

June 15, 2018

To all whom it may concern

Ube Industries, Ltd.

President & Representative Director: Yuzuru Yamamoto

(Code: 4208, First Section of the Tokyo Stock Exchange, Fukuoka Stock Exchange)

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Opinion of our company regarding report by the ISS

Please allow us to begin by extending our heartfelt gratitude for your continued support of the business operations of the Company.

Recently it came to our knowledge that regarding the Proposal 3 (Election of eight Directors) to be presented at the 112th Ordinary General Meeting of Shareholders due to be held on June 28, 2018, a proxy advisory firm Institutional Shareholder Services (hereinafter referred to as the "ISS") is recommending our shareholders to oppose the proposed re-election of Michio Takeshita (presently Chairman of the Board of Directors) and Yuzuru Yamamoto (presently President & Representative Director), and we have looked into the details of the said opinion.

Here we would like to express the opinion of the Board of Directors of the Company regarding this recommendation to the shareholders to vote against the proposal, hoping that our statement will convince those concerned otherwise.

1. Opinion of the ISS

The ISS assert that the top management should be held liable for the inappropriate conduct of the Company Group regarding quality of the low-density polyethylene products, limestone aggregate, etc. (hereinafter referred to as the "Inappropriate Conduct") and recommend our shareholders to vote against re-election of Mr. Takeshita and Mr. Yamamoto.

2. Opinion of the Company's Board of Directors

We believe that Mr. Takeshita and Mr. Yamamoto are well suited as candidates for directors. The following three points are the main reasons we hold this opinion.

(1) Connection of Mr. Takeshita and Mr. Yamamoto to the case of improprieties

As is stated in the report of the Investigating Committee, neither of them was directly involved in the Inappropriate Conduct. Nevertheless, fully understanding the enormous inconvenience

this incident has caused our stakeholders, it was resolved to decrease the directors' remuneration as follows in order to clarify managerial responsibility for the incident.

The proposal for election of Directors has been suggested after careful deliberations by the Nominating Committee, four members (67%) of which are highly independent Outside Directors, and then resolved by the Board of Directors, half of which is comprised of Outside Directors, and for these reasons we can say with confidence that the decision was made objectively and fairly.

(Reference: Notice Regarding Reduction of Compensation to Directors)

http://www.ube-ind.co.jp/ube/en/news/2018/pdf/20180607_03_en.pdf

(2) Formulation of recurrence preventive measures

In response to the investigation report, we decided upon the following recurrence preventive measures:

- I. Reinforcing the quality-related governance at the Board of Directors
- II. Making the Company's strong commitment to quality clear within the managing team and conducting measures to reform the way the members of the managing team perceive their work
- III. Resolutely reforming the way employees of the Group perceive their work and reforming our corporate culture
- IV. Restructuring the organization of the Group to reinforce control/cooperation related to quality assurance
- V. Reinforcing quality-related audits

(Reference: Statement Regarding Recurrence Prevention Measures Relating to Improprieties in Quality Checks)

http://www.ube-ind.co.jp/ube/en/news/2018/pdf/20180607_02_en.pdf

Mr. Takeshita and Mr. Yamamoto are already working on the recurrence preventive measures mentioned above spearheading the effort to restructure the organization, formulate the future guidelines, and conducting other measures to regain the stakeholders' trust as quickly as possible. Also, in fiscal 2017, both ordinary profit and profit attributable to owners of parent were highest ever, and this fiscal year will be the final year of "Change & Challenge 2018", our medium-term management plan.

We strongly believe that completing the improvements in quality (steady implementation of recurrence preventive measures) and accomplishing the goals set forth in the medium-term management plan are the necessary steps vital for contribution to the improvement in our corporate value, and, in turn, for bringing about increased shareholder value.

The Company's Nominating Committee nominated Mr. Takeshita and Mr. Yamamoto hoping that they shall be able to exercise strong leadership in steadily implementing the measures mentioned above, which is why, on consent of the Company's Board of Directors, they were nominated as candidates for directors for approval by the upcoming Ordinary General Meeting of Shareholders.

(3) Continuous disclosure of progress made with measures

While tackling the above measures, we also intend to achieve continuous performance of accountability to our stakeholders by disclosing, on continual basis, the progress we make (we have already established a special page on our homepage dedicated to information regarding the incident).

In addition, we shall strive to find the optimal ways to address improvements in quality and improvements in our corporate value through engaging in active dialogues with our shareholders and incorporating shareholders' opinions into our course of action.

3. Final notes

The Company fully recognizes the gravity of the Inappropriate Conduct and has offered full cooperation to the investigation conducted by the Investigating Committee. We have also taken very seriously the suggestions we received from the Investigating Committee and, based on them, have resolved upon the recurrence preventive measures mentioned above.

We believe that it is an important responsibility of the Company and its Board of Directors to steadily implement these recurrence preventive measures, make improvements in governance, and reinforce the quality control system, linking these efforts to improvements in corporate value. Your endorsement of our course of action and your continued support would be very much appreciated.