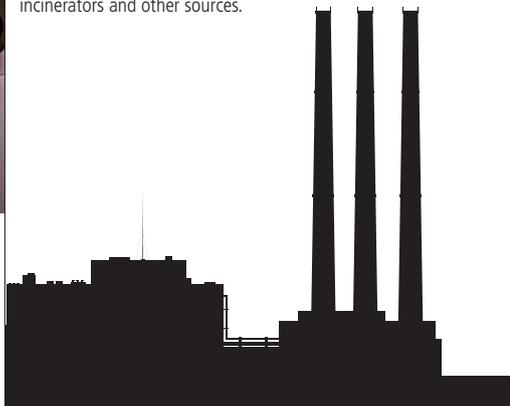
▲ **Functional electrolyte solution for lithium-ion batteries PURELYTE**
Microporous polyolefin film UPORE

This film is used in the lithium-ion batteries used in hybrid and electric vehicles, personal computers, mobile phones and other technologies.

▼ **Exhaust gas processing agents**

CALBREED SIVEX
Sorbalit

Used to efficiently absorb harmful gases from waste incinerators and other sources.



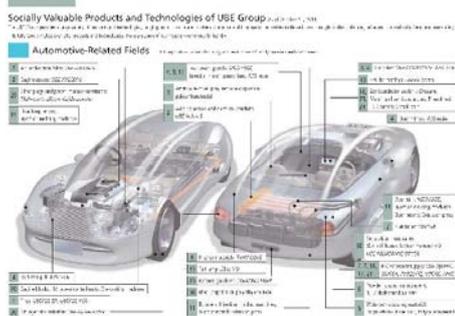
▲ **POLYWRAP**

An additive-free polyethylene wrap. Made without chlorine, this highly safe product releases no dioxins or chlorine gases when incinerated.



▼ **YASASHII KABE**

Primarily made from natural diatomite. Capable of humidity conditioning and the absorption and decomposition of the VOCs that cause sick building syndrome, helping to maintain a pleasant living environment.



For an overview of UBE's socially valuable products and technologies, please see www.ube-ind.co.jp/english/eco/eco_friendly.htm



Third-Party Verification and Opinion

Objectives of CSR Report Verification

The Responsible Care Verification Center has verified the *UBE Group CSR Report 2016* (hereinafter, "the CSR Report"), created by Ube Industries, Ltd., in order to provide its opinion regarding the following items in its capacity as an expert in the chemical industry:

- 1) Rationality of the methods used to calculate and tabulate the performance indicators (numerical data) and accuracy of numerical data
- 2) Accuracy of the information other than numerical data provided in the CSR Report
- 3) Evaluation of Responsible Care (RC) and CSR activities
- 4) Characteristics of the CSR Report

Verification Procedures

- The Center staff visited the head office of Ube Industries, Ltd. and asked questions to verify the rationale of the methods the Company used to compile numerical data reported by each of its sites (offices and plants) and to check the accuracy of information provided in the CSR Report. Employees in charge of relevant business operations and those in charge of creating the CSR Report answered the questions of the Center staff, presented documentation, and gave explanations.
- The Center staff also visited the Chiba Petrochemical Factory and asked questions to verify the rationale of the methods the factory employed to calculate the numerical data reported to the head office and the accuracy of the numerical data and other information provided in the CSR Report. Factory employees in charge of relevant business operations and those in charge of creating the CSR Report answered the questions of the Center staff, presenting documentation and providing explanations. The Center staff also checked the consistency of the items used with the material evidence submitted.
- The Center used sampling methods to verify the numerical data and other information contained in the CSR Report.

Opinions

- 1) Rationality of the methods used to calculate and tabulate the performance indicators and accuracy of the numerical data
 - Both the head office and the Chiba Petrochemical Factory calculated and tabulated the performance indicators in a rational manner.



- Performance-related numerical data within the scope of the survey was accurately calculated and tabulated.
- 2) Accuracy of the information other than numerical data provided in the CSR Report
- The information published in the CSR Report was accurate. The Center pointed out that some of the expressions used and the writing style in places made the draft CSR Report difficult to understand. These issues have been addressed in the final version of the report.
- 3) Evaluation of Responsible Care (RC) and CSR activities

- The Center commends the establishment of annual plans in line with the RC Code and the implementation of RC activities. In fiscal 2015, all areas largely achieved their targets, and the PDCA cycle operated appropriately.
 - In terms of measures to prevent global warming, we commend the achievement of CO₂ emissions reductions that exceeded the Group's initial plans.
 - We commend the Group's efforts to promote the employment of people with disabilities (targeting a 3% employment rate of such employees in 2023) at the offices and facilities of Ube Industries, Ltd. and UBE Group companies using the know-how and network cultivated by the special-purpose subsidiary Libertas Ube, Ltd.
 - We commend the achievement of zero occupational accidents and zero facility-related accidents at the Chiba Petrochemical Factory and its partner companies in fiscal 2015. We also commend the factory's unique initiative of compiling a yearly booklet that is distributed to employees and partner companies for use in morning meetings and elsewhere.
- 4) Characteristics of the CSR Report
- The special feature "Working and Living, Each in Their Own Way" focused on the employment of people with disabilities. The Group's efforts in this area, reflecting an approach that sees disability simply as one aspect of diversity and transitioning from a focus on providing care to providing opportunities, were showcased in an easy to follow manner using not just text, but numerous photos and guest messages. This feature was extremely timely.

Scope of This Report

Period Covered	Fiscal 2015 (from April 1, 2015 to March 31, 2016) (The report, however, does at times refer to activities conducted in fiscal 2016 and future plans.)		
Companies covered: • The UBE Group	Of which the following companies are covered in the reporting of major financial data (page 11)	Ube Industries, Ltd. and its consolidated companies (93)	Consolidated subsidiaries: 68 Equity-method affiliates: 25
	Of which the following companies are covered in the reporting of environmental performance data	Ube Industries, Ltd. Other Group companies (9)	Four chemical factories (Chiba, Sakai, Ube and Ube-Fujimagari) Three cement factories and one research center (Ube, Isa and Kanda, and the Technical Development Center) The Okinoyama Coal Center Research laboratories in the Ube District (the Organic Chemistry Research Laboratory, Process Technology Research Laboratory, Pharmaceuticals Research Laboratory and Organic Specialty Materials Research Laboratory) Ube Film, Ltd., Meiwa Plastic Industries, Ltd., Ems-Ube, Ltd., UBE-MC Hydrogen Peroxide, Limited, Ube Exsymo Co., Ltd., Ube Material Industries, Ltd., Ube Machinery Corporation, Ltd., Ube Steel Co., Ltd., Fukushima, Ltd.
Definitions	UBE: refers to Ube Industries, Ltd. (unconsolidated) The UBE Group: refers to the UBE Group companies, including Ube Industries, Ltd.		
Areas covered	Japan and some locations overseas (including Thailand, Spain and others)		
Statistical data published in this report	<ul style="list-style-type: none"> • All statistical data and relevant descriptions published in this report, excluding the environmental performance data, cover all Group companies. • In principle, data is for the last five years (fiscal 2011 to 2015) • The scope of data, however, does vary in places. In such cases, the specific scope is noted on the relevant page. 		
Reference guidelines	This report was created with reference to the Japanese Ministry of the Environment's Environmental Reporting Guidelines (2012 edition). We also referred to the Ministry's Environmental Performance Indicators Guidelines for Organizations (2002 edition) for environmental performance data and to the Ministry's Environmental Accounting Guidelines (2005 edition) for environmental accounting standards.		

Editorial Policy

We began publishing an annual RC report in 1997 to introduce our environmental initiatives. We subsequently changed the name of the report to the *CSR Report*. This year, 19 years after the very first publication of the report, we have created the *UBE Group CSR Report 2016* as our 12th such report. In our editing of this year's report, we have maintained a commitment to producing a readable document that is of interest to readers. The main features of the 2016 edition are as follows:

1. Special Feature: The UBE Group Meeting Society's Needs

For the UBE Group to fulfill its role as a useful member of society, and to help solve various social issues through its business, the Group is advancing a number of initiatives. The special features showcased examples of such initiatives, namely 1) UBE's initiatives aimed at employing people with disabilities, under the motto of shifting from providing care to providing opportunities (the history of such efforts at Libertas Ube, Ltd. and the UBE Group) and 2) The environmental

preservation initiatives of UBE's three cement factories, particularly the exhaust heat power generation facilities of the Kanda Cement Factory.

2. Relationships with Stakeholders and the Scope of Living and Prospering Together

Expanding the scope of "living and prospering together," a philosophy handed down since the Group's founding, through everyday business activities is the essence of the Group's CSR activities. We used an illustration to express the idea of expanding the scope of living and prospering together and indicated the means by which we pursue stakeholder engagement.

3. Easy-to-read page format

We structured the sections of this report to reflect the seven core subjects of ISO 26000* while also aligning its content with the UBE Group's existing CSR matrix to satisfy all of our stakeholders.

*The ISO 26000 core subject "the environment" is presented in this report as "Environment and Safety"

Third-Party Expert Comments

The UBE Group welcomes expert comments on its CSR report to enhance objectivity and identify new CSR challenges. We intend to reflect these opinions in future reports and take them into consideration when promoting UBE Group CSR activities.

Katsuhiko Kokubu

Professor of Social and Environmental Accounting
Graduate School of Business Administration, Kobe University

● Comprehensive, Sophisticated CSR Activities

I think that the UBE Group's CSR activities are extremely comprehensive, and the individual activities are sophisticated and fully realized. This year, the report's sections are aligned with the seven core subjects of ISO 26000, making it easier to read and understand. There is ample information, and it is worth reading as a report. Particularly important is the way that the UBE Group's activities are shown to be a natural extension of its corporate philosophy of "living and prospering together," and the firmly established foundation of the Group's CSR activities depicted in the report is praiseworthy. This year's report includes detailed information about Libertas Ube, which employs people with disabilities. The report mentions the concrete target of 3% employment of people with disabilities, clearly communicating the active nature of the UBE Group's initiatives in this area and thus giving a favorable impression.

● Materiality Analysis

As I mentioned above, the comprehensive nature of the UBE Group's CSR activities is praiseworthy. However, worldwide CSR guidelines generally recommend analyzing the materiality of such activities to facilitate their management according to level of priority. It is important that a company does not determine materiality on its own; rather, it should solicit opinions from a wide range of stakeholders. The UBE Group is deeply rooted in local communities, so I think that conducting materiality analyses that reflect the views of stakeholders in local communities could perhaps be another step toward the spirit of "living and prospering together."

● Global CSR Activities

The report provides some information about the UBE Group's overseas CSR activities. I suspect, however, that if this information were disclosed in a slightly more structured, systematic way, it might be easier to understand. For example, the labor conditions and state of employee training at overseas factories may be important CSR-related topics. The UBE Group pursues "Value creation," so the question of how "value" is understood overseas is important. I suggest that, in the future, UBE consider including dialogues with stakeholders at overseas factories and other such content.

● Distributing Value to Stakeholders

"Value creation" is emphasized as one of the UBE Group's corporate goals. But how is the value that is created distributed to stakeholders? Recently, ROE has been emphasized in Japan, but I think we are now at a stage where we must consider what management indicators are best from a CSR management perspective. The question of what kinds of value are created and distributed to which stakeholders is the very foundation of CSR. Therefore, managing overall CSR activities and providing feedback to initiatives from this perspective could, I think, enable even richer, more fully realized CSR activities.



Katsuhiko Kokubu

After graduating with a PhD from Osaka City University's Graduate School of

Business, Dr. Kokubu served as an associate professor at Osaka City University and Kobe University. In 2011, Dr. Kokubu assumed a position as professor at Kobe University's Graduate School of Business Administration, and in 2014 became chair of the program. Dr. Kokubu also serves as the chairman of Material Flow Cost Accounting (MFCA) ISO/TC207/ WG8 Committee established by the Japanese Ministry of Economy, Trade and Industry (METI). Dr. Kokubu has served many times a member and chairman of various committees overseen by METI and Japanese Ministry of the Environment. In addition, Dr. Kokubu's major publications include *Material Flow Cost Accounting* (Nikkei Publishing Inc.) and *Accounting System Supporting Corporate Decision-Making for Environmental Management* (Chuozeizai-Sha, Inc.).

Official website: www.b.kobe-u.ac.jp/~kokubu (Japanese language only)

Response to the Third-Party Comments

We very much appreciate Dr. Kokubu's valuable insights with regard to the *UBE Group CSR Report 2016*.

We are very glad to hear Dr. Kokubu's favorable assessment of our CSR activities as comprehensive and fully realized. Going forward, we will continue to position "living and prospering together" at the heart of our CSR activities and seek to expand the scope of related activities globally.

Dr. Kokubu provided his opinion related to materiality analysis, the practice of analyzing and determining the importance of CSR issues and activities. Receiving input from a broad range of stakeholders on issues important to tackle in our CSR activities and managing such activities according to priority thus assigned is a task for us going forward.

Also, we will consider providing structured, systematic disclosure about CSR activities at our overseas locations, including looking at such issues as what types of information are sought after.

Dr. Kokubu also commented that the time has come to consider what management indicators are most useful from a CSR management perspective. In his comments on last year's report, as well, Dr. Kokubu suggested the establishment of key performance indicators. We hope to include such indicators in *CSR Report 2017*.

Going forward, the UBE Group will work hard to continue to create value and further deepen the confidence of all its shareholders.



Atsushi Yamamoto

Executive Officer with Responsibility for Group CSR

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CSR Department



UBE DOG
ロボくん

The UBE DOG was created in March 1997 as a character for the UBE Group's TV commercials.



The "Heartfelt Mark" logo affirms that this report was published by a company that proactively promotes the employment of persons with disabilities.



Responsible Care®