

Tackling Environmental Issues

Addressing carbon neutrality

UBE Group Basic Policy for Carbon Neutrality

The UBE Group will contribute to solving global environmental problems by focusing on Carbon Neutrality, Circular Economy, and Nature Positive (conservation and reconstruction of the natural environment).

The increase in GHGs in the atmosphere due to human activities has caused global warming and significant fluctuations in the climate. This climate change can lead to rapid changes in the natural environment and deterioration of ecosystem services.

Rapid changes in the climate can have an extremely serious impact on our lives and business activities.

The UBE Group will actively respond to Carbon Neutrality and fulfill its social responsibility and mission.

● Scope

This policy applies to the UBE Group (UBE Corporation and its consolidated subsidiaries) and covers the entire value chain.

● Goal

Achieve Carbon Neutrality in Scope 1 and 2 by FY2050
Promote Carbon Neutrality throughout the entire value chain (including Scope 3)

● Commitment

- In order to contribute to the realization of Carbon Neutrality throughout the value chain, we will reduce Scope 1 and 2 GHG emissions and promote the reduction of Scope 3 GHG emissions in parallel.
- We will ensure the implementation of GHG reduction targets for FY2030 and formulate measures to achieve GHG emission reduction targets for FY2035.
- By FY2027, we will formulate and disclose a roadmap for achieving Carbon Neutrality by FY2050.
- Interim Targets for Carbon Neutrality by FY2050
 - FY2030: GHG emissions reduced by 50% from FY2013 [Scope 1,2]
 - FY2030: 60% or more of sales of environmentally friendly products and technologies

● Responsible Departments and Review

The Sustainability Department is responsible for overseeing and managing this policy.

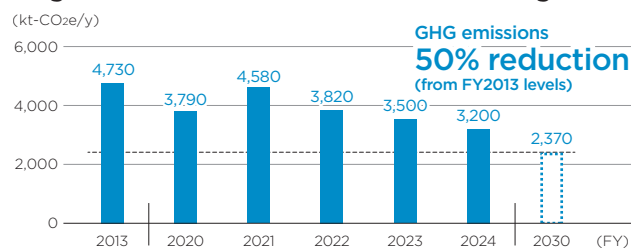
This Policy is subject to regular review at least once every year. Any revisions, whether as part of a scheduled review or required during the fiscal year, will be deliberated and approved by the Environmental Issues Committee.

Initiatives to reduce GHG emissions

In April 2025, we set a new target for fiscal 2035 as shown below.

- Reduce GHG emissions [Scope 1 and 2] by 70% from FY2013 by FY2035

Progress toward GHG emissions reduction targets



Notes: 1. Figures exclude those for the cement-related business transferred to Mitsubishi UBE Cement Corporation.
2. Figures for FY2024 may change as a result of third party verification.

FY2024 GHG emissions

Business sites	kt-CO ₂ e/y		
	Scope 1	Scope 2	Total
Chemicals business	2,700	410	3,110
Japan	1,970	120	2,090
Thailand	430	240	670
Spain	300	50	360
UBE Machinery Group	80	10	90
Total	2,780	420	3,200

Notes: 1. Please see the UBE Group's sustainability website for information on Scope 3 emissions.
2. Figures may change as a result of third party verification.
3. As figures are rounded to the nearest whole number, totals may not add up.

Roadmap for carbon neutrality

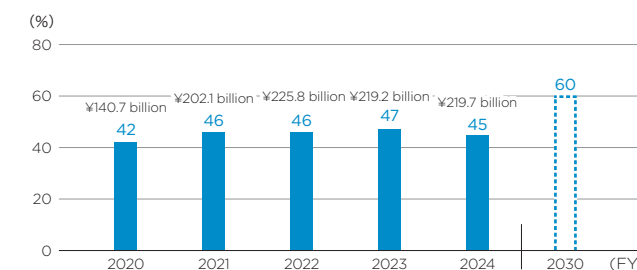
● GHG emissions reduction targets

We will continuously promote energy conservation and improve processes in our production activities, and promote the maximization of the use of renewable energy and the minimization of the use of fossil resources. Furthermore, since innovative technological development is essential to achieve carbon neutrality by 2050, we will work on research and development and practical application of non-fossilization of raw materials and CO₂ utilization technologies, including collaboration with other companies, from a medium- to long-term perspective.

● Environmentally friendly products and technologies

By promoting the development of environmentally friendly products and technologies and providing them to more customers, we aim to contribute to carbon neutrality for the UBE Group and society as a whole.

Percentage of environmentally friendly products and technologies in consolidated net sales



Note: Figures exclude those for the cement-related business transferred to Mitsubishi UBE Cement Group.

● Reforming business structure

Shifting to specialty businesses should lower GHG emissions and create a business structure that is significantly less vulnerable to market conditions. The UBE Group aims to establish a business structure with high profitability and low environmental impact based on specialty businesses.

The Group has decided to withdraw from and downsize production of ammonia, caprolactam, and nylon polymers

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at sites in Japan and Thailand as profitability has declined with low expectations of any recovery in performance in the future. In Japan, production of caprolactam (remaining key manufacturing line) and nylon polymers will cease in March 2027, and production of ammonia will cease in March 2028. At our site in Thailand, we will cease production of caprolactam and downsize production of nylon polymers in March 2026. The production processes for ammonia and

caprolactam in particular produce significant GHG emissions. As a result, through the implementation of these business structure reforms, we expect to achieve our fiscal 2030 target of reducing GHG emissions by 50% in fiscal 2028.

Fiscal 2024 Initiatives

- **Participating in GX League and GX Emissions Trading Scheme**

We joined the GX League and the GX Emissions Trading Scheme in April 2023. In September of that year, we submitted our GHG emissions reduction targets for fiscal 2023 through fiscal 2025 and for fiscal 2030.

The GX League framework is in line with the Ministry of Economy, Trade and Industry's GX League Basic Concept for promoting a green transformation, or GX* and driving a transition toward carbon neutrality. This trading scheme within the league will run as a voluntary trading market during its initial phase in fiscal 2023 through fiscal 2025, and it has been decided full-scale operations will begin from fiscal 2026. We will focus on disclosing information and cutting GHG emissions by participating in this scheme.

* Green transformation objectives are to minimize the use of fossil fuels and adopt clean energy and undertake activities toward those goals.

- **Deploying System to calculate product GHG emissions data**

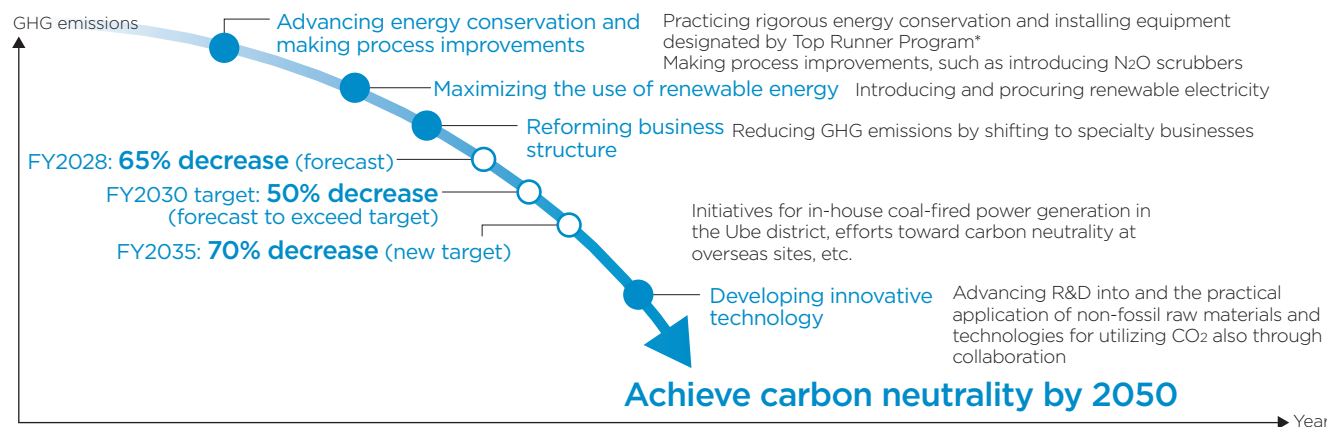
UBE and NTT DATA Japan Corporation jointly created a system to calculate product GHG emissions. In January 2023, we began providing data, including upstream supply chain data, from that system to customers. This makes it easy for customers to assess GHG emissions across their supply and value chains and contribute to efficiently implement measures to reduce these emissions.

We are using this system for products from the Ube Chemical Factory, the Sakai Factory, and the Chiba Factory of UBE Elastomer Co. Ltd.

- **Engaging with primary suppliers**

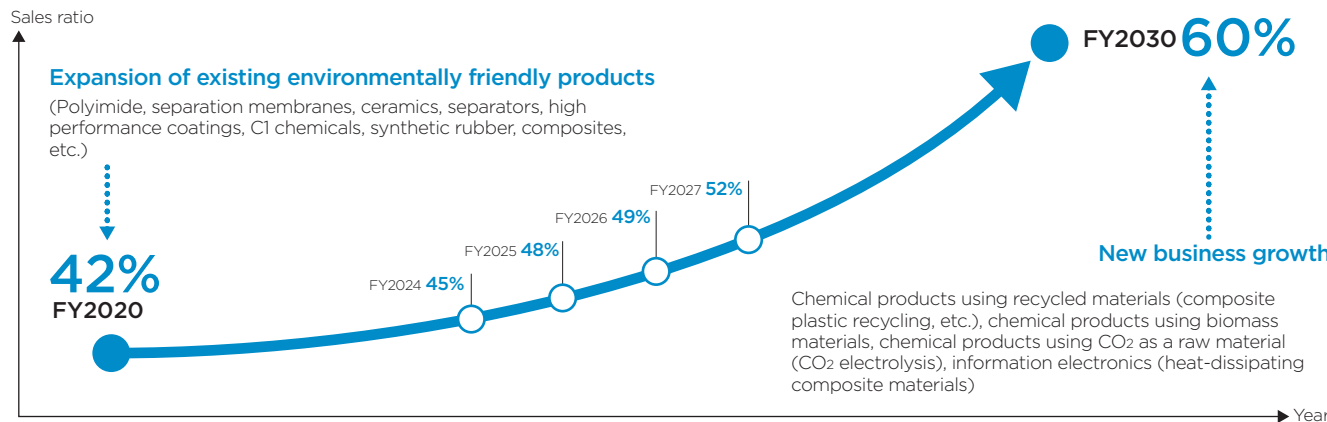
In May 2023, we took our first step toward engaging with primary suppliers of key raw materials by surveying their efforts to address environmental issues. Their responses revealed these initiatives and identified future challenges. Based on this information, we conducted individual interviews for key primary suppliers in fiscal 2024. We will keep working with these entities to help resolve environmental issues across the supply chain.

Roadmap for carbon neutrality



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

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



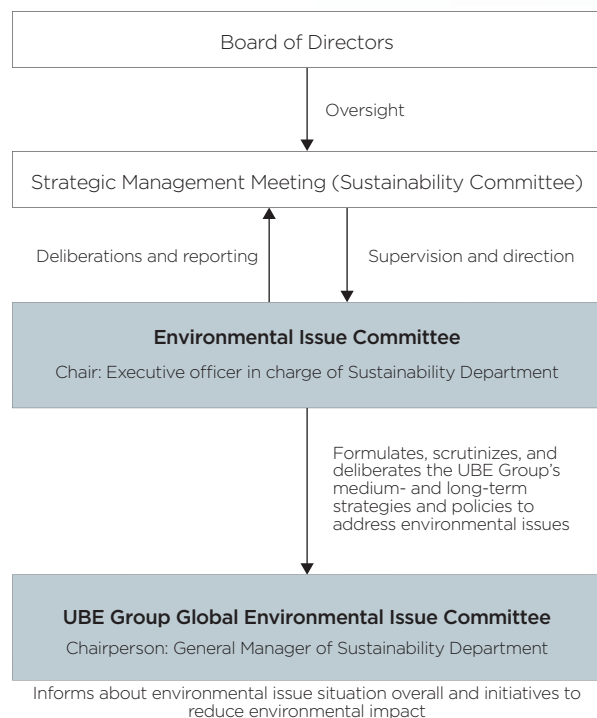
Tackling Environmental Issues

Disclosure based on TCFD recommendations

Governance structure

The UBE Group established the Environmental Issue Committee to identify and act on problems in that regard. The president and CEO chairs the Strategic Management Meeting (Sustainability Committee), which receives deliberation reports from the Environmental Issue Committee, discusses activity plans and key issues, supervises and directs, and constantly monitors countermeasures progress. Reports on important matters regularly go to the Board of Directors, which provides appropriate oversight.

Environmental issues governance structure



Strategy

In view of efforts to tackle climate change and transition to a low-carbon, decarbonized economy, management assessed a range of scenarios for 2030 and beyond, analyzed risks and opportunities for the UBE Group under each scenario, and formulated the required strategies.

We considered and formulated 2° C and 4° C transition scenarios and a physical scenario. We analyzed the risks and opportunities for the UBE Group under each scenario. For each scenario, we confirmed that while the impacts of risks are unavoidable, we can sustainably enhance corporate value by capitalizing on the opportunities.

We analyzed these scenarios in 2019 and will consider revising them based on the 1.5° C scenario.

Risk management

We register and manage climate change responses under our risk management system, which centralizes oversight for such information and monitors progress with countermeasures. We classify risks in that system as management, important, moderate, or minor within that system. We discuss management and important risks in Strategic Management Meetings and reflect them in specific strategies and measures.

The Strategic Management Meeting (Sustainability Committee) addresses climate change as a global environmental issue and reflects its discussions into concrete strategies and measures. The Board of Directors regularly receives reports on these discussions and provides oversight. This process helps identify and specify Groupwide climate change risks. The Global Environmental Issue Committee formulates

and implements responses and action policies across the organization. The executive officer in charge of the Sustainability Department chairs this body.

Please see “Risk Management” on page 80 for more details on the UBE Group’s risk management system.

Detailed information is available in the “Risk Management” section of the UBE Group’s website:
<https://www.ube.com/ube/en/sustainability/governance/risk/>

Goals and targets

We set the following targets for fiscal 2030 relating to efforts to address global environmental issues.

GHG emissions: Reduce by 50% from fiscal 2013 levels
Percentage of consolidated net sales comprising environmentally friendly products and technologies: 60% or higher

Aggregation scope: Scope 1 and 2 for major business sites of consolidated subsidiaries
 Detailed information is available in the Global Environmental Issues section of the UBE Group’s website:
<https://www.ube.com/ube/en/sustainability/environment/climate/carbon-neutral/>

GHG emissions in fiscal 2024 were 3.2 million tons*, 32% lower than the level in fiscal 2013. The percentage of consolidated net sales comprising environmentally friendly products and technologies in fiscal 2024 was 45%.

The UBE Group decided to withdraw from and downsize production of ammonia, caprolactam, and nylon polymers at its Japan and Thai sites. The business structure reform should enable us to reach our fiscal 2030 target of reducing GHG emissions by 50% in fiscal 2028. This shift should also help minimize financial risk.

*GHG emissions for fiscal 2024 may change as a result of third party verification.

Tackling Environmental Issues

Disclosure based on TCFD recommendations

Steps in considering scenario analyses

- Evaluate each scenario, including operation forecasts for in-house power generation, to assess impacts on each business area
- Analyze the UBE Group's future based on findings from each scenario

- Develop a resilient long-term strategy through 2030, with a focus on 2050

As a result of these scenario analyses, the following factors should significantly affect us financially in around 2030. Detailed information on analysis assumptions and for scenarios and assessment

steps are available in the Disclosure Based on TCFD Recommendations section of the UBE Group's website: <https://www.ube.com/ube/en/sustainability/environment/climate/carbon-neutral/>

TCFD: Task Force on Climate-related Financial Disclosures
It was established by the Financial Stability Board and published its final report (TCFD Recommendations) in 2017. The task force disbanded in October 2023 and the International Financial Reporting Standards (IFRS) Foundation took over monitoring.

Scenario Analysis

	Risk categories	Business risks / Opportunities	Impacts	Financial impacts	Period of impact	Strategies and countermeasures
Risks	Transition	Greater costs and impacts on product prices from introduction of carbon pricing	Operations	¥27.0 - 33.0 billion	Short to long terms	• Rigorously conserve energy, improve processes and pass prices on
					Medium to long terms	• Maximize renewable energy usage
					Medium to long terms	• Restructure businesses, including by shifting to specialty chemicals
					Long term	• Innovate technologies
	Transition	Adverse situation for coal-fired private power generation	Operations		Medium to long terms	• Explore phased coal-fired private power shutdowns
	Transition	Requests to expand renewable energy deployments	Operations		Medium to long terms	• Produce and procure renewable electricity
	Transition	Customers requesting disclosure of GHG emissions intensity by product and lower emissions	Products		Short to long terms	• Rigorously conserve energy and improve processes
					Medium to long terms	• Maximize renewable energy usage
Medium to long terms				• Use non-fossil-based fuels (including biomass and from recycled materials)		
Transition	Falling product sales due to the shift to xEVs and reduced coal-fired power generation	Products	¥2.0 - 3.0 billion	Short to long terms	• Undertake in-house and collaborative R&D to create and commercialize offerings that match market needs	
Physical	Shutdowns from more frequent and larger climate-related disasters	Operations	¥14.0 - 22.0 billion	Short to long terms	• Step up infrastructural and other disaster countermeasures	
Opportunities	Transition	Boost sales of environmentally friendly products and technologies that lower environmental impacts across the supply chain	Products	¥70.0 - 80.0 billion	Short to long terms	• Offer more environmentally friendly products and technologies, including polyimide, separation membranes, ceramics, separators, high-performance coatings, C1 chemicals, synthetic rubber, and composites, etc.
					Medium to long terms	• Carbon neutral technology (chemical products using biomass materials), chemical products using CO ₂ as a raw material (CO ₂ electrolysis), information electronics (heat-dissipating composite materials)
	Transition	Expand and create new businesses	Products		Medium to long terms	• Circular economy technology (chemical products using recycled materials, composite plastic recycling, etc.)

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Contributing to a circular economy

UBE Group Basic Policy for Circular Economy

The UBE Group will contribute to solving global environmental problems by focusing on Carbon Neutrality, Circular Economy, and Nature Positive (conservation and reconstruction of the natural environment).

Achieving Circular Economy means transforming the current linear material flow into a circular one, reusing waste and end-of-life products, and establishing an economic system that creates value.

Due to population growth and economic development, there is a growing concern about resource depletion and resource supply insecurity. Circulating limited resources supports the stability of social infrastructure.

The UBE Group will strive to realize Circular Economy.

● Scope

This policy applies to the UBE Group (UBE Corporation and its consolidated subsidiaries) and covers the entire value chain.

● Goal

Realizing Circular Economy

● Commitment

- We will formulate strategies that enable us to minimize risks and maximize opportunities while securing compliance with international frameworks, laws, regulations, and other rules.
- We will reduce the volume of plastic and other waste emitted from each business base.
- We will promote our sustainable products designed to contribute to Circular Economy.
- Fiscal 2030 targets regarding reductions in the volume of plastic and other waste emitted from each business base and the recycling of such waste:
 - Reduction rate in the volume of waste disposed of via landfill: 50% or more (from fiscal 2022 levels)
 - Plastic waste recycling rate: 80% or more
- Fiscal 2030 target for the promotion of our sustainable

products designed to contribute to Circular Economy

- The weight-based sales volume of products contributing to Circular Economy: 50,000 tons or more

● Responsible Departments and Review

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1. Reduction in plastic waste sent to landfill

Rate of reduction in plastic waste sent to landfill (compared with FY2022 levels)

FY2030 targets

50% or higher

(FY2024 result: 47%)

2. Plastic waste recycling

Plastic waste recycling rate

FY2030 targets

80% or higher

(FY2024 result: 77%)

This is the UBE Group's target based on the Act on the Promotion of Resource Circulation for Plastics, etc. Recycling includes material and chemical recycling, and excludes thermal recovery.

3. Circular economy-contributing products

Sales volume of circular economy-contributing products

FY2030 targets

50,000 tons or higher

(FY2024 result: 9,000 tons)

The definition of circular economy-contributing products is based on the Proposal for the Realization of a Circular Economy by Japan Business Federation (Keidanren, February 14, 2023), among other sources, and includes the following four product types.

- (1) Products that use recycled materials, including plastic
- (2) Products that use biomass
- (3) Products that are more durable
- (4) Products that use CO₂ to replace fossil raw materials

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Contributing to nature positive

UBE Group Basic Policy for Nature Positive

The UBE Group will contribute to solving global environmental problems by focusing on Carbon Neutrality, Circular Economy, and Nature Positive (conservation and reconstruction of the natural environment).

Nature Positive means halting the loss of biodiversity, which is an intrinsic property of nature, and putting nature on a path to recovery.

The UBE Group's corporate activities may have an impact on nature. It is necessary to reduce this impact in our own manufacturing and value chain, and to restore degraded natural environments.

The UBE Group will contribute to the conservation and restoration of the natural environment and the sustainable use of ecosystem services by first understanding its dependence on and impact on nature in its business activities, and by identifying risks and opportunities.

● Scope

This policy applies to the UBE Group (UBE Corporation and its consolidated subsidiaries) and covers the entire value chain.

● Goal

Contributing to the realization of Nature Positive

● Commitment

- We will continuously monitor the emissions of pollutants (air pollution, water pollution, soil pollution, etc.) generated in our operations and strive to control emissions.
- We will identify and assess water risks at our main business sites and strive to conserve and effectively utilize water resources that are important to our business.
- In order to reduce the environmental impact of the entire supply chain, we will engage with stakeholders.
- We will fulfill our commitment to Carbon Neutrality and the realization of Circular Economy.
- We will continue to engage with suppliers who account for the top 50% or more of the raw material

procurement volume and will further enhance the scope engagement in the future.

● Responsible Departments and Review

The Sustainability Department is responsible for overseeing and managing this policy.

This Policy is subject to regular review at least once every year. Any revisions, whether as part of a scheduled review or required during the fiscal year, will be deliberated and approved by the Environmental Issues Committee.

Fiscal 2024 Initiatives

1. Marine plastic waste

- Undertook joint cleanups with neighboring companies (Sakai Factory)
- Exploring closed-loop recycling of plastic bottle (UBE Machinery Group)
- Participation in year-end street cleanup organized by a public service society in Ube City (Ube Chemical Factory)
- Patrolled waste storage sites every quarter (Ube Chemical Factory)
- Recycled waste plastic (Ube Chemical Factory)

2. Biodiversity conservation

- Took part in forestation initiative (Sakai Factory)
- Conducted a plant environmental seminar (Sakai Factory)
- Participated in Mine Agriculture, Forestry and Fisheries Office's forestation initiatives to protect water (Ube Chemical Factory)
- Helped exterminate Argentine ants (a designated invasive species) by contributing to administrative reports and preventing infestations from spreading beyond business sites (Ube Chemical Factory)



Employees participating in the Forest Creation Experiential Activity for Water Conservation

Addressing disclosure based on TNFD recommendations

The UBE Group understands the importance of biodiversity and the natural environment. We will assess dependencies and impacts on nature in our business activities and practice corporate management that contributes to solving global environmental issues. In promoting the initiatives and developing the system to achieve these goals, we are utilizing the framework provided by the Task Force on Nature-related Financial Disclosures (TNFD) to structure our initiatives and analysis results.

In fiscal 2024, we studied and assessed dependencies and impacts on nature at all UBE Group plants and sites in Japan based on TNFD's LEAP Approach.

Assessment of dependencies and impacts at plants and sites

We assessed dependencies and impacts using "ENCORE," an external tool. The results showed that our key business activities are profoundly connected to water resources and that environmental impact due to chemical substance emissions is "a key relationship for monitoring."

Study of sensitive locations

We studied the points of contact between sensitive locations as defined by TNFD and our plants and sites using external tools, including "Global Forest Watch," "IBAT," "Aqueduct," and "GLOBIO Model." As a result, we determined that sites located in the coastal areas of Yamaguchi Prefecture and Fukuoka Prefecture need to be monitored from the perspective of biodiversity.

Identification and assessment of nature-related risks and opportunities

Based on the results of the external tool assessment and the quantitative assessment of actual dependency and impact-related indicators, we used TNFD's risk and opportunity registers and sector-specific guidance, and WWF's Risk Filter Suite to identify risks and opportunities and assess their importance.

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Addressing disclosure based on TNFD recommendations

Scenario analysis

In line with the TNFD’s guidance, we envisaged two scenarios: “market understanding moves smoothly toward achievement of nature positive” and “sudden restrictions are imposed due to unexpected degradation of the natural environment around the operating area.”

Matrix mapping (Assessment of importance)

In our assessment of nature-related risks and opportunities, we determined the level of priority along the two axes of “importance level” and “frequency level (likelihood).” “Importance level” was determined through comprehensive analysis of factors including

activities at sites (water resource withdrawals, water discharges, hazardous substance emissions, etc.), the presence of points of contact with sensitive locations, and the level of the operational risk assessment index in the Risk Filter Suite We assessed “frequency level (likelihood)” qualitatively based on scenario analysis.

We selected four locations with a high level of importance along both of these two axes as material priority locations that require priority initiatives (Table 1).

Material priority locations and key issues

Based on analyses and considerations using the LEAP Approach and matrix mapping, we compiled in Table 2 the business activities, key issues, and directions for

responses in high priority locations.

Future initiatives

In fiscal 2024, we identified high priority locations and key issues using the LEAP Approach. Going forward, we will collect data, formulate KPIs and targets, and proceed with information disclosure based on TNFD. We will also work to gradually apply the approach to overseas sites and upstream in the value chain.

Please see “Contribute to nature conservation and restoration (nature positive)” on the UBE Group’s website for more details about the analysis. <https://www.ube.com/ube/en/sustainability/environment/climate/nature/>

Table 1: Matrix mapping (Assessment of importance)

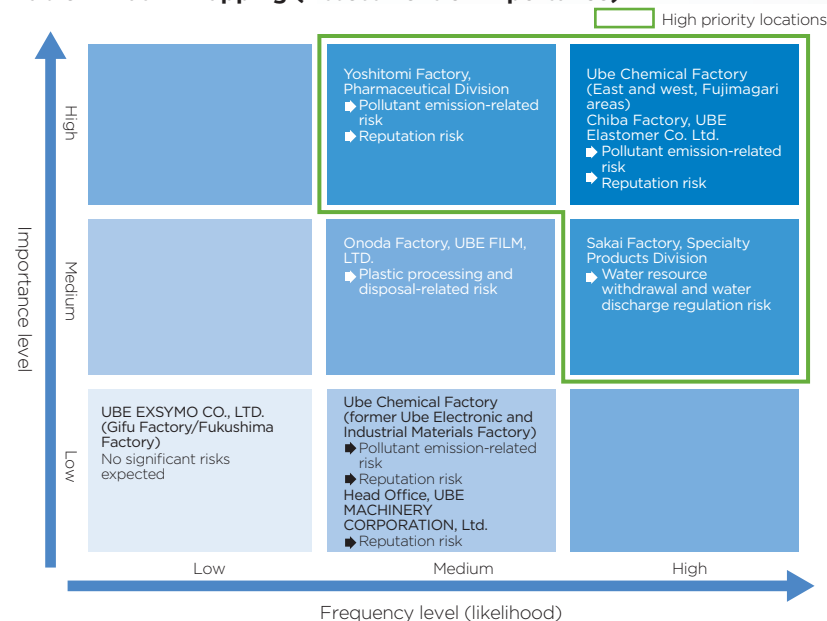


Table 2: Results of assessment of key issues and priority locations in the UBE Group’s domestic business using the LEAP approach

Material priority location	Relevant site	Main business activities	Key issues	Direction of responses
Suonada coastal area, Ube City, Yamaguchi Prefecture	UBE Corporation East and west areas of Ube Chemical Factory Ube Chemical Factory Fujimagari area	Manufacturing of specialty products (chemical products)	<ul style="list-style-type: none"> Water pollution in surrounding catchment area Discharge of harmful chemical substances into catchment area Improvement of disaster resilience Strengthening of environment-related laws and regulations Local reputation risk 	<ul style="list-style-type: none"> Monitoring of harmful substance discharge, rigorous maintenance, and information disclosure BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage Communication and cooperation with local governments and the environmental protection community in the surrounding area
Buzenkai coastal area, Yoshitomi-cho, Fukuoka Prefecture	Yoshitomi Factory, UBE Corporation	Manufacturing of pharmaceuticals	<ul style="list-style-type: none"> Water pollution in surrounding catchment area Discharge of harmful chemical substances into catchment area Improvement of disaster resilience Strengthening of environment-related laws and regulations Local reputation risk 	<ul style="list-style-type: none"> Monitoring of harmful substance discharge, rigorous maintenance, and information disclosure BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage Communication and cooperation with local governments and the environmental protection community in the surrounding area
Ichihara City, Chiba Prefecture	UBE Elastomer Co. Ltd. Chiba Factory	Manufacturing of resin and synthetic rubber	<ul style="list-style-type: none"> Water pollution in surrounding catchment area Discharge of harmful chemical substances into catchment area Improvement of disaster resilience Use, disposal, and treatment of plastic Strengthening of environment-related laws and regulations 	<ul style="list-style-type: none"> Monitoring of harmful substance discharge, rigorous maintenance, and information disclosure BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage Ascertaining and responding to the enforcement and review status of laws and regulations of countries and local governments related to the value chain
Sakai City, Osaka Prefecture	Sakai Factory, UBE Corporation		<ul style="list-style-type: none"> Discharge of harmful chemical substances into catchment area Improvement of disaster resilience Use, disposal, and treatment of plastic Strengthening of environment-related laws and regulations 	<ul style="list-style-type: none"> BCP countermeasures and stringent management of hazardous substances with a focus on disaster damage Ascertaining and responding to the enforcement and review status of laws and regulations of countries and local governments related to the value chain