

For Earth, For Life
Kubota

Kubota Group

ESG REPORT

2022



Kubota

KUBOTA Corporation

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Our vision for the Kubota Group in 2030

An “Essentials Innovator for Supporting Life,”

Committed to a Prosperous Society and Cycle of Nature

Purpose of the Kubota Group ESG REPORT 2022

In order to achieve the aims of the GMB2030 Long-Term Vision, we of the Kubota Group are pressing forward with our original ESG efforts—dubbed “K-ESG management”—and we aim to be an “Essentials Innovator for Supporting Life,” committed to a prosperous society and cycle of nature. In that way, we hope to resolve social and environmental issues through our business activities.

For FY2022, this report has been rebranded as the Kubota Group ESG REPORT, and the opening pages disclose information such as that relating to how materiality (material issues) is identified, as part of our efforts to further promote K-ESG management. Later on in the report, we provide details about the initiatives that form the basis of our ESG efforts. We strive to build relationships with all stakeholders to gain their empathy and participation, and we do this through an approach to information disclosure that is open and transparent.

Period covered by the ESG REPORT 2022	From January 2021 to December 2021 * Matters outside the above period are partially included.	Boundary of the ESG REPORT 2022	In principle, the entire Kubota Group is covered. * Some statements may refer to the non-consolidated Kubota.
 * For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website. www.un.org/sustainabledevelopment/			

Guidelines consulted	Financial Report
<ul style="list-style-type: none"> ● <i>GRI Sustainability Reporting Standards, 2016</i>, Global Reporting Initiative  GRI content index can be found on p.173. ● ISO 26000, guidance on social responsibility  A comparison chart for the guidelines above can be found on p.181. ● <i>Environmental Reporting Guidelines 2018</i>, Ministry of the Environment 	Kubota Corporation and its subsidiaries (hereinafter, the “Company”) have adopted International Financial Reporting Standards (hereinafter, “IFRS”) instead of accounting principles generally accepted in the United States of America (hereinafter, “U.S. GAAP”) from the beginning of the fiscal year ended December 31, 2018. The figures for the fiscal year ended December 31, 2017 are also displayed in accordance with IFRS. Kubota Corporation and 197 affiliates (183 subsidiaries and 14 equity method affiliates)

Environmental Report	Social Report / Others
The Environmental Report contains the results of environmental activities carried out by Kubota Corporation as well as 174 consolidated subsidiaries and 8 affiliated companies accounted for under the equity method (partial).	The Social Report covers social activities carried out by Kubota Corporation and some of its affiliates.

Main information disclosure tools	Details
Kubota’s corporate website	A website that encompasses everything to do with the Kubota Group, including our Long-Term Vision, GMB2030, and Mid-Term Business Plan 2025.
Kubota Group INTEGRATED REPORT	An annual report that focuses on Kubota’s approach, based on management strategies that take a medium-to-long-term perspective, and its future outlook.
Kubota Group ESG REPORT	An annual report that provides particular detail on Kubota’s ESG-related initiatives.
Corporate Governance Report	A report listing details of systems and policies based on Kubota’s Corporate Governance Code.
Annual Securities Report	An annual report that provides particular detail on Kubota’s finances.

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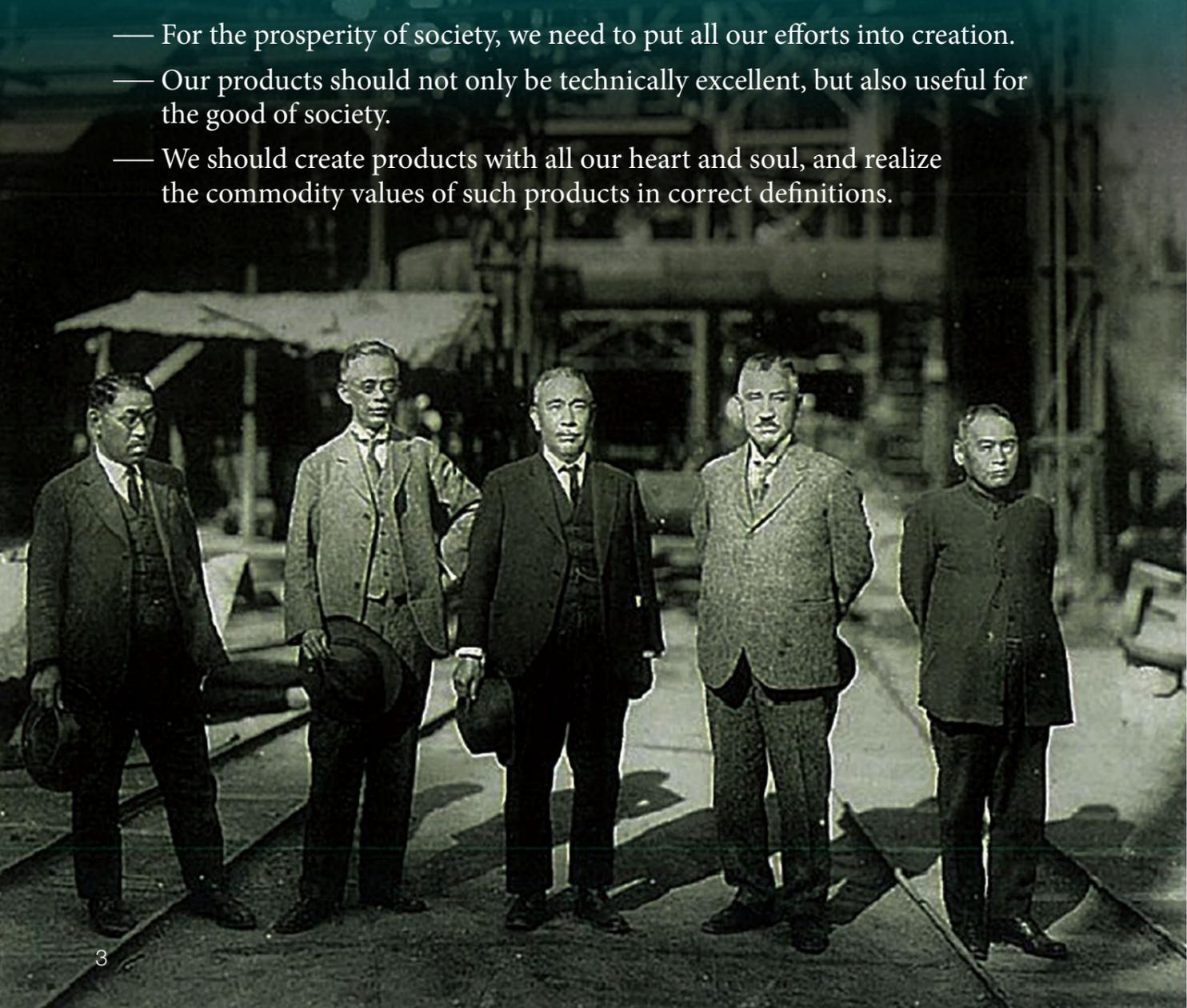
Founded in 1890

Ever since its founding, Kubota has been tackling global issues related to food, water, and the environment.

In 1890, Gonshiro Kubota, the founder of the Kubota Group, started his metal casting business at the age of 19. Inheriting the founder's beliefs to this day, 40,000 employees of the Kubota Group are promoting the company's businesses all over the world as part of their efforts to make the Kubota Group "Global Major Brand Kubota."

The Founding Spirit of Kubota's Founder, Gonshiro Kubota

- For the prosperity of society, we need to put all our efforts into creation.
- Our products should not only be technically excellent, but also useful for the good of society.
- We should create products with all our heart and soul, and realize the commodity values of such products in correct definitions.



Corporate Principles

Kubota Global Identity

Spirits

- Work for the development of society by drawing on all of our capabilities and know-how to offer superior products and technologies.
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees.
- Challenge the unknown with creativity and courage.

Brand Statement

For Earth, For Life



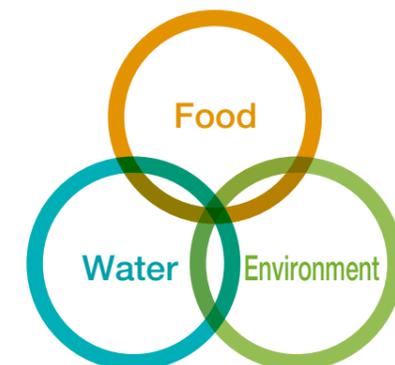
For Earth, For Life —
the Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

Mission

Food, water, and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies, and services.

The world has many problems in the areas of food, water, and the environment, which are indispensable for human beings. Those problems are not separate themes, but linked closely to each other. The population growth has a great influence on environmental changes, brings problems to water resources, and leads to the short supply of food. The Kubota Group considers food, water, and the environment as a singular theme and contributes to solve problems in these areas.

KUBOTA GLOBAL LOOP = Relations among food, water, and the environment
Food, water, and the environment are not separate themes, but linked closely to each other.





Yuichi Kitao

President and
Representative Director,
Kubota Corporation

Aiming to be an “Essentials Innovator for Supporting Life,” committed to a Prosperous Society and Cycle of Nature

We will help to bring about a more sustainable society by promoting unique Kubota K-ESG management to achieve the goals of “GMB2030,” our Long-Term Vision.

While the world has been suffering under the COVID-19 pandemic, other social and economic issues—including climate change, natural disasters, and problems concerning demographics, resources, and geopolitics—are also more pressing than ever. However, the world has set itself common goals such as the SDGs or the Paris Agreement, and companies have a growing need to fulfill their social responsibilities.

The Kubota Group, on the landmark milestone of its 130th anniversary, launched its GMB2030 Long-Term Vision and Mid-Term Business Plan 2025. The Kubota ideal for the future is to be committed to a prosperous society and cycle of nature by aiming to be an “Essentials Innovator for Supporting Life.” By providing solutions that can address issues in food, water, and the environment—fields without which people cannot live—we believe that we can make ourselves indispensable to society. In addition to further developing our existing business, we hope to be able to provide three new types of solutions by having each business field work together and effect each other and building a variety of business partnerships and ecosystems, namely solutions aimed at enhancing the productivity and safety of food, promoting the circulation of water resources and waste, and improving urban and living environments.

At the heart of our efforts to make our Long-Term Vision a reality are business operations that position ESG at the core of management. In order for Kubota to continue to be a

sustainable company, we will promote initiatives with a greater awareness of ESG than ever before. As a company engaged in the reduction of environmental impact and the resolution of social issues in its business activities in the areas of food, water, and the environment, we have defined the Kubota Group’s unique ESG measures as K-ESG—measures that are rooted in the Group’s corporate philosophy (the Kubota Global Identity). K-ESG management will provide the ethical and behavioral model to accomplish the goals of our long-term visions, GMB2030 and, afterward, GMB. To realize GMB2030, we will aim to raise corporate value on both the economic and social fields by focusing on four areas—solving environmental and social problems through business, accelerating innovation to solve problems, gaining empathy and participation of stakeholders, and building governance that increases sustainability—broken down into twelve important matters (materiality).

The “S” in K-ESG stands for “society,” which we take to also mean “stakeholders.” I would improve relationships with every stakeholder that shows “empathy” and “participation” with Kubota Group by enhancing and strengthening communication with them. Toward the year 2030, we will make efforts to contribute to the realization of a sustainable society by solving social issues related to food, water, and the environment, with bringing together the collective strengths of 40,000 people in the Group.

GMB2030—Our Long-Term Vision Looking 10 Years Ahead

Our long-term goal is to realize “Global Major Brand Kubota (GMB Kubota),” which translates to “a company that can make the greatest contribution to society by earning the trust of the greatest number of customers.”

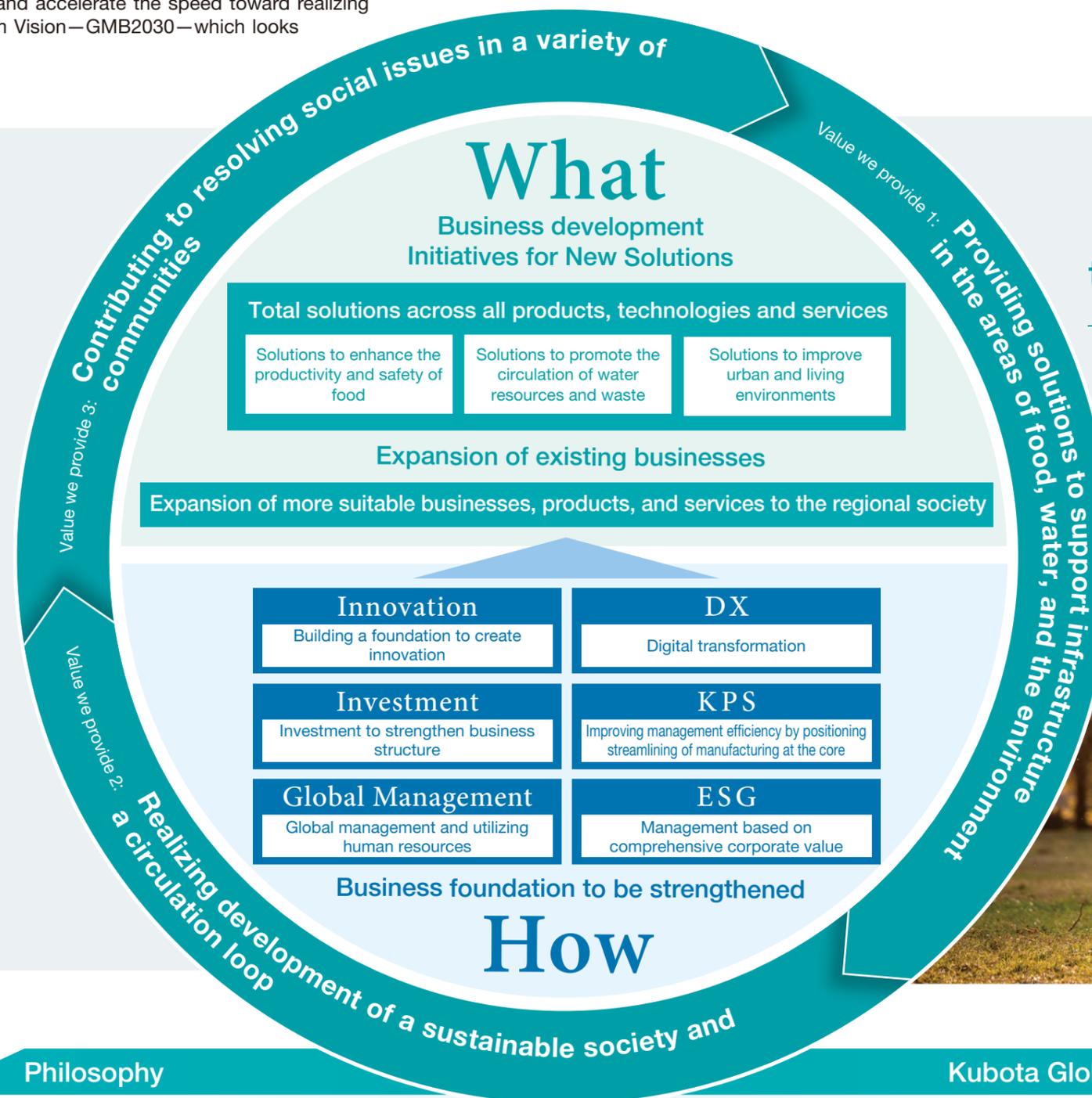
As we move toward a world in which it is normal to live a sustainable life, in order for the entire Group to share the direction that Kubota should take and accelerate the speed toward realizing these goals, we have formulated a Long-Term Vision—GMB2030—which looks 10 years ahead.

Megatrends that attract Kubota’s attention

- Achieving both economic growth and resource recycling (Circular economy)
- Net zero greenhouse gas emissions (Carbon neutral)
- A society where the marginal cost of products is close to zero through recycling and sharing
- Formation of new small- and medium-sized community that is not obsessed only with global capitalism

Social issues in the three fields of food, water, and the environment

- Kubota’s initiatives to the global food challenge
Forecasts Indicate Insufficient Food Resources and Fewer Agricultural Workers, Worldwide
- Kubota’s initiatives in global water challenges
Serious Issues in Water Shortages, Floods, and Aging Infrastructure
- Kubota’s initiatives to the global living environment challenges
Population Growth Spurs Urbanization, Raising Demand for Better Social and Industrial Infrastructure



Our vision for the Kubota Group in 2030

An “Essentials Innovator for Supporting Life,” Committed to a Prosperous Society and Cycle of Nature



Realizing Global Major Brand Kubota

Philosophy



Spirit of the Founder

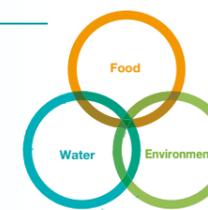
“For the prosperity of society, we need to put all of our efforts into creation.”
“Our products should not only be technically excellent, but also useful for the good of society.”

Founder: Gonshiro Kubota

Kubota Global Identity

Mission

Food, water, and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies, and services.

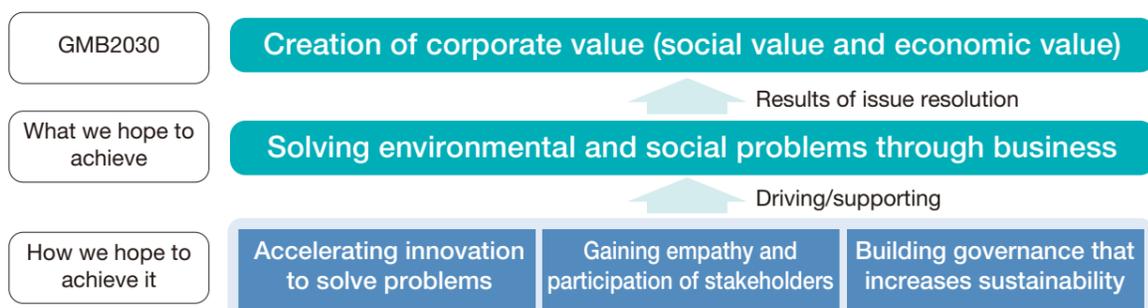


Materiality and Promoting ESG Management

To accelerate efforts to achieve the goals of GMB2030, our Long-Term Vision, we of the Kubota Group are promoting our K-ESG management style as the core of our ESG-related management. We aim to create corporate value—that incorporates both social and economic value—by resolving environmental and social issues through our business activities. Also, to provide an ethical and behavioral model to achieve those GMB2030 goals, we identified twelve points of materiality in four areas.

Materiality and indicators of success are not set in stone; by periodically reviewing these, we will raise the level of our K-ESG management. By being able to set specific key performance indicators in the future, and steadily promoting efforts toward these, we aim to create corporate value through resolving social and environmental issues and to build relationships with all stakeholders that allow us to gain their empathy and participation.

What is the thinking behind K-ESG management?



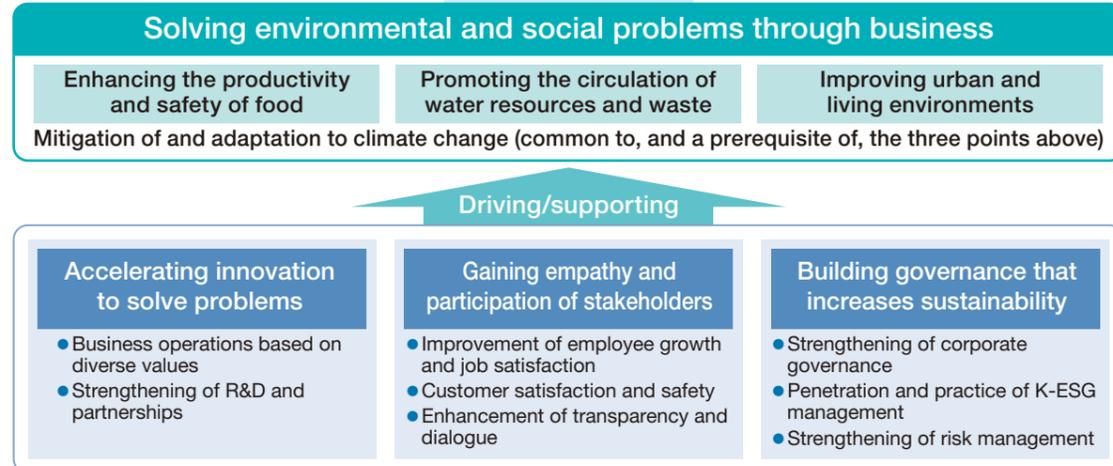
Materiality for K-ESG management

Long-Term Vision

GMB2030

An “Essentials Innovator for Supporting Life,” Committed to a Prosperous Society and Cycle of Nature

Twelve points of materiality in four areas



Materiality investigation process



These four areas represent what we hope to achieve with our K-ESG management, which is at the heart of our efforts to achieve the goals of GMB2030, and how we intend to achieve it—i.e., how we can drive and support efforts. The twelve points of materiality were identified by considering our management direction and priorities, as seen in GMB2030 and the Mid-Term Business Plan 2025, and societal attitudes.

The ESG Management Strategy Meeting, under the direct control of the President, and individual departments that form the core of each field, considered indicators to measure the progress of each materiality. Of these, those deemed to be of particular import in achieving the goals of GMB2030, or those recognized as having high current relevance to—or demand from—society, were selected as representative indicators.

Indicators related to what we hope to achieve (solving environmental and social problems through business)

	Materiality	Desired direction and value	Indicators
Solving environmental and social problems through business	Enhancing the productivity and safety of food	Create value by developing sustainable agriculture and constructing a food value chain, by using smart agriculture and new solutions	<ul style="list-style-type: none"> Progress of smart agriculture and other new solutions Promotion of smartification and application of autonomous technologies
	Promoting the circulation of water resources and waste	Create value by bringing about a recycling-oriented society and a natural recycling loop, by using resource recovery and new solutions	<ul style="list-style-type: none"> Progress of resource recovery and other new solutions Status of resource recovery technologies
	Improving urban and living environments	Create value by improving sustainable urban and living environments, by using water environment platforms and new solutions	<ul style="list-style-type: none"> Progress of water environment platform and other new solutions
	Mitigation of and adaptation to climate change	Help reduce society's greenhouse gas emissions overall, through our business activities (products and services) and through new technologies and solutions	<ul style="list-style-type: none"> Emissions in Scopes 1, 2, and 3 Progress of decarbonization efforts

Indicators for how we hope to achieve our goals

	Materiality	Indicators	Content and direction of indicators
Innovation	Business operations based on diverse values	<ul style="list-style-type: none"> Proportion of female and foreign employees at Executive Officer level or above Proportion of female managers 	<ul style="list-style-type: none"> Whether, or not, there is diversity among managing executives Whether, or not, there is diversity among managers and the next generation of managing executives
	Strengthening of R&D and partnerships	<ul style="list-style-type: none"> Patent Asset Index (total value of patent portfolio) 	<ul style="list-style-type: none"> Whether, or not, we have a high level of R&D capabilities and strength in innovation
Stakeholders	Improvement of employee growth and job satisfaction	<ul style="list-style-type: none"> Employee engagement score DX personnel 	<ul style="list-style-type: none"> Achievement, or not, of an environment where employees can fulfill their maximum potential Presence, or lack, of DX-related capabilities, a common theme in our mid-term plans
	Customer satisfaction and safety	<ul style="list-style-type: none"> Customer/dealer satisfaction 	<ul style="list-style-type: none"> Achievement, or not, of customer trust
	Enhancement of transparency and dialogue	<ul style="list-style-type: none"> Evaluation level from outside evaluators Participation in social contribution activities 	<ul style="list-style-type: none"> Whether, or not, there is a high degree of transparency in our business management, when looked at objectively Whether, or not, we are giving due consideration and responding to non-business-related regional issues
Governance	Strengthening of corporate governance	<ul style="list-style-type: none"> Evaluation level for the effectiveness of the Board of Directors 	<ul style="list-style-type: none"> Whether, or not, the executive side is acting to ensure the Board of Directors fulfills its roles and functions
	Penetration and practice of K-ESG management	<ul style="list-style-type: none"> Permeation of K-ESG management 	<ul style="list-style-type: none"> Whether, or not, the way of thinking behind K-ESG management, the ethical and behavioral model to achieve the goals of GMB2030, has taken root
	Strengthening of risk management	<ul style="list-style-type: none"> Response to human rights due diligence 	<ul style="list-style-type: none"> Whether, or not, human rights risks in the supply chain are minimized

The Kubota Group's Path and Contribution to the SDGs

The Kubota Group's ideal for 2030 is outlined in GMB2030 as being an "Essentials Innovator for Supporting Life" committed to a prosperous society and cycle of nature. 2030 is also the target year for the Sustainable Development Goals (SDGs), a series of common aims for the entire world established by the United Nations. We recognize that the SDGs parallel Kubota's desired direction, which has been, ever

2030 > Our Goal

Aiming to achieve the SDGs

Becoming a global corporation

Together with the development of society

Business foundation

Founded in 1890

An "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature

By making agriculture more efficient, the Kubota Group contributes to the abundant and stable production of food.

Food

By developing water infrastructure, the Kubota Group contributes to reliable water supply and restoration.

Water

By developing social infrastructure, the Kubota Group contributes to the creation and the preservation of comfortable living environments.

Environment

2011
Became the first company in the world to acquire the U.S. CARB certificate, responding swiftly to global emissions regulations

An engine conforming to stage 4 emission standards

2014
Established a large upland farming tractor manufacturing company in France

Large tractor for use in expansive farmland

2015
Constructed water supply and sewage treatment facilities, etc. in Myanmar

Water purification plant constructed in Thilawa Industrial Park

1962
Entered the water treatment business and tackled the emerging water pollution problem

Night soil treatment plant in Miyoshi, Hiroshima, the first project after the Division was formed

1968
Started manufacturing the original model of the modern rice transplanter

The original model for modern rice transplanters

1974
Started manufacturing mini excavators, supporting small-scale urban construction

Fully revolving small hydraulic shovel, the base model for subsequent Kubota mini excavators

1904
Initiated the mass production of the first cast iron pipes for water supply in Japan

Kubota iron pipe shipping site around 1905

1947
Developed the cultivator, a pioneering piece of equipment in the mechanization of agriculture

First cultivator

1960
Developed a tractor to support farming villages suffering from labor shortages

A ride-on upland farming tractor

Founded as a casting manufacturer
Started production of castings for weighing equipment and daily commodities

Food Water Environment

Approach to creating value (Approach to promoting SDGs)	
Food	Contribute to the abundant and stable production of food by the streamlining of agriculture.
Water	Contribute to the supply and restoration of reliable water by enhancing water infrastructures.
Environment	Contribute to creating and preserving a comfortable living environment by enhancing social infrastructures.
Work for the development of society by drawing on all of our capabilities and know-how to offer superior products, technologies and services	

People

Cultivate human resources capable of meeting the challenge of the unknown with ingenuity and courage based on respect for others, integrity, customer-first values and a bottom-up approach.

since its founding, to resolve social issues in the fields of food, water, and the environment. Therefore, by working to promote K-ESG management, we aim to accomplish the goals of GMB2030 and contribute to the achievement of the SDGs.

Main related SDGs	The Kubota Group's SDGs KPI	Examples of main initiatives for achieving KPIs in FY2021
<p>2 ZERO HUNGER</p> <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> Contribution to food production through further spread of agricultural machinery Promotion of smart agriculture using IoT and robot technologies (Kubota Smart Agri System (KSAS)) 	<ul style="list-style-type: none"> Achieved cumulative sales of more than 10,000 rice transplanters with straight-line keeping function Launched agricultural machinery sharing service in different regions in collaboration with local authorities to assist new farmers and support business expansion Expanded partnerships with, and equity stakes in, companies worldwide that possess proprietary technology in order to accelerate the shift to smart agriculture Established new R&D bases in Europe to accelerate development in the local areas and supply other suitable products Signaled agreement with the provisions of the United Nations' Food Systems Summit, held in September 2021, and announced commitment to building sustainable food systems Received recognition as a DX-certified operator under the Ministry of Economy, Trade and Industry's Digital Transformation (DX) Certification program
<p>6 CLEAN WATER AND SANITATION</p> <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> Contribution to the development of sustainable water infrastructure by offering more products, technologies, and services relating to water, sewage and water treatment facilities. Contribution to efficient operations in the water environment field by exploiting all-around abilities and IoT in water-related products, water treatment technology, mapping/design technology, construction and other areas 	<ul style="list-style-type: none"> Continued supporting a fellowship for young researchers at Japanese universities to engage in research on futuristic water supply topics Received multiple orders for water equipment projects in Cambodia and Laos Participated in a joint water treatment plant project in Naruto City and Kitajima-cho—a first for Tokushima Prefecture—under a Design & Build (DB) model; also received an order for a pipeline project in the city of Osaka, one of the largest in Japan, under the DB model Received an order for a water supply pump project in Sagami-hara, one of the largest in Japan, under the Design, Build, & Maintain (DBM) model, where one private company is contracted for all three stages Devised a new method of evaluating the degree of deterioration in water pipelines—gaining more precise estimates of deterioration through joint research with the University of Tokyo and the use of machine learning Received an order to update Big Creek Water Reclamation Facility in Georgia, US
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> Contribution to the development of environment-friendly, sustainable urban infrastructure Contribution to development of sustainable, resilient urban infrastructure that is resistant to disasters 	<ul style="list-style-type: none"> Established CE Engineering Dept. North America, with the aim of developing new products to expand use of smaller construction machinery Developed a Kubota-first, an electronically controlled compact diesel engine—using the new three vortex common rail (TVCR) combustion method, reduces smoke production to levels that cannot even be seen Started selling mini backhoes fitted with LPG engines to clear restrictions on using diesel engines in major European cities Received certification for meeting Chinese Phase IV emission standards for non-road CI diesel engines Completed construction of a new logistics base for agricultural machinery in Tomakomai, Hokkaido—centralized management of previously spread-out inventory and simplification of distribution channels led to greater logistical efficiency Selected as one of the companies taking on the Zero Emissions Challenge by the Ministry of the Economy, Trade and Industry Renewed the Eco-First Commitment pledge to the Japanese Environment Minister Invested in Ichikawa Kankyo Holdings, which is involved in resource recycling, via capital participation Signed a three-way collaborative agreement to build an agricultural area in Hokkaido Ballpark F Village, which is due to open in 2023 Garnered high praise in the CDP Water Security 2021 report Delivery of extra-large diameter (2,600 mm) earthquake-resistant ductile iron pipes (US-type, R method) to the Tokyo Metropolitan Government Delivery of drainage pump vehicles for flood disaster relief to MLIT, MAFF, and municipal governments

Common points for food, water, and the environment:
Expansion of eco-products (sales ratio of eco-products)

Sales ratio of Eco-Products for FY2021: 68.0%

<p>1 2 3</p> <p>4 5 6</p> <p>7 8 9</p> <p>10 11 12</p> <p>13 14 15</p> <p>16 17</p>	<p>Endeavoring to improve indicators in the categories of quality assurance, environment, procurement, safety, and personnel</p>	<ul style="list-style-type: none"> Received the Award from the Commissioner of the Patent Office at the Intellectual Property Achievement Awards for the first time Formulated the Kubota Group Health Declaration Donated bags of new rice to a charity that runs kids' cafeterias throughout Japan Signed an industrial-academic collaboration agreement with the University of Tokyo <p>(Quality Assurance) Number of recalls: Japan 7 (Environment) CO₂ emissions from the Kubota Group: 16.5% reduction compared to FY2014 (Procurement) Promotion of CSR procurement: CSR procurement questionnaire survey conducted at 220 suppliers; response to the regulations of conflict minerals (Safety) No class-A incidents: Not achieved (Personnel) Percentage of employees with disabilities: 2.47% Percentage of employees taking childcare leave: 68.1% (male)/100% (female) Attainment of Health KUBOTA 21 targets: promoting activities toward 2022 targets</p>
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Reference: The 17 SDGs: 1) No poverty; 2) Zero hunger; 3) Good health and well-being; 4) Quality education; 5) Gender equality; 6) Clean water and sanitation; 7) Affordable and clean energy; 8) Decent work and economic growth; 9) Industry, innovation and infrastructure; 10) Reduced inequalities; 11) Sustainable cities and communities; 12) Responsible consumption and production; 13) Climate action; 14) Life below water; 15) Life on land; 16) Peace, justice and strong institutions; and, 17) Partnerships for the goals

Financial & Non-financial Highlights

Summary of the results of operations for the year ended December 31, 2021

For the year ended December 31, 2021, the Kubota Group's revenue and profits increased. During the period, revenue increased by ¥343.5 billion [18.5%] from the prior year to ¥2,196.8 billion.

Domestic revenue increased by ¥7.6 billion [1.3%] from the prior year to ¥602.8 billion because while domestic revenue decreased in Water & Environment and Other, it rose in Farm & Industrial Machinery, particularly through sales of agricultural machinery and other products.

Overseas revenue, on the other hand, increased by ¥335.9 billion [26.7%] from the prior year to ¥1,594 billion because while overseas revenue decreased in Water & Environment, sales of agricultural and construction machinery rose dramatically. Overseas revenue as a percentage of total revenue rose 4.7 percentage points from the prior year to 72.6%.

Operating profit increased by ¥70.9 billion [40.5%] from the prior year to ¥246.2 billion. This increase was due mainly to massively increased domestic and overseas revenue and improved exchange rates, among other factors, despite factors that reduced profit, such as the dramatic increase in the price of raw materials and logistics costs. Profit before income taxes increased by ¥66.7 billion [35.9%] from the prior year to ¥252.6 billion primarily because operating profit increased. Income tax expenses were ¥64.9 billion. Share of profits of investments accounted for using the equity method was ¥3 billion. Profit for the year increased by ¥49.3 billion [34.9%] from the prior year to ¥190.7 billion. Profit attributable to owners of the parent company increased by ¥47.1 billion [36.7%] from the prior year to ¥175.6 billion.

Five-year Summary of Key Financial Data

* From the fiscal year ended December 31, 2018, International Financial Reporting Standards (IFRS) have been applied instead of Generally Accepted Accounting Principles (U.S. GAAP) that were applied previously. For the fiscal year ended December 31, 2017, financial figures in accordance with IFRS are presented as well. Terminologies which differ between U.S. GAAP and IFRS are presented together in the format "U.S. GAAP / IFRS."

	U.S. GAAP	IFRS				
	2017.12	2017.12	2018.12	2019.12	2020.12	2021.12
Operating results for fiscal year (billions of yen)						
Revenues / Revenue	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,853.2	¥ 2,196.8
Operating income / Operating profit	198.8	200.0	189.3	201.7	175.3	246.2
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	212.9	214.0	197.2	209.0	185.9	252.6
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	136.4	134.2	138.6	149.1	128.5	175.6
Capital expenditures*	52.2	52.2	64.1	86.7	87.2	121.4
Depreciation and amortization**	45.3	45.1	49.6	48.9	53.2	55.6
R&D expenses	48.1	43.4	53.8	53.1	55.3	65.3
Net cash provided by operating activities	222.3	137.2	89.1	82.4	142.9	92.5
As of fiscal year-end (billions of yen)						
Total assets	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 3,189.3	¥ 3,773.5
Shareholders' equity / Equity attributable to owners of the parent	1,301.3	1,291.1	1,339.9	1,442.8	1,476.0	1,678.0
Interest-bearing debt / Interest-bearing liabilities	836.6	834.1	839.3	903.0	874.4	1,094.5
Per share data (yen)						
Earnings per share (EPS)	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 105.85	¥ 145.52
Book-value per share (BPS)	1,054.86	1,046.55	1,087.44	1,182.72	1,221.95	1,398.41
Annual cash dividend	32	32	34	36	36	42
Financial indicators						
Operating margin (%)	11.4	11.4	10.2	10.5	9.5	11.2
ROA** (%)	7.7	7.8	6.9	6.9	5.9	7.3
ROE** (%)	10.9	10.8	10.5	10.7	8.8	11.1
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	45.6	45.6	46.3	46.0	46.3	44.5
Payout ratio (%)	29.0	29.5	30.2	29.6	34.0	28.9
Shareholder return ratio** (%)	38.6	39.3	32.3	42.7	49.4	40.3
Net debt equity ratio** (times)	0.47	0.47	0.46	0.49	0.44	0.50

*1 Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 Leases are not included.

**2 ROA: [U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year) [IFRS] Profit before income taxes ÷ Total assets (average of beginning and end of fiscal year)

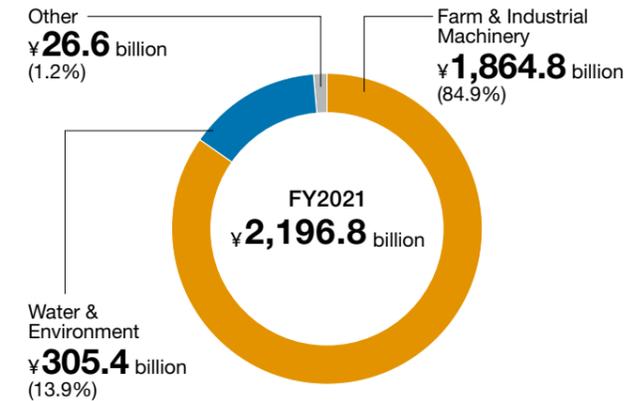
**3 ROE: [U.S. GAAP] Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year) [IFRS] Profit attributable to owners of the parent ÷ Equity attributable to owners of the parent (average of beginning and end of fiscal year)

**4 Shareholder return ratio: [U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation [IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent

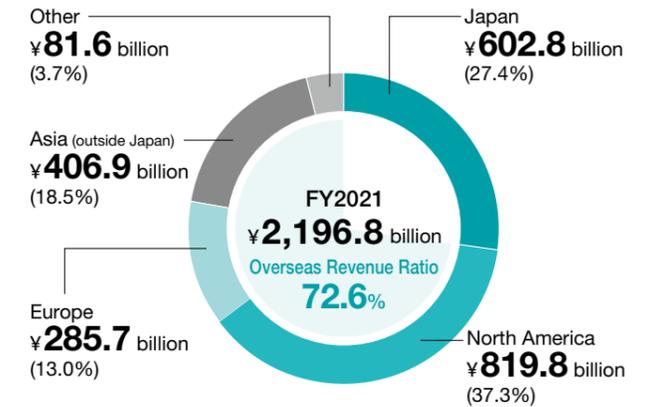
**5 Net debt equity ratio: [U.S. GAAP] (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity [IFRS] (Interest-bearing liabilities - Cash and cash equivalents) ÷ Equity attributable to owners of the parent

Please refer to the Annual Securities Report for detailed financial information.
www.kubota.com/ir/financial/yuho/

Revenue by Reportable Segment



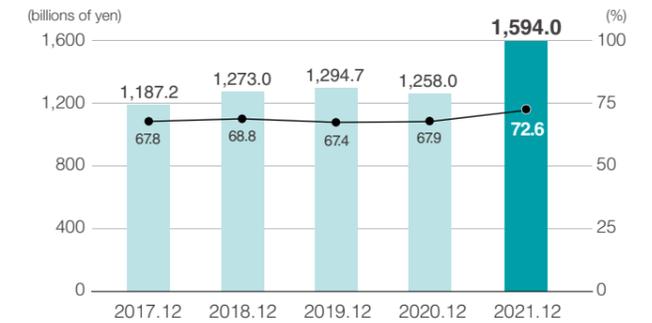
Revenue by Region



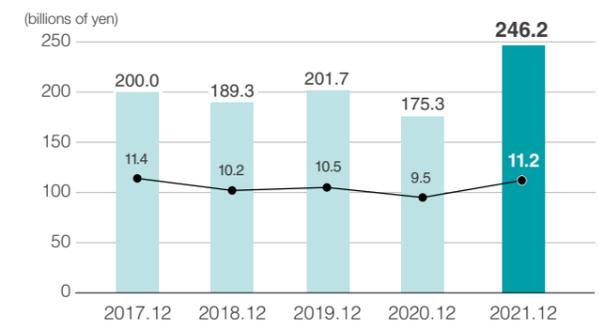
Revenue



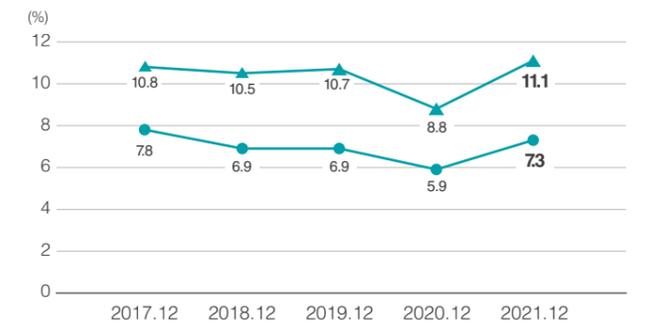
Overseas Revenue and Overseas Revenue Ratio



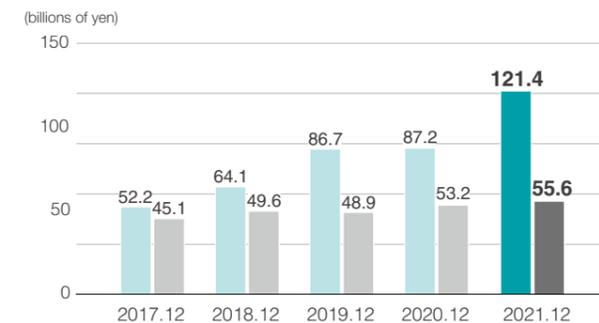
Operating Profit and Operating Margin



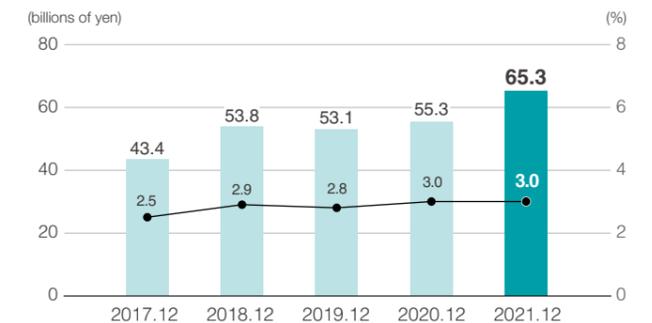
ROA** and ROE**



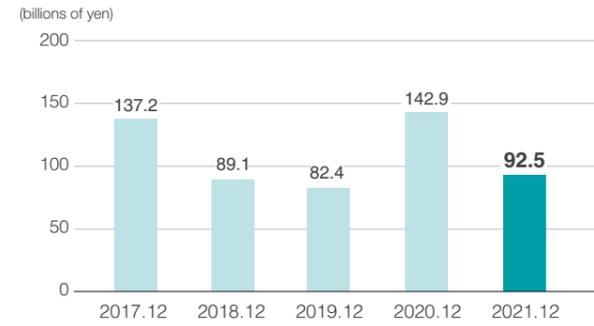
Capital Expenditures, Depreciation and Amortization**



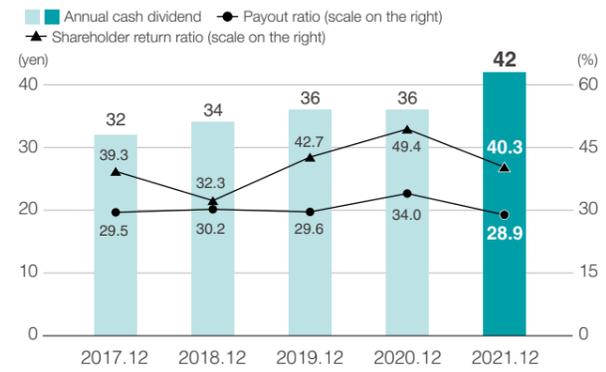
R&D Expenses and the Ratio of R&D Expenses to Revenue



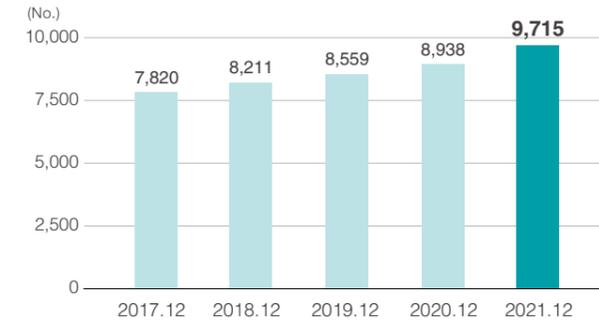
Net Cash Provided by Operating Activities



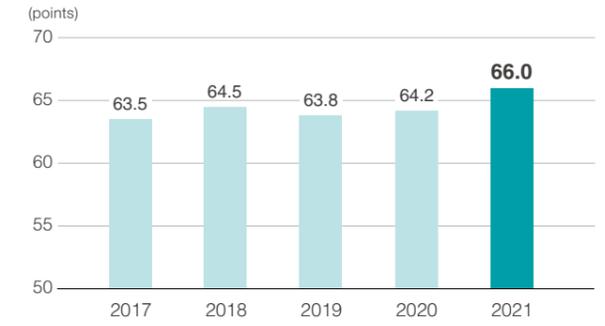
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio*4



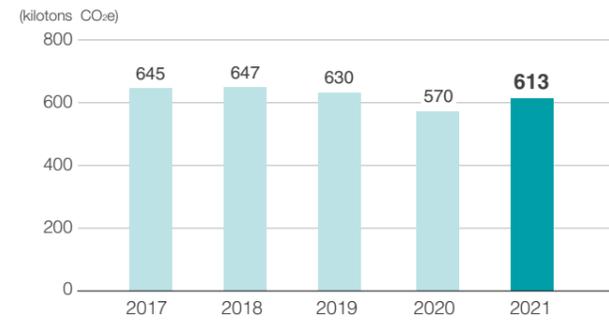
No. of Patents/New Utility Models Possessed (Kubota Corporation and Group Companies in Japan)



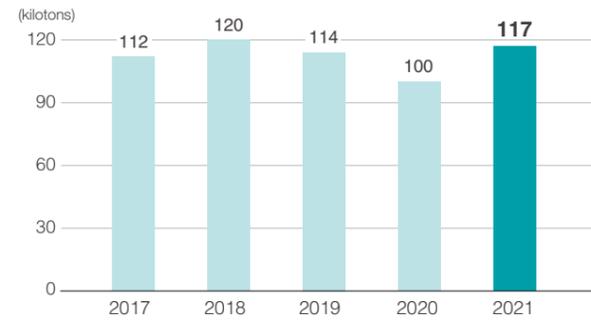
Overall customer satisfaction with dealer where purchased



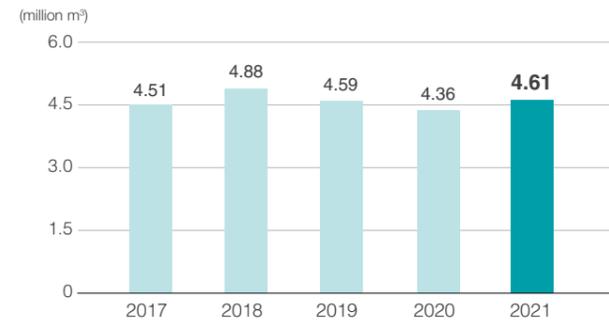
CO₂ Emissions*6



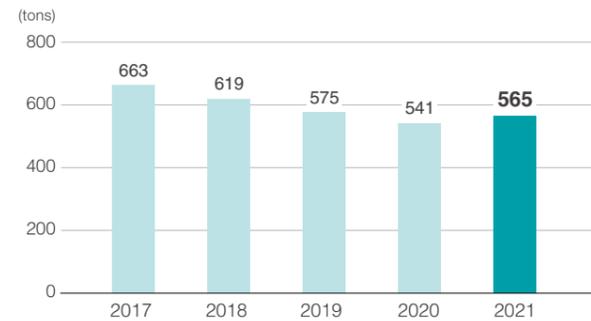
Waste Discharge*6



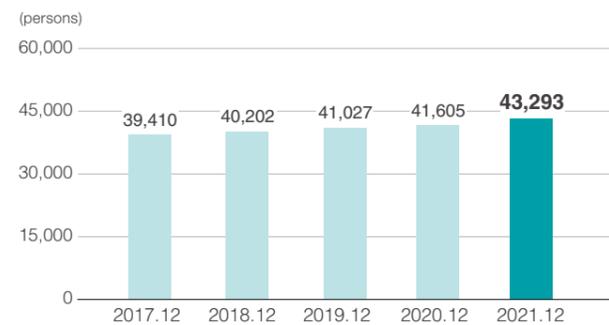
Water Consumption*6



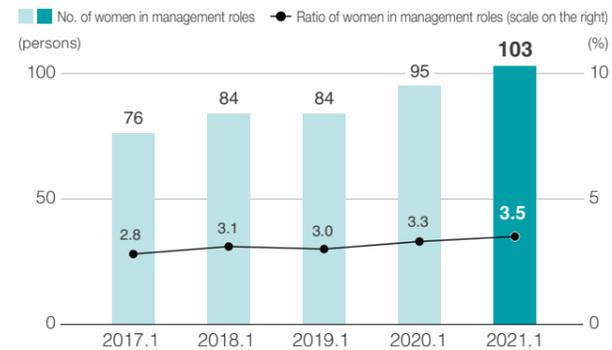
VOC (Volatile Organic Compound) Emissions*6



No. of Employees



No. of Women in Management Roles



*6 For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p. 86).

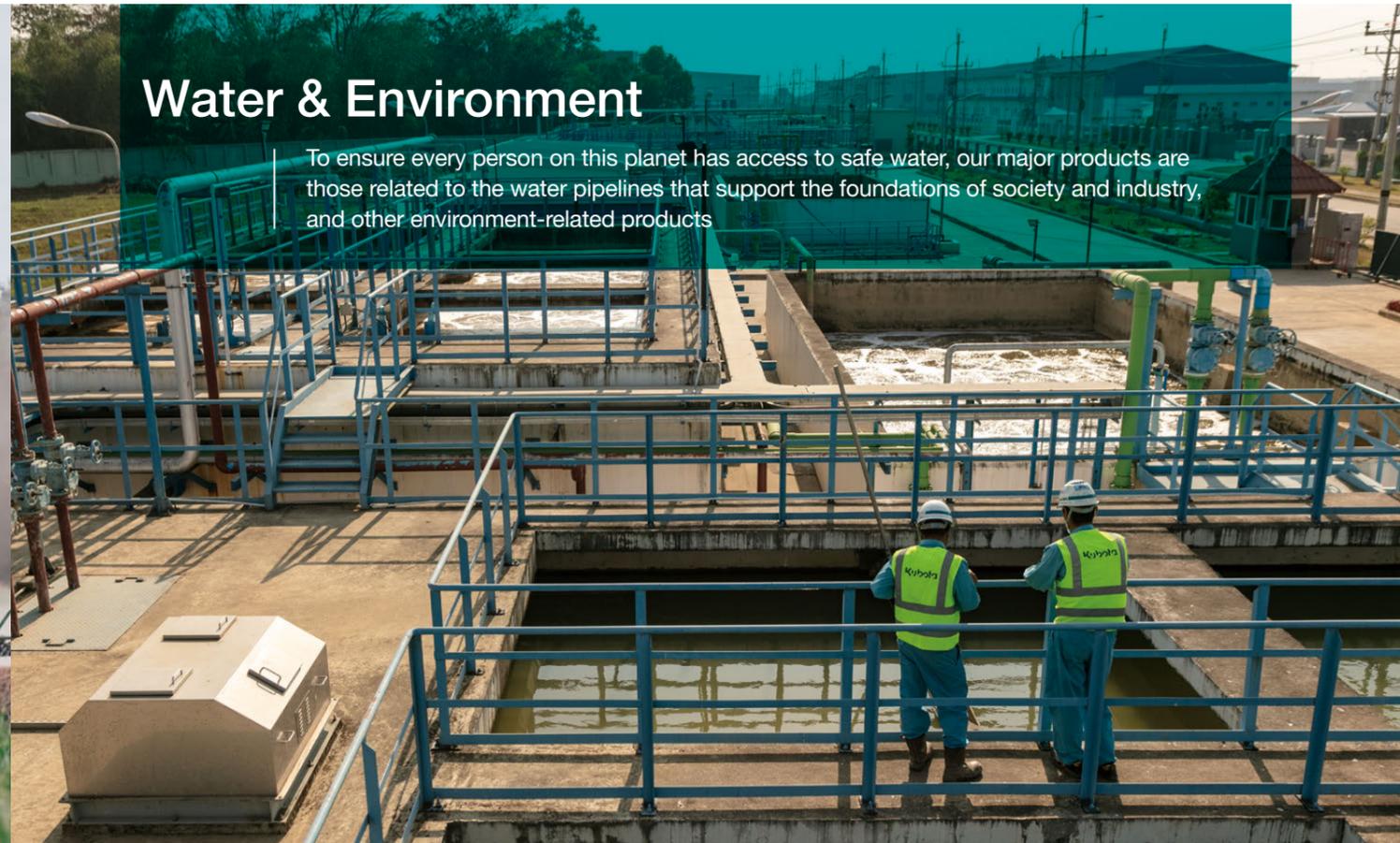
Farm & Industrial Machinery

Our main products are the agricultural machinery and related products that carry the weight of a brighter future for people and food on their shoulders, and the engines and construction machinery that are helping to make people's lives richer



Water & Environment

To ensure every person on this planet has access to safe water, our major products are those related to the water pipelines that support the foundations of society and industry, and other environment-related products



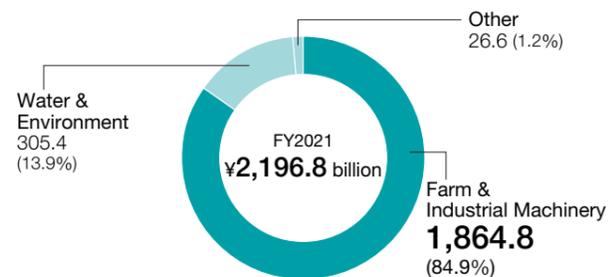
Business Overview

Results of FY2021

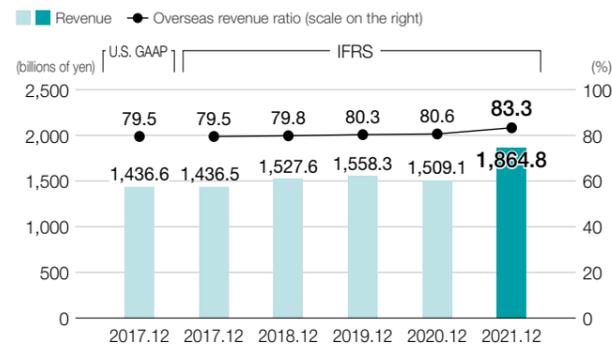
Revenue in this segment increased by 23.6% from the prior year to ¥1,864.8 billion, and accounted for 84.9% of consolidated revenue. Domestic revenue increased by 6.0% from the prior year to ¥310.5 billion, and overseas revenue increased by 27.8% from the prior year to ¥1,554.3 billion.

Profit in this segment increased by 39.1% from the prior year to ¥250.4 billion. This increase was due mainly to massively increased domestic and overseas revenue, price rises, and improved exchange rates, among other factors, despite factors that reduced profit, such as the dramatic increase in the price of raw materials and logistics costs.

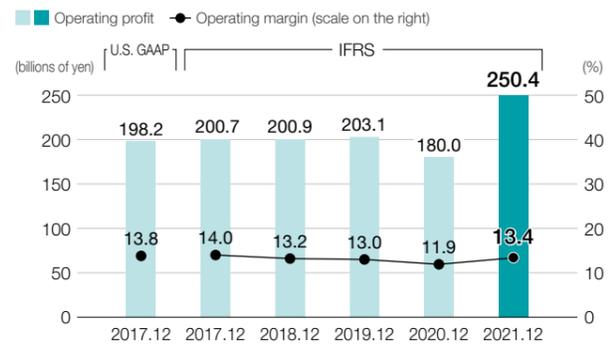
Revenue by Reportable Segment (billions of yen)



Revenue and Overseas Revenue Ratio



Operating Profit and Operating Margin



* Owing to changes in organizational structure, "Air-conditioning equipment" previously included in the Farm & Industrial Machinery segment has been included in the Water & Environment segment since FY2020. Amounts related to "Financial services businesses" are reported in "Finance income" in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. Accordingly, "Air-conditioning equipment" has been reclassified and restated for FY2019, and "Financial services businesses" has been reclassified and restated for FY2020.

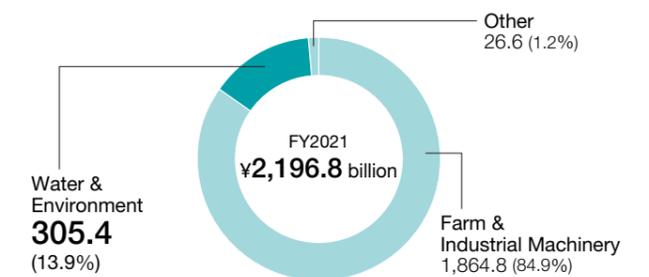
Business Overview

Results of FY2021

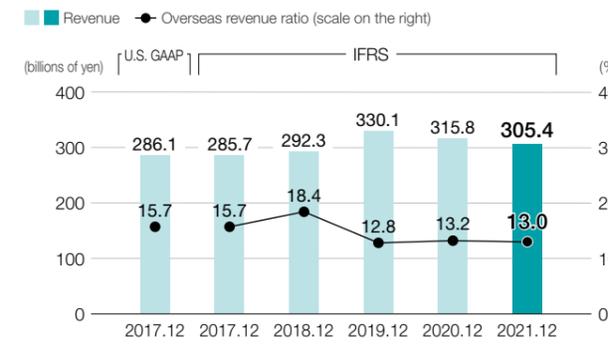
Revenue in this segment decreased by 3.3% from the prior year to ¥305.4 billion, and accounted for 13.9% of consolidated revenue. Domestic revenue decreased by 3.0% from the prior year to ¥265.7 billion, and overseas revenue decreased by 5.2% from the prior year to ¥39.7 billion.

Profit in this segment decreased by 14.1% from the prior year to ¥22.3 billion due to reduced domestic revenue and dramatic rise in the price of raw materials.

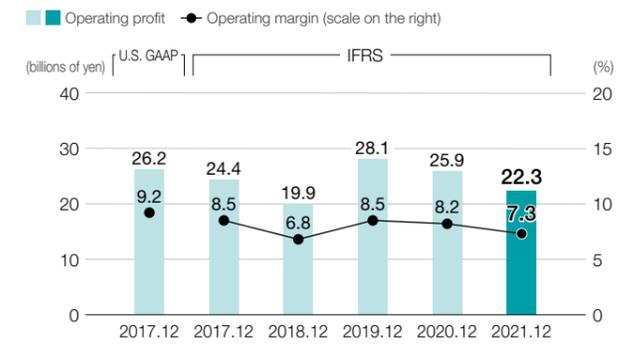
Revenue by Reportable Segment (billions of yen)



Revenue and Overseas Revenue Ratio



Operating Profit and Operating Margin



* Owing to changes in organizational structure, "air-conditioning equipment" previously included in the Farm & Industrial Machinery segment has been included in the Water & Environment segment since FY2020. Accordingly, the same category has been reclassified and restated for FY2019.

E

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Environmental Report

Environmental Management Basic Policy

<SDGs related to this section>



Today we face various environmental problems. Many environmental problems, from those unique to each region to those on a global scale, exist around the world. As they are complexly intertwined and continuing to deteriorate, achieving a sustainable society is a global common challenge. Companies are expected to play an increasingly larger role in tackling this challenge.

Since the time of its foundation, the Kubota Group has pursued a mission of solving social problems in developing its businesses. With our promise of “For Earth, For Life,” the Kubota Group will contribute to the realization of a sustainable society through its environmental management initiatives.

Environmental Charter / Action Guidelines

The Kubota Group Environmental Charter

- The Kubota Group aspires to create a society where sustainable development is possible on a global scale.
- The Kubota Group contributes to the conservation of global and local environments through its environmentally friendly operations, products, technologies, services, and corporate activities.

The Kubota Group Environmental Action Guidelines

- 1. Environmental Conservation Efforts in All Business Activities**
 - (1) We promote environmental conservation measures in all stages of our corporate activities, including product development, production, sales, physical distribution, and service.
 - (2) We also request that our suppliers understand the importance of environmental conservation efforts and cooperate in this regard.
- 2. Global Environmental Conservation**
 - (1) We promote global environmental conservation measures intended for dealing with climate change, creating a recycling-based society, conserving water resources, and controlling chemical substances.
 - (2) We promote global environmental conservation by providing products, technologies, and services that contribute to solving environmental problems.
 - (3) We strive to ensure our corporate activities are friendly to the natural environment and biodiversity.
- 3. Environmental Protection to Create a Symbiotic Relationship with Local Societies**
 - (1) We make efforts in the reduction of environmental risks and promote our business activities with proper consideration for the protection of local environments, including pollution prevention.
 - (2) We actively participate in environmental beautification/education activities in local communities.
- 4. Our Voluntary and Organized Efforts in Environmental Conservation**
 - (1) By introducing the environmental management system and establishing voluntary targets and action plans, we work on our daily business operations.
 - (2) We endeavor to enhance environmental awareness through active environmental education/enlightenment activities.
 - (3) We actively provide stakeholders with environment-related information.
 - (4) We collect stakeholders’ opinions broadly through environmental communication, and reflect the findings in our environmental activities.

Environmental Management Approach

Concepts of Environmental Management

The Kubota Group has established the “For Earth, For Life” Brand Statement as its concept for environmental management. It expresses the Group’s aspiration to balance its business growth and contribution to environmental conservation through its environment-friendly products, technologies, services and corporate activities, as it aims for ongoing synergistic development with society in order to continue supporting the prosperous life of humans while protecting the environment of this beautiful Earth.

The Group has set five basic items for its environmental conservation, namely, “Mitigating and Adapting to Climate Change,” “Working towards a Recycling-based Society,” “Conserving Water Resources,” “Controlling Chemical Substances,” and “Conserving Biodiversity.” Based on these items, the Group is committed to the development of society and the conservation of the global environment through the delivery of products, technologies and services that help solve the social problems in the fields of food, water, and the living environment and through the reduction of the environmental loads and environmental risks of its corporate activities.



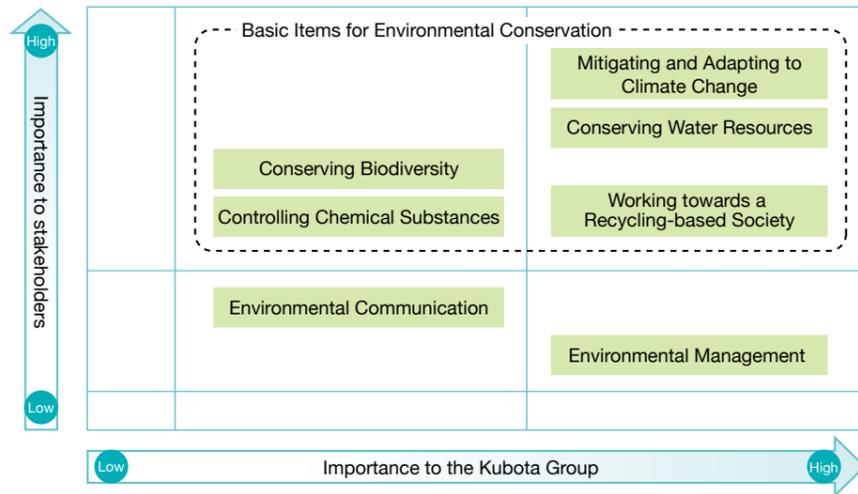
Materiality in Environmental Management

The Kubota Group has identified material issues (priority issues) in its environmental conservation activities, taking into consideration their importance in business, requests and expectations from stakeholders, and social trends.

Process for Identifying Materiality

Step 1	Gathering and analyzing information We gathered and analyzed information on international frameworks and policy trends, key external evaluation indicators, global trends in the Kubota Group's business fields, etc.
Step 2	Listing material issues Through discussions at the ESG Management Strategy Meeting and interviews with relevant internal departments, and dialogues with ESG (environment, society, governance) investment institutions and external experts, we listed issues relating to environmental conservation.
Step 3	Identifying materiality We examined the identified issues from the perspectives of both the importance to stakeholders and the importance to the Kubota Group, and plotted the identified priority issues on a matrix.
Step 4	Formulating and implementing key measures After identifying the impacts (risks and opportunities) related to issues with a high degree of importance for both stakeholders and the Kubota Group, we formulate key measures and promote the steady implementation thereof.

Materiality Matrix



Materiality Awareness

Mitigating and Adapting to Climate Change	Against a backdrop of more frequently occurring natural disasters caused by abnormal weather and other factors believed to be linked to climate change, tackling this challenge has become an issue of global proportions. As a corporate group that conducts business activities throughout the globe, the Kubota Group believes in the importance of working to reduce the emissions of greenhouse gases (a climate change mitigation strategy) in the corporate value chain as well as undertaking adaptive measures designed to avoid and reduce damage due to the impact of climate change.
Conserving Water Resources	Access to safe drinking water is a critical part of life-supporting infrastructure. Despite this, there are many people throughout the world that cannot access safe drinking water. In the future, the impacts of climate change are expected to exacerbate the uneven distribution of water resources. The Kubota Group has defined "Water" as one of its business areas, and believes in the importance of becoming more deeply committed to the supply of safe, secure water through the construction of water infrastructure, as well as conserving local water resources, which includes saving water, recycling wastewater, and applying water quality-related risk management at its business sites.
Working towards a Recycling-based Society	Mineral resources are used widely throughout modern society, but there is a limit to the amount existing on the planet. More recently, increasing amounts of waste and marine plastic pollution have become global issues. Likewise, the Kubota Group believes in the importance of providing waste processing services and related equipment, for example, as solutions for issues related to the wasted material from human lifestyles and economic activities, as well as effectively utilizing resources and reducing waste in the business value chain.
Conserving Biodiversity	As part of agriculture, living things are the resource that is subject to harvest, where ecosystems denote the interrelation between the environments that produce living resources and other living things. Meanwhile, biodiversity is an essential factor for abundant, stable food production. The Kubota Group defines "Food" as one of its business areas, and in addition to addressing greater efficiency in agriculture and a diverse range of needs, we believe in the importance of delivering products and services that contribute to the conservation of biodiversity, as well as undertaking business activities that consider biodiversity and protecting the natural environment around its business sites.
Controlling Chemical Substances	Chemical substances have become an essential part of our lifestyles. On the other hand, chemical substances hold the potential to significantly impact humans and ecosystems, a fact that has led to stringent laws and regulations related to their appropriate use and control. The Kubota Group believes in the importance of appropriately controlling the chemical substances contained in its products and handled at its business sites in order to minimize the impact on customers, those who live and work near its business sites, employees, and ecosystems.

Risks and Opportunities

The Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB) released its final report in June 2017 to provide companies with recommendations for assessing and disclosing the financial implications of climate change.

In light of the climate change-related risks (transitional risk, physical risk) and opportunities recommended for disclosure by the TCFD and other organizations, the Kubota Group endeavors to continuously assess the implications related to materiality (basic items for environmental conservation) considered to have a high degree of importance for stakeholders and the Kubota Group from the perspective of risks and opportunities. Moreover, we make efforts towards reducing risks and creating value from opportunities.

	Envisaged scenario	Impact on the Group	Time horizon*			
			Short term	Medium term	Long term	
Mitigating and Adapting to Climate Change	Risks	• Stricter regulations for companies related to energy saving and controls on the emissions of greenhouse gases, etc.	→	→	→	
		• High energy prices due to structural changes in energy driven by accelerating moves towards decarbonization and expanded use of renewable energy, etc.	→	→	→	
		• Increasing frequency and severity of weather disasters such as typhoons and torrential rains driven by climate change	→	→	→	
	Opportunities	• More pests, lower crop yields • Changes in agricultural style due to relocation of suitable farming land, etc.	Loss of selling opportunities	→	→	→
		• Transition to next-generation power, such as electrification, and discontinuation of products with poor energy efficiency in line with growing interest in climate change among our markets and customer base	Increase in product development cost Loss of selling opportunities	→	→	→
		• Launch of products and services, etc., that enable energy savings and energy creation	Expansion of selling opportunities	→	→	→
Working towards a Recycling-based Society	Risks	• Expansion of regulations on import, export and use of discarded plastic and stricter waste-related regulations, etc.	→	→	→	
		• Resource depletion and soaring resource prices	Increase in manufacturing costs	→	→	→
		• Expanded use of recycled materials towards the transition to a recycling-based economy	Increase in product development and manufacturing costs	→	→	→
	Opportunities	• Accelerate energy-saving measures, such as upgrading to high-efficiency equipment at business sites	Increase in productivity	→	→	→
		• Expansion in needs for farming solutions that correspond to changes in agricultural styles	Expansion in business related to adapting to climate change	→	→	→
		• Launch of products that consider resource recycling, including the use of recycled materials • Contribution to the effective use of resources through the deployment of environmental and waste-disposal services • Promotion of easier product maintenance and used product recycling • Acceleration of resource conservation measures at business sites	Expansion of selling opportunities Improvement of resource efficiency	→	→	→
Conserving Water Resources	Risks	• Non-compliance with wastewater standards, etc. • Stricter water-related regulations, etc.	→	→	→	
		• High water prices due to aging water infrastructure and shortage of available water for industrial use	Increase in manufacturing costs	→	→	→
		• Increasing frequency and severity of weather disasters such as flooding and drought driven by climate change • Water use restrictions in areas of high water risk • Lower crop yields due to shortage of water resources • Changes in agricultural styles due to relocation of suitable farming land, etc.	Negative impact on the Group and its suppliers Loss of selling opportunities	→	→	→
	Opportunities	• Changes in needs for products and services in regions with high water risk	Increase in product development and manufacturing costs	→	→	→
		• Expansion in need for solutions for Water & the Environment-related products that ensure access to safe and secure water and wastewater treatment and recycling treatment facilities that comply with stricter regulations	Expansion of selling opportunities	→	→	→
		• Expansion in water conservation and wastewater reuse at business sites • Expansion in need for water infrastructure that is highly resistant to flooding, droughts, and other disasters	Increase in productivity Expansion in business related to adapting to climate change	→	→	→
Controlling Chemical Substances	Risks	• Non-compliance with chemical substance-related environmental standards • Stricter chemical substance-related regulations, etc.	→	→	→	
	Opportunities	• Launch of products compliant with emissions gas regulation and toxic substance use regulation • Decreased use of potentially toxic substances at business sites • Decreased use of paints and improved yields at business sites	Expansion of selling opportunities Improvement in working environment Increase in productivity	→	→	
	Risks	• Violation of biodiversity-related regulations • Decline in natural capital • Inappropriate land use, pollutant emissions, and excessive resource consumption, etc.	Fines and litigation Shortages of raw materials Increase in procurement costs Litigation raised by local communities Lower social credibility	→	→	
Conserving Biodiversity	Opportunities	• Launch of products that assist soil and water area conservation and products that control gas emissions, noise and vibration, etc. • Promotion of activities that consider biodiversity and environmental communication with local communities	Expansion of selling opportunities Improve brand image Improvement of employees' environmental awareness	→	→	

* Timing of manifestation is presented as short term (within three years), medium term (between three and five years), and long term (more than five years).

Key Measures

In order to address the issues identified as materiality, the Kubota Group promotes the following key measures from the perspective of the value chain.

Value chain of business (Expanding Environment-friendly Products and Services P64-71)			
	Design and development, procurement	Manufacturing and distribution	Use and disposal
Mitigating and Adapting to Climate Change (P38-49) 	<ul style="list-style-type: none"> Optimal regional procurement Distributed procurement 	<ul style="list-style-type: none"> Reduce waste and loss in the use of energy based on the Kubota Production System concept Recover and reuse waste energy Fuel conversion Expand use of renewable energy Improve distribution efficiency Promote modal shift Promote BCP measures 	<ul style="list-style-type: none"> Lower fuel consumption Shift to next-generation power R&D for decarbonization of motive power Improve efficiency and save labor for work and management Conserve energy during construction
Working towards a Recycling-based Society (P50-53) 	<ul style="list-style-type: none"> Use recycled materials Reduce the number of parts Reduce packing material 	<ul style="list-style-type: none"> Conserve resources Promote the 3Rs for waste and convert waste into functional materials Reduce plastic Reduce packing material Ensure proper waste management Strengthen waste management using systems 	<ul style="list-style-type: none"> Extend product life Improve ease of maintenance Promote product recycling Ensure proper disposal
Conserving Water Resources (P54-56) 	<ul style="list-style-type: none"> Assess water risks Optimal regional procurement Distributed procurement 	<ul style="list-style-type: none"> Promote the 3Rs for water resources Ensure proper wastewater management Promote BCP measures 	<ul style="list-style-type: none"> Save water consumption Promote purification or recycling of wastewater
Controlling Chemical Substances (P57-59) 	<ul style="list-style-type: none"> Reduce the use of substances of concern 	<ul style="list-style-type: none"> Reduce VOC emissions Substitute for organic solvents Ensure proper chemical substance management 	<ul style="list-style-type: none"> Make exhaust gas cleaner Reduce environmental loads on soil and water areas
Conserving Biodiversity (P60-63) 	<ul style="list-style-type: none"> Assess the impact on natural capital 	<ul style="list-style-type: none"> Promote environmental conservation activities and reduce the environmental impact Beautification and greening of business sites and neighborhoods 	<ul style="list-style-type: none"> Conserve soil and water areas Reduce noise and vibration
Environmental Management (P72-76) 	<ul style="list-style-type: none"> Promote global environmental management led by the members at the management class level Systematically reduce environmental loads toward achieving the Medium- and Long-Term Environmental Conservation Targets Reduce environmental risks through environmental risk assessment Ensure environment-friendly design through product environmental assessment Promote green procurement Develop products that contribute to global environmental protection and solving social problems Enforce compliance in accordance with globally systemized environmental conservation rules Promote environmental training and environmental awareness-raising activities 		
Environmental Communication (P77-80) 	<ul style="list-style-type: none"> Strengthen information dissemination through the environmental report and website Promote environmental communication tailored to each target Enhance two-way communication with stakeholders Participate in regional environmental conservation activities 		

Relationships Between Environmental Conservation Activities and the SDGs

The Kubota Group environmental conservation activities are deeply related to the SDGs. In order to illustrate the relationship between our environmental conservation activities and the SDGs, we have organized their connections with the SDG targets.

[View the list of related SDGs and targets](http://www.kubota.com/sustainability/environment/sdgs/data/SDGs_target_list.pdf)
www.kubota.com/sustainability/environment/sdgs/data/SDGs_target_list.pdf

Environmental Vision

In a situation with an increased uncertainty about the future due to social problems in a global scale, such as food issues and global warming, long-term, world-common goals have been set such as SDGs, the Paris Agreement, and others. For the climate change problem, the shift to a “decarbonized” society has been accelerated, with each country declaring substantially zero emissions of CO₂ and carbon neutrality. Also, the move from the conventional economy that has led to mass production, mass consumption, and mass waste disposal toward a circular economy has progressed, which aims for an economy with minimized waste generation by preserving and maintaining the values of products and resources as long as possible.

With “For Earth, For Life” as its concept for environmental management, the Kubota Group aims to contribute to the realization of a sustainable society, regarding environmental conservation, including climate change countermeasures, as a priority issue in its corporate activities. The Kubota Group has formulated its “Environmental Vision,” which, together with our Long-Term Vision “GMB2030,” shows the direction of our business activities toward 2050 from an environmental perspective and will promote initiatives to realize this vision.

Environmental Vision

— Target Situation toward 2050 from an Environmental Perspective —

While challenging to achieve zero environmental impact, we will contribute to realizing a carbon neutral and resilient society in the fields of “food, water, and the environment.”

Toward the Realization of the Environmental Vision

Challenge to Achieve Zero Environmental Impact

Procuring raw materials and components, and processing them into products, our company provides our customers with its various products. In this process, and in the use of the products by customers, a large volume of resources, including energy, is consumed. To continue our business globally, we need to use limited resources in an efficient and sustainable way.

Toward the realization of zero environmental impact, we will promote the reduction of greenhouse gas emissions in our business activities, a thorough reduction of waste or loss of energy based on the Kubota Production System (KPS), the expansion of the recovery and reuse of waste energy and of the use of renewable energy, water-saving in areas under high water stress, and maximizing the utilization efficiency of resources in the product lifecycle. In addition, we will develop our efforts toward zero environmental impact in our entire business value chain.

However, it is not easy to achieve zero environmental impact. To steadily approach zero environmental impact, we will systematically promote the reduction of greenhouse gases, implementation of energy-saving, reduction of waste, water-saving, and reduction of Volatile Organic Compounds (VOCs). We will also take up a challenge of sustainable business activities that can maintain the Earth’s self-purification capability and carrying capacity.

Toward the Realization of a Carbon Neutral and Resilient Society

In addition to the mitigation of climate change (controlling greenhouse gas emissions), Kubota also engages in environmental conservation activities and provides environmentally-friendly products and solutions to adapt to the effects of climate change (avoiding or minimizing damage brought about by climate change) and to address water and waste issues. In these ways, we are contributing to the realization of a sustainable, especially carbon neutral and resilient society.

Greenhouse gas emissions from the food sector, including land use in the agricultural field, are said to account for about 24% of the world’s total emissions. It is believed that without efficient food production, greenhouse gas emissions will increase. Also, climate change influences the reduction and relocation of arable land and agricultural style. With a decrease in the number of workers under the influence of urbanization in rural districts, efficient food production in limited cultivation areas will be sought in the future.

In the “food” sector, which is one of our business areas, we believe that our company can contribute to the reduction of greenhouse gas emissions and efficient food production in the agricultural field by further evolving smart agriculture, the automatic operation of farm machinery, and agricultural solutions. By increasing the productivity of agriculture we will help reduce greenhouse gas emissions in the agricultural sector by improving the efficiency of agriculture, reducing the energy used in food production, and curbing deforestation intended to expand agricultural land.

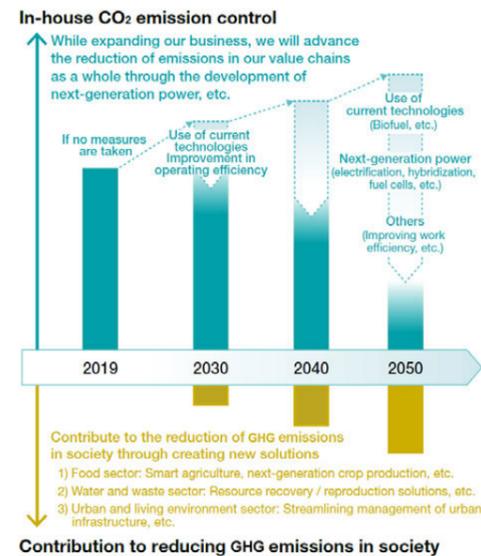
Under the influence of climate change, the frequent occurrence and intensified damage of weather disasters have become remarkable. In addition, with available water resources unevenly distributed depending on the regions, the population who cannot access safe water has risen to 1.6 billion people. Even if we succeed in controlling the global rise of temperature due to climate change to less than 2°C, the population who has to face water shortages is expected to increase. Also, population increase and improved living standards are assumed to further aggravate the resource and waste problems and agricultural water shortages due to mass production, mass consumption, and mass waste disposal.

In the “water and the environmental” fields, we will provide products, services, and solutions, such as products to contribute to disaster prevention and disaster recovery, and efficient water monitoring and management systems that utilize AI / IoT, which are designed to avoid and mitigate damage due to the influences of climate change, including frequent occurrence of climate disasters, changes in agricultural styles, and increase in the frequency of work-related heatstroke. We will further expand our products, services, and solutions intended to realize advanced recycling of water resources and waste and control water pollution and air pollution, contributing to natural disaster-resistant community-building and the realization of a resilient society.

Taking on the Challenge of Carbon Neutrality

Based on the situation of CO₂ emissions in the product life cycle as a whole, we believe that it is important to tackle reducing CO₂ emissions when manufacturing and using products.

Toward the realization of a carbon neutral society, we will promote reduction of greenhouse gas emissions and energy-saving, improvement of fuel consumption of products, motorized products, and reduction of CO₂ emissions in the products' life cycles as a whole. At the same time, through the provision of products and solutions, we will help reduce greenhouse gas emissions generated from social activities and join forces to take on the challenge of realizing substantially zero CO₂ emissions by the year 2050.



Kubota's Initiatives

Future projections for population increase and economic development represent a significant opportunity for our business. However, if the world continues with the same kinds of economic activities as now, they could place a burden on the Earth that exceeds its capability for self-purification and its carrying capacity. This is a risk for the continuity of business activities. We will contribute to the realization of a sustainable society through our business activities and the provision of products and service solutions.

In-house CO₂ Emission Control

Reducing Scope 1 and 2^{*1} Emissions

The Kubota Group is continuing to implement energy-saving countermeasures and productivity improvement activities to reduce CO₂ emissions from its own sites, with a focus on production sites. While we continue to focus on these efforts, going forward we will proceed with changes to fuels that have low CO₂ emissions, such as discontinuing the use of coking coal in the melting process at our casting plants and switching to electric furnaces. In addition, we will expand our use of renewable energy by installing solar power generation systems and purchasing green power and so forth. At the same time, as we reorganize and transfer our production sites, we will adopt production methods that have a low environmental impact and make other efforts to save energy and resources through production innovation. We will also explore ways of reducing logistics-related CO₂ emissions, such as shortening product transportation distances by reorganizing production sites and promoting the shift to new modes of transportation.

Controlling Scope 3^{*2} Emissions

Over 80% of the Kubota Group's Scope 3 emissions are generated during the use of sold products. Therefore, our efforts to develop products that can perform more work more precisely using less energy by improving the operational fuel consumption of our agricultural and construction machinery tie-in directly to emissions reductions.

Moreover, through the robotization of agricultural machinery and the use of ICT, we are promoting smart agriculture. This is not only saving labor in agricultural operation, it is also contributing to energy- and resource-saving. Currently, fossil fuels such as diesel and gasoline are the main sources of energy, but we are striving to utilize fuels that have lower CO₂ emissions, such as biofuels (e-fuel) and synthetic fuels. Going forward, we will actively pursue R&D aimed at the decarbonization of motive power, such as electrification, hybrid systems, and fuel cells.



Solar power generation system installed on the rooftop of a plant in China



Full-scale model of the 130th anniversary concept tractor



Electric construction machinery and tractor

*1 Scope 1: Direct emissions by the Group itself
Scope 2: Indirect emissions from purchased electricity, etc.
*2 Scope 3: Other indirect emissions (Emissions by others or at customers' sites related to the Group's activities)

Contribution to GHG Reduction in Society and the Realization of a Resilient Society

Environmental Contribution in the Field of Food

In the field of food, including agriculture, the Kubota Group is working to increase harvest yields per area and the quality of crops by further promoting smart agriculture. The goal is to increase crop yields to meet rising food demand without increasing cultivated area. On the environmental front we will help to save energy and resources by improving operational efficiency, while controlling deforestation and environmental destruction for the expansion of farming land, and so forth.

In addition, we are investing in a start-up that operates artificially lighted plant factories with the goal of increasing the efficiency of food production through next-generation crop production. Because such facilities make plant cultivation possible in urban areas close to where many consumers live, they are expected to help reduce logistics-related energy consumption by means of shorter transportation distances and contribute to the reduction of food loss by means of demand-based production planning.

In other initiatives, we provide the WATARAS farm water management system, which allows users to remotely and automatically control water flowing in and out of rice paddies while monitoring the water level of the paddies themselves. We are conducting trials of a "smart rice paddy dam" that temporarily retains rainwater in a rice paddy by enabling users to remotely increase the water level setting for draining water from the rice paddy when there is a danger of river flooding due to heavy rain. This is expected to serve as a way of preventing flooding and increasing the resilience of local areas to water damage.

For the future, we are looking at building a food value chain data linking platform from crop production, food distribution to consumption and supplying an automatic management system that uses AI. This would show a visual representation of demand trends, promoting a shift to "market-in" agriculture where production and sales are conducted in response to demand. At the same time, it would deliver safe, secure crops with a high level of freshness to consumers, thereby helping to reduce food losses.

Environmental Contribution in the Field of Water and Waste

The Kubota Group supports water infrastructure as a comprehensive manufacturer of water-related items from pipe materials used for water supply and sewage to engineering of water treatment plants. We use these technologies to provide resource recovery solutions, such as fermenting sewage sludge generated in sewage treatment plants and waste such as food residue generated by agriculture and food plants to extract biogas for reuse as an energy resource, generating electricity using the recovered biogas. We also contribute to the building of a circular economy by providing equipment for crushing and sorting to recover resources such as metal and plastics from waste products.

Environmental Contribution in the Field of Urban and Living Environments

The Kubota Group is saving energy and improving operational efficiency on construction sites by leveraging our strengths in the water environment infrastructure business and construction machinery business. One way we do this is by supplying a smart water pipe installation system that conducts optimal installation based on pipeline information.

In the area of construction machinery, we use a fault diagnosis app to reduce downtime of machinery that has a fault, helping to increase the efficiency of maintenance work.

Going forward, we will look at building a platform that aggregates underground pipe data to help in reducing construction time and labor for urban construction projects and so forth and providing a solution for extending the life and renewing underground infrastructure. These initiatives will also help to save energy in the construction field.

We will enhance the disaster resilience of urban infrastructure such as water supply and sewage systems by upgrading water supply and sewage facilities and river flooding monitoring and management platforms using plant information and sensors. Moreover, by appropriately operating these plants and facilities under optimal conditions, we will also contribute to energy saving.



Tractors hard at work in global markets



Control screen of Kubota Smart Agri System



Artificial light plant factory



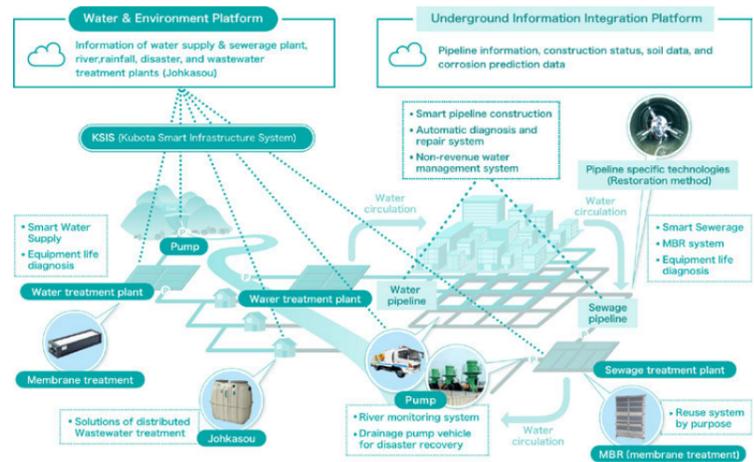
Farm Water Management System WATARAS



Plastic crushing and sorting facility



Construction machinery fault diagnosis app



[Environmental aspect] Promoting energy conservation through optimal operation of equipment and improving resilience

Background in establishing the Environmental Vision

World Around Kubota's Business in 2050

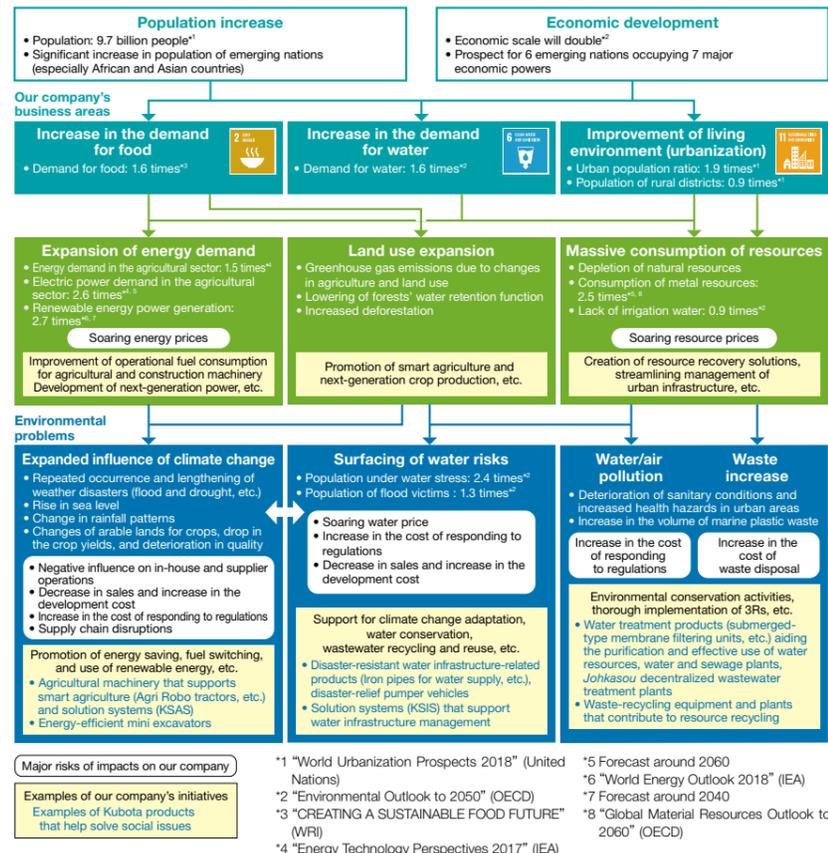
Based on the scenarios of the Intergovernmental Panel on Climate Change (IPCC) and the World Resources Institute (WRI), we analyzed a social image in 2050 when the temperature rises by 2°C and 4°C. Global environmental problems, including climate change and water risks, may not only have negative effects on our company's operation in the future, such as soaring energy and water prices and frequent occurrence of natural disasters, but also further aggravate social problems in the "food, water and the environment" fields, which are part of our company's business areas. Also, the delayed responses to these environmental problems may pose a risk to our company's business activities. To continue our global business, we believe it is essential to strike a balance between business development that can contribute to solving social problems toward the achievement of SDGs and ESG management that includes responses to the environmental problems.

World in 2050

The world population is expected to approach 10 billion people by 2050, mainly in emerging countries such as Africa and Asia, and the food demand along with the population increase is also expected to increase about 1.6 times. Also, economic development can enhance the need to improve people's living environment, and can result in an increase in global demand for energy and consumption of many resources. The same will be applied to water demand. Water demand will increase, especially in the manufacturing industry and for the use for power generation and for domestic use, and is expected to be about 1.6 times the current demand by 2050.

Increase in food demand and water demand, expansion of energy demand due to urbanization, etc., and cultivation of new land for food production may aggravate the climate change problem. Climate change can have a huge negative impact on people's lives. If rainfall patterns are altered, conventional crop production may become impossible as arid or high-precipitation belts shift geographically. Weather anomalies may also cause populations to be affected by more frequent flooding and other water damage.

If we continue our current economic activities and social activities without efficiently utilizing our limited resources, such as energy, people's current lifestyles themselves may no longer be feasible.



A World Where Temperature Rise Is Less Than 2°C

We believe that to achieve the goals stipulated in the Paris Agreement, each country will accelerate their moves for energy-saving and the reduction of CO₂ emissions, and strengthen related laws and regulations, which should result in a growing concern about climate change among markets and customers. This is why we have assumed that the needs for energy-saving, decarbonization, and electrification will be enhanced.

For example, tractors, combine harvesters, rice-transplanters, construction machinery, and diesel engines, which are our company's major products, are under application of the exhaust gas regulations of Japan, European countries, and the U.S., etc. Our diesel engines are also used for construction machinery, which plays an active role in the development of urban areas. In the future, since regulations for each country's engines may be tightened, we believe that we need to invest in the development of diesel engines that conform to new exhaust gas regulations. Also, if each country's efforts toward the mitigation of climate change are advanced, while the ratio of fossil-fuel power generation decreases due to strengthened carbon taxes, energy prices are expected to soar with an increase in the ratio of renewable energy power generation.

As calls for the environmentally sound performance of products grow around the world in connection with climate change, the needs for high-energy-efficiency products and solutions that enable the same effects should be enhanced also in the fields related to water treatment as well as the agricultural machinery and construction machinery that Kubota offers. In our business activities, we also believe that with a risk of increase in the energy procurement cost, energy-saving and expansion of the use of renewable energy will become important issues.

A World Where the Temperature Has Risen by 4°C

If the world's average temperature rises by 4°C, with the changes in the rainfall and climate patterns, weather disasters are expected to further increase, such as with the typhoons and torrential rains that have been observed around the world recently. Depending on the areas, it may be difficult for people to access the safe water required for business activities and livelihood due to drought. These weather disasters may cause a suspension of business activities, affect agricultural produce, and increase damage on the basic needs of people's livelihood such as water infrastructure.

For instance, in coastal regions and rainy regions, heavy rain or flooding may cause inundation of plants, blackouts, logistic suspension, and delayed shipping. Also, with increased frequency and length of these weather disasters, there are concerns over further expansion of damage. Even in the production of farm products, climate change is expected to have negative influences such as causing changes of arable land and a reduction in the amount of harvested crops, and may further affect the sales of agricultural machinery. Climate change may cause the occurrence of drought, which may cause the occurrence of risks for business activities, such as water shortages and restrictions on the amount of water in the relevant regions.

While climate change is expected to affect the changes of arable land and crop production, we believe that the necessity of agricultural solutions for continuing farming even under a range of climate conditions, and of smart agriculture capable of realizing efficient production in limited land, will increase. Likewise, we believe that contributing to the building of a natural disaster-ready city that can maintain people's living environment even after the occurrence of a natural disaster will be our important task.

The above statements are the outline of the results of scenario analysis based on the proposals of TCFD for the examination of the Kubota Group's Environmental Vision. The world in 2050 may be different from each scenario. We will continue to improve our information disclosure based on the proposals of TCFD.

Expected Image of Society

As people's lives become more and more enriched, new environmental problems to be solved will occur in the future. However, we do not wish to have a new society at the price of the global environment. As a result of analyzing a future society image based on the impact of climate change, the Kubota Group believes that what society expects for us in order to make the world sustainable in or after 2050 is as follows:

- ◇ Realization of carbon neutral society aimed at mitigating climate change by curbing greenhouse gas emissions from the agricultural sector
- ◇ Realization of resilient society capable of adapting to climate change, such as by preparing for natural disasters and dealing with water / air pollution and waste issues

Medium- and Long-Term Environmental Conservation Targets and Results

As extreme weather events and other impacts of climate change continue to materialize, the global movement aimed at reducing greenhouse gases is growing increasingly active. Global environmental issues pose a significant threat to “ensuring food security,” as well as “ensuring a safe and secure water supply.”

In order to promote environmental management in light of various recent social developments, such as SDGs and the Paris Agreement, as a sustainable company, the Kubota Group has challenged itself to achieve zero environmental impact in its Environmental Vision for 2050. Moreover, to promote systematic reduction of environmental impacts, we have been promoting environmental activities by formulating our medium- and long-term targets for environmental conservation. We formulated the Long-Term Environmental Conservation Targets 2030 in 2016, and Medium-Term Environmental Conservation Targets 2025 in 2020. Now, we have revised the Long-Term Environmental Conservation Targets 2030, expanding the boundary of our initiatives and increasing the target values. Toward achieving these targets, the Group is advancing systematic initiatives in both the production and product development stages.

Long-Term Environmental Conservation Targets 2030 and Results

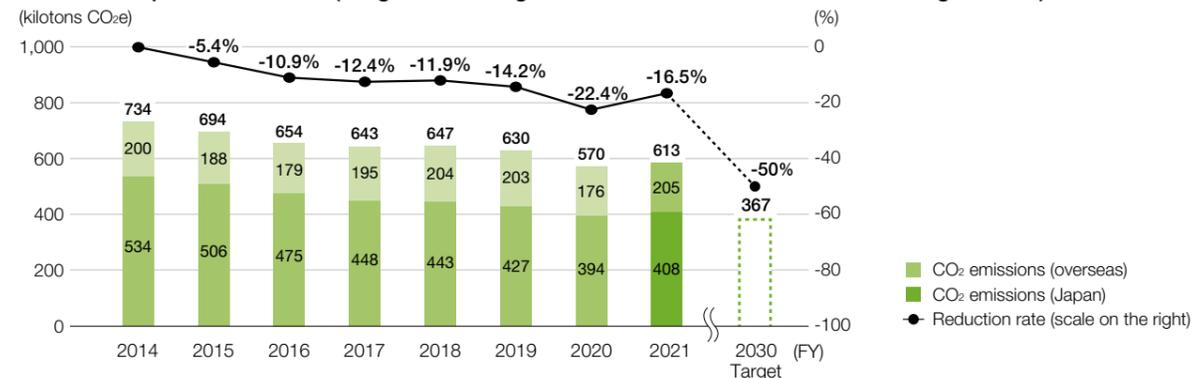
Mitigating and Adapting to Climate Change

The shift to a decarbonized society has been accelerated, with each country declaring substantially zero emissions of CO₂ and carbon neutrality. In its Environmental Vision, the Kubota Group announced its commitment to take up the challenge of achieving carbon neutrality by 2050. Based on these global trends and the image for the company expected by society in the future, in our Long-Term Environmental Conservation Targets 2030, we have expanded the boundary of our CO₂ reduction targets from the Kubota Group in Japan to a global boundary, and revised our targets. We will continue energy-saving activities to reduce energy consumption at our sites, reduce CO₂ emissions through fuel conversion by adopting electric furnaces and so forth, and by expanding our use of renewable energies, we will promote initiatives to achieve carbon neutrality.

2030 Targets	Reduce CO ₂ emissions from the Kubota Group* by 50% compared to the base year FY2014.
Result	In FY2021, CO ₂ emissions of the Kubota Group* were reduced by 16.5% compared to the base year FY2014.

* CO₂ emissions refer to Scope 1 and 2 emissions from all Kubota Group sites (100%) and include greenhouse gases from non-energy sources

Kubota Group CO₂ Emissions (Progress on Long-Term Environmental Conservation Targets 2030)



* CO₂ emissions of companies that have been acquired or sold have been adjusted retroactively to before the acquisition or sale. CO₂ emissions that have not been adjusted are 714 kilotons CO₂e in 2014, 674 kilotons CO₂e in 2015, and 647 kilotons CO₂e in 2016, 645 kilotons CO₂e in 2017.

Revision of Targets (2022)

	Before revision	After revision
Target sites	Group sites in Japan	Global group sites
Target value	30% reduction	50% reduction
Base FY	2014	2014
Target CO ₂ emissions volume	Scopes 1, 2 534 kilotons CO ₂ e	Scopes 1, 2 734 kilotons CO ₂ e
Coverage ratio	72.8%	100%

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

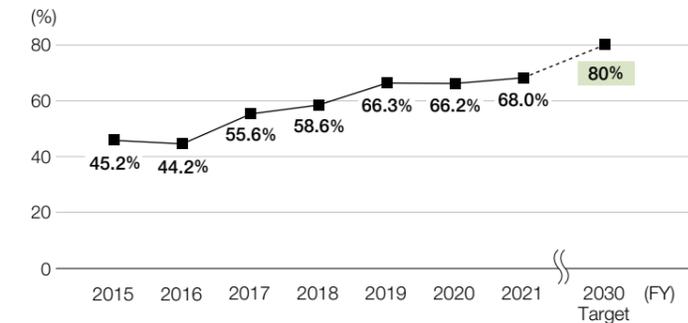
The environmental information provided in the Kubota Group ESG Report 2022 has received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indicators subject to assurance are marked with the “” symbols.

Efforts to Develop Environment-friendly Products

In FY2021, we designated 25 new Eco-Products, bringing the sales ratio to 68.0%.

2030 Target	Increase the sales ratio of Eco-Products* to 80% by FY2030. Aim to put all new products which are certified as Eco-Products in the market in FY2030 and later.
Result	The sales ratio of Eco-Products* was 68.0% in FY2021.

Trends in Sales Ratio of Eco-Products



* The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Products Certified as Eco-Products in FY2021 (excerpt)

<p>Tractor M6 Utility series M6-101 Utility (Europe)</p> <p>[Key certification point] Compliant with exhaust gas regulations</p>	<p>Mini excavator U-30-6 α</p> <p>[Key certification point] Compliant with exhaust gas regulations</p>	<p>Gas engine WG3800-E5 series WG3800-L-E5C-BB (North America, Europe)</p> <p>[Key certification point] Compliant with exhaust gas regulations</p>
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For other products certified as Eco-Products, please refer to page 66 or follow the link below.

Click here for details on products certified as Eco-Products.
www.kubota.com/sustainability/environment/ecopro/

Medium-Term Environmental Conservation Targets 2025 and Results

Since FY2021, the Group has been working to achieve the Medium-Term Environmental Conservation Targets 2025. In addition to the indicators set out in our Medium-Term Environmental Conservation Targets 2020, we have added the target of increasing the renewable energy usage ratio towards realizing a decarbonized society. Furthermore, in view of the growing global issue of ocean pollution by disposable plastics, we have added a qualitative target of improving resource efficiency. We have also set a qualitative target for systematically advancing efforts on wastewater management and conserving biodiversity. In the product segment, we set a new target relating to displaying the materials of new parts with a view to promoting recycling, along with new targets for responding to regulations on vehicle exhaust gas emissions aimed at complying with exhaust gas regulations. Our results for FY2021 are shown in the following table.

Reporting Boundary	Issue	Action item	Management indicator*3	Base FY	Target for FY2025*9	Result of FY2021
Global Production Sites	Mitigating and Adapting to Climate Change	Reduce CO ₂ *1	CO ₂ emissions per unit of production (Scopes 1, 2)	2014	▲25%	▲30.0%
		Save energy	Energy consumption per unit of production	2014	▲18%	▲27.2%
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲33%	▲32.6%
			Hazardous waste discharge per unit of production*5	2019	▲3%	▲8.5%
			Recycling ratio (Japan) *6	—	Maintain 99.5% or more	99.6%
	Recycling ratio (Overseas) *6	—	Maintain 90.0% or more	91.6%		
	Conserving Water Resources	Conserve water resources	Water consumption per unit of production	2014	▲23%	▲31.2%
Controlling Chemical Substances	Reduce VOCs*2	VOC emissions per unit of production	2014	▲42%	▲41.8%	
Products	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products*7	—	70% or more	68.0%
		Promote recycling	Usage ratio of recycled materials*8	—	Maintain 70% or more	71.0%

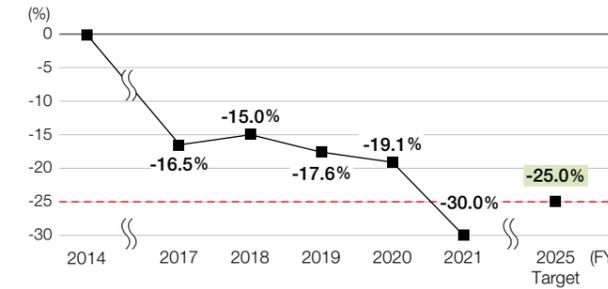
Reporting Boundary	Issue	Action item	Management indicator	Result of FY2021
Global Production Sites	Working towards a Recycling-based Society	Improve resource efficiency	<ul style="list-style-type: none"> Reduce disposable plastics at business sites Work with suppliers to conserve packaging materials and make them returnable Implement paperless operation 	See p.53
			Control wastewater	<ul style="list-style-type: none"> Manage wastewater appropriately in accordance with the standards of the water discharge by operating wastewater treatment facilities and water recycling facilities, etc.
	Conserving Biodiversity	Conserve biodiversity at business sites	<ul style="list-style-type: none"> Promote the protection of the natural environment by greening our establishments and creating biotopes 	See p.62
Promote social contribution activities		<ul style="list-style-type: none"> Promote conservation of the local natural environment and biodiversity as social contribution activities 	See p.63	
Products	Improving Products' Environmental Performance	Promote recycling	<ul style="list-style-type: none"> Display the material of new parts and provide material information*10 	Currently in progress*12
		Develop vehicles compliant with exhaust gas regulations	<ul style="list-style-type: none"> Development of industrial diesel engines that comply with the latest emissions regulations (Stage V), and launch onto the market of products with such engines*11 Launch the vehicles that comply with the latest emissions regulations onto the market 	See p.34

*1 CO₂ emissions indicate 90.3% of base-year Scope 1 and 2 emissions and include greenhouse gases from non-energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO₂ emissions from energy sources.
 *2 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.
 *3 The figures per unit of production represent the intensity of the environmental load per unit of money amount of production. The exchange rate of the base year is used when translating the money amount of production of overseas sites into Japanese yen.
 *4 The applicable boundary is global sites.
 *5 In Japan, specially controlled industrial waste as defined in the Waste Management and Public Cleaning Law; Overseas, waste that is defined as hazardous in each country or region.
 *6 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100. Heat recovery is included in the external recycling amount.
 *7 The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
 Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100
 *8 Usage ratio of recycled materials (%) in the cast metal products and parts manufactured by the Kubota Group (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))
 *9 ▲ indicates a negative figure.
 *10 In accordance with internal standards, we provide information on materials through material labeling and specification sheets for plastic components.
 *11 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stages IV and V) level, shipped to Europe, North America, Japan, and Korea
 *12 Some internal standards regarding the method of providing material information are still being developed due to the reorganization or new establishment of businesses.

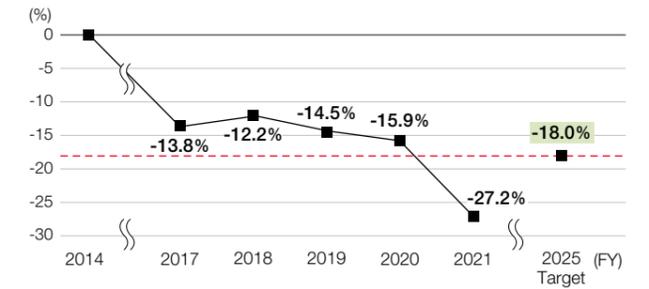
For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

The Results for Medium-Term Environmental Conservation Targets 2025 for Global Production Sites

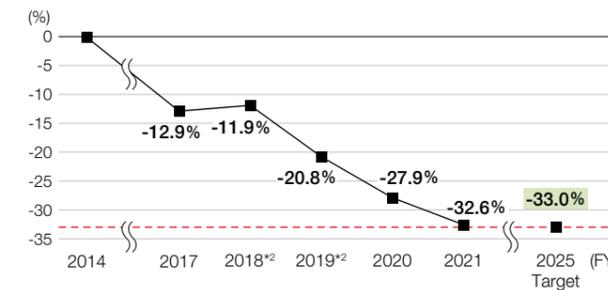
Trends in Reduction Ratio of CO₂ Emissions per Unit of Production*1



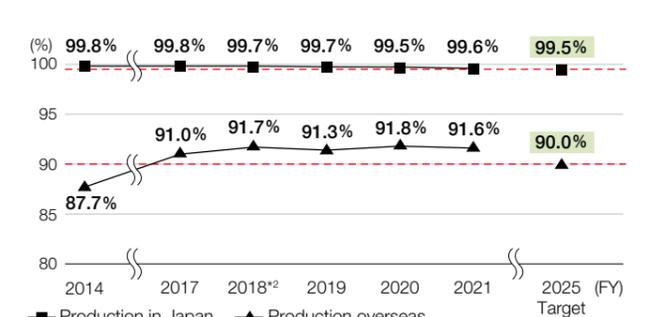
Trends in Reduction Ratio of Energy Use per Unit of Production*1



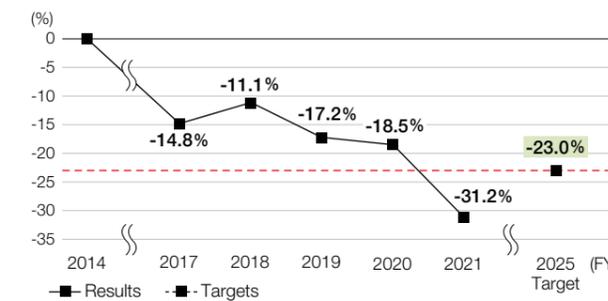
Trends in Reduction Ratio of Waste Discharge per Unit of Production*1



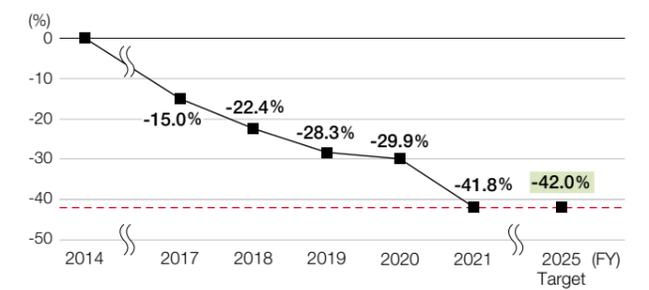
Trends in Recycling Ratio*1



Trends in Reduction Ratio of Water Consumption per Unit of Production*1



Trends in Reduction Ratio of VOC Emissions per Unit of Production*1



*1 The environmental loads and production amount of the acquired company are added retroactively to the base year (FY2014), and the same data of the sold company is deducted retroactively to FY2014.
 *2 The values for FY2018 and FY2019 were corrected to improve accuracy.

Results for Medium-Term Environmental Conservation Targets 2025 in the Product Sector

Target for FY2025	Result
<ul style="list-style-type: none"> Development of industrial diesel engines that comply with the latest emissions regulations (Stage V), and launch onto the market of products with such engines Launch the vehicles that comply with the latest emissions regulations onto the market 	<p>Kubota launched the following products equipped with the engines that comply with the emissions regulations.</p> <p>Examples of Products Launched onto Markets in 2021</p> <ul style="list-style-type: none"> Agri Robo Combine Harvester WRH1200A2 Conforming to Japan Regulations on Emissions from Non-Road Special Motor Vehicles (75 kW and above, lower than 130 kW, Regulation 2014) Tractor M6002 series M6-142 (Europe) Conforming to European Union Regulations (56 kW and above, lower than 130 kW, Stage V)
	 

As an “Eco-First Company”

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an “Eco-First Company” due to its commitment to environmental conservation.

In December 2021, we made the “Eco-First Commitment” pledge based on the Medium-Term Targets for 2025, the Long-Term Targets for 2030 and the Environmental Vision for 2050. We have renewed the “Eco-First Commitment” for the following 5 items and been recertified.

- Initiatives for building a decarbonized society
- Initiatives for creating recycling-based society
- Reduction of impact on the atmospheric environment
- Development of environmental products
- Conservation of biodiversity

* The Eco-First Program is designed to promote further action on environmental conservation among industry leading companies. Companies make a commitment to the Minister of the Environment to conduct environmental conservation initiatives such as global warming prevention measures, and if their targets and initiatives to achieve them are deemed to be among the leading companies in their industry, they are certified as “Eco-First Companies” (Established by the Ministry of the Environment in April 2008).



Eco-First Mark

ECO FIRST
ECO FIRST Commitment (Updated)
 Our initiatives as a leading company in environmental conservation
 December 27th, 2021
 Mr. Tsuyoshi Yamaguchi
 Minister of the Environment

The Kubota Group wishes to become more valuable company that contributes to the improvement of social development and the global environment in the field of food, water, and the environment. We place the greatest importance on environmental conservation regarding our CSR management and continue the following efforts.

- 1. We will focus our efforts on building a decarbonized society.**
 - (1) The Kubota Group has a target, of controlling greenhouse gas emissions and net saving in 2050 throughout the value chains. In addition, the Kubota Group will disclose information on our efforts to reduce greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) throughout the value chains.
 - (2) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing CO₂ emissions per production money amount by 25% or more compared to the base year 2014.
 - (3) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing energy consumption per production money amount by 18% or more compared to the base year 2014.
 - (4) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of increasing the recyclable energy availability of electric consumption to 1% or more.
 - (5) The Kubota Group in Japan has a long-term target, for 2050, of reducing CO₂ emissions from the business sites by 30% compared to the base year 2014.
 - (6) To achieve the above targets, the Kubota Group fully utilizes available cutting edge technologies as follows: improve the efficiency of facilities such as production equipment, HVAC, and lighting devices; replace fuel for production equipment; improve the insulation efficiency of buildings and facilities; visualize energy and reduce unnecessary use of energy; recover waste heat; and use photovoltaic power generation and green electricity.
 - (7) The Kubota Group will quantitatively identify the reduction effect of greenhouse gas emissions and actively provide the information on the reduction effects to clients in Japan and other countries to enlighten them in order to promote the reduction of greenhouse gas emissions through the dissemination of decarbonized products, services and technologies. We will improve the working fuel efficiency of agricultural and construction machinery, and promote smart agriculture by using robots and AI. We will also pursue research and development for decarbonization of power, such as electrification, hybridization and fuel cell application.
 - (8) The Kubota Group supports the TCFD recommendations and actively discloses information related to climate change.
- 2. We will work towards recycling-based society in a positive manner.**
 - (1) Production plants of the Kubota Group in Japan and other countries will promote the “3R (Reduce, Reuse, Recycle) of Waste” by reducing the amount of slag generated and concentrating waste liquid to achieve the target, for 2025, of reducing the waste discharge per production money amount by 33% or more compared to the base year 2014. We will have a target, for 2025, of reducing the hazardous waste* discharge per production money amount by 3% or more compared to the base year 2019.
 - * Hazardous waste refers to specially controlled industrial waste in Japan and hazardous waste specified by the laws and regulations of the country or region overseas.
 - (2) The Kubota Group will promote the recycling of wastes and achieve 99.5% or more recycling ratio* of wastes generated by production plants in Japan and 90% or more in overseas production plants in 2025.
 - * Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.
 - (3) Production plants of the Kubota Group in Japan and other countries will promote the “3R (Reduce, Reuse, Recycle) of Water” to achieve the target, for 2025, of reducing the water consumption per production money amount by 23% or more compared to the base year 2014.
 - (4) We will work on the following 3 points to promote the effective use of resources.
 - 1) Reduce disposable plastics at business sites
 - 2) Work with our suppliers to conserve packaging resources and make them returnable
 - 3) Implement paperless operation by individual employees and promotion of computerization at business sites
 - (5) In order to collect the scattered garbage that causes marine plastic pollution, we will conduct beautification activities on the roads around the production plants of the Kubota Group in Japan at least once a year.
 - (6) The Kubota Group will make efforts to effectively use resources and reduce waste through the business value chains in order to control plastic emissions. For example, we will promote the elimination of single-use plastics at the cafeteria in the business sites and to label the materials used in our products.
- 3. We will work toward reducing emissions into the atmosphere.**
 - (1) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing the amount of VOCs* emission per production money amount by 42% or more compared to the base year 2014.
 - * VOCs comprise the six VOCs that are most prevalent in emissions from the Kubota Group, namely xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene.
 - (2) Production plants of the Kubota Group in Japan and other countries will take necessary measures to control the emission or spread of VOCs from our business activities.
- 4. We will develop highly environmentally friendly products.**
 - (1) The Kubota Group will improve environmental performances in the product development phase and reduce environmental impacts throughout the life cycle of products. We will increase the sales ratio of Eco-Products certified products* to 70% or more in 2025. In addition, we will increase the sales ratio of Eco-Products certified products* to 80% in 2030. We also aim to put all new products which are certified as Eco-Products on the market in 2030 and later.
 - * We quantitatively identify the effect of saving energy consumption by supplying low-carbon products and services. We will actively provide the information to our clients.
 - * The sales ratio of the products which have fulfilled the internal requirements in our own Eco-Products Certification System
 Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (including construction work, services, software, parts and accessories) × 100
 - (2) The Kubota Group will maintain the usage ratio of recycled materials* among casting products and their parts as more than 70%.
 - * Usage ratio of recycled materials (%) = materials used in the cast metal products and parts (dustle iron pipes, fittings, machine cast products, engine cranks, etc.)
 - (3) We will display the materials for new parts and provide material information.
 - (4) The Kubota Group will develop industrial diesel engines that comply with the latest emission regulations of Japan, the US and Europe and put on the market of the engine-based products*.
 - * Targeting the tractors and combine harvesters (output range: 56 kWSP-560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage V) level, shipped to Europe, North America, Japan, and Korea.
- 5. We will promote activities friendly to the natural environment and biodiversity.**
 - (1) Based on our activity guideline on the conservation of biodiversity, the Kubota Group will appropriately manage environmental impacts and risks accompanying business activities. Also, we will promote the protection of natural environment by greening our establishments and creating biotopes.
 - (2) We will promote conservation of the local natural environment and biodiversity as social contribution.

The Kubota Group will monitor the progress of the above initiatives, report the results to the Ministry of the Environment, and publish annually the results in our Integrated Report and so on.

Yuichi Kitao
 Representative Director and President
 Kubota Corporation

For Earth, For Life

Eco-First Commitment of the Kubota Group

See here for details on Eco-First Company certification
www.kubota.com/sustainability/environment/ecofirst/

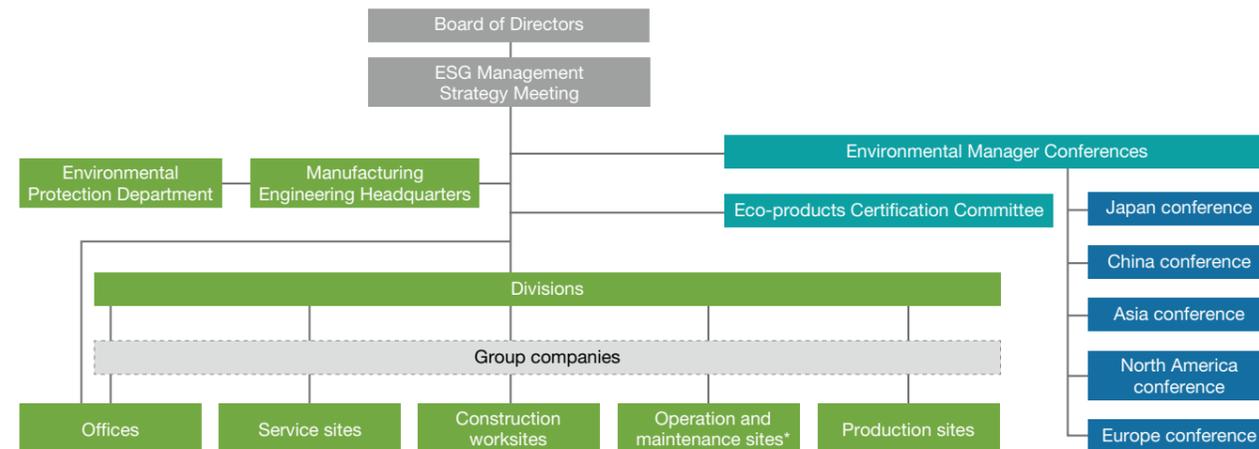
Environmental Management Promotion System

As a consequence of economic development, numerous environmental problems are occurring all around us, for example, climate change, water risks, and marine plastic waste. As initiatives for transitioning to a decarbonized society and a circular economy gain momentum around the world, corporations are expected to do their part in helping to solve such environmental issues.

While anticipating changes in society, corporations must formulate strategies for determining the course of action for environmental management so that targets can be achieved. The implementation of a PDCA cycle on a global scale is also essential. Going forward, the Kubota Group will continue to strengthen the framework that underpins our environmental management of contributing to the development of society and conservation of the global environment.

Organization Structure

In 2014, the Environmental Management Strategy Committee was established to take a more strategic and innovative approach to environmental management by management-led promotion. In 2021, the ESG Management Strategy Meeting was launched to strengthen management strategies from an ESG perspective, including environmental considerations. In addition, Environmental Manager Conferences are held for each region—Japan, China, Asia, North America and Europe—to globally advance environmental management across the Kubota Group.



* Sites engaged in the business of operation or maintenance of environmental plants

ESG Management Strategy Meeting

The ESG Management Strategy Meeting is held four times a year, in principle, to provide an opportunity for management to discuss the Kubota Group’s issues and response strategies from an ESG perspective. The discussion covers the medium- and long-term direction of the Kubota Group’s environmental management, such as medium- and long-term targets and key measures in light of global environmental issues such as climate change and the business environment, and the meeting determines priority items and plans. Environmental issues were discussed on three occasions in 2021 at meetings in May, June, and November.

The results of the committee meetings are reported to the Board of Directors and the Executive Officers’ Meeting, and are distributed throughout the Group. It also promotes management based on the plan-do-check-action (PDCA) cycle by assessing and analyzing the progress of the entire Group’s environmental conservation activities and reflecting the results when formulating new plans and policies. We will continue to promote effective environmental management led by members at the management level.



ESG Management Strategy Meeting

Please refer to page 151 (Corporate Governance) for the ESG Management Strategy Meeting

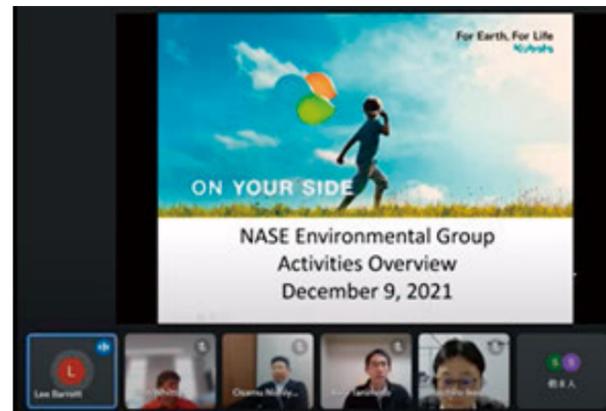
Environmental Manager Conferences

The Kubota Group holds Environmental Manager Conferences for each region aimed at strengthening the environment management system and reducing environmental loads and environmental risks on a global basis.

To realize the Environmental Vision, it will become necessary to accelerate the further reduction of environmental impacts globally. Moreover, as production has increased in overseas areas, it is necessary to thoroughly implement environmental risk reduction measures. We revised the method of holding the conferences, which were held every second year up until 2019, making use of the online format to stimulate sharing of information such as policies and exchanges of examples within regions. In 2021, we held conferences for the regions of China, Asia, North America, Europe, and Japan. Local company presidents, environmental managers, and staff members participated in the overseas conferences, while the Japan conference brought together environmental managers and staff members from 24 sites across Japan, including Group companies. The focus of the conferences was on communicating the Kubota Group's policies and initiatives, as well as sharing progress on the Medium-Term Environmental Conservation Targets. Participants also presented case studies on mainly energy-saving measures and environment risk countermeasures.

As for conferences held in overseas regions, since 2017 the Kubota Group has encouraged local business sites to host their own conferences in order to efficiently promote governance, strengthen collaboration, and raise the level of activities within their own region. A conference of five companies in Thailand was launched in December 2017, another with three companies in China's Jiangsu Province in December 2018, and another with six companies in North America in August 2019. Each of these conferences is addressing regional-specific topics by setting targets, regularly inspecting each other's plants, strengthening legal and regulatory compliance, and sharing good practices.

The Group will continue to work diligently to further raise its level of environmental conservation activities across the entire Group by drawing on the contributions of the Environmental Manager Conferences.



North America Conference held online



Japan Conference Kubota Head Office Hanshin Office (Held on February 3, 2020)
Held online in 2021

Please refer to page 72 (Environmental Management) for information about business operations based on our environmental management system.

Mitigating and Adapting to Climate Change

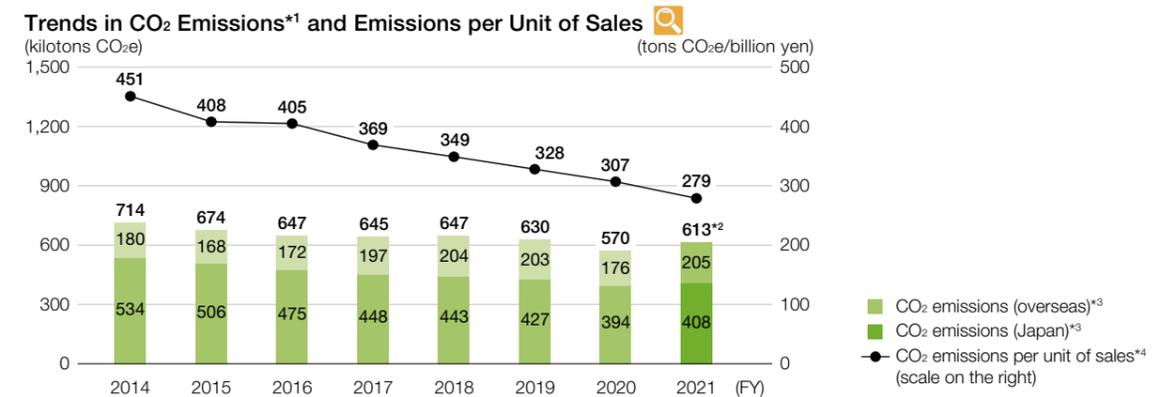
The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) states that “it is unequivocal that human influence has warmed the atmosphere, ocean and land,” and that “widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred.” Moreover, a new phase of the Paris Agreement—an international framework—kicked off in 2020. With countries declaring their intentions to achieve net-zero CO₂ emissions and carbon neutrality, the movement driving society's transition to a decarbonized society is gaining momentum, which certainly indicates that the initiatives of individual companies to reduce greenhouse gases are growing increasingly important.

The Kubota Group sees “Mitigating and Adapting to Climate Change” as one of its materiality and is committed to the challenge of achieving carbon neutrality by 2050. It has been advancing initiatives toward the “mitigation” of climate change by reducing greenhouse gas emissions mainly through energy-saving activities and the introduction of renewable energy sources and “adaptation” to be prepared for the impact of climate change.

Mitigation of Climate Change

CO₂ Emissions (Scope 1 and Scope 2)

In FY2021, CO₂ emissions were 613 kilotons CO₂e, an increase of 7.5% compared to the previous year. On the other hand, CO₂ emissions per unit of sales improved by 9.3% compared to the previous year. CO₂ emissions declined in FY2020 due to the impact of the COVID-19 pandemic, but rose in FY2021 as production ramped up at machinery- and casting-related sites while new sites began full-scale operations. CO₂ emissions per unit of sales improved as a result of not only an increase in consolidated net sales (up 18.5% from the prior year), but efforts to lower CO₂ emissions by promoting reduction measures, such as the adoption of renewable energy, switching to LEDs, promoting ways to save energy, and the installation of energy-efficient equipment.



*¹ The CO₂ emissions for the acquired or sold company have been retroactively adjusted before the acquisition or sale. The adjusted values are: 734 kilotons CO₂e in FY2014, 694 kilotons CO₂e in FY2015, 654 kilotons CO₂e in FY2016, and 643 kilotons CO₂e in FY2017.

*² CO₂ emissions (613 kilotons CO₂e) include portions of CO₂ that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (17 kilotons CO₂e).

*³ CO₂ emissions refer to Scope 1 and 2 emissions from all Kubota Group sites (100%) and include greenhouse gases from non-energy sources.

*⁴ CO₂ emissions per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.

Measures to Reduce CO₂ Emissions

The Kubota Group has established the Medium- and Long-Term Environmental Conservation Targets (p.31-34) and is devoting efforts to reducing CO₂ emissions and energy use associated with its business activities.

We have also established medium-term reduction measure implementation plans, which are reviewed every year by each production site. When we review the plans, we have introduced Internal Carbon Pricing* to calculate their effect on reducing CO₂ emissions and energy consumption, as well as the investment cost for the amount of CO₂ reduced, in the capital expenditure plans. The effectiveness and economical rationality of each project are identified from an environmental standpoint and used as information for making investment decisions.

We have implemented some of the specific reduction measures that include eliminating loss in energy consumption through a switch to equipment with higher energy efficiency and proper operation management, and promoting the visualization of power consumption in each process. At the same time, we have expanded the use of LED lighting at all our global sites—as of end-FY2021 the ratio of LEDs as a percentage of all lights at production sites had increased to 90.0%. In FY2021, we worked on energy saving measures for compressed air as well.

We are also accelerating the introduction of renewable energy. In FY2021, new solar power generation systems came online at Siam Kubota Corporation Co., Ltd. (Thailand) and Kubota Engine (WUXI) Co., Ltd. (China). This brought the renewable energy consumption of the entire Group to 11,428 MWh (roughly equivalent to a 5,449-ton reduction in CO₂ emissions). The ratio of renewable energy usage came to 1.5%, outstripping the 2025 target of 1.0% or more.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for CO₂ reduction, global production sites achieved a reduction of 4.8 kilotons CO₂e in FY2021 compared with the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 180 million yen compared to the previous year. CO₂ emissions per unit of production in FY2021 improved by 30.0% compared to the base year (FY2014).

We will continue to implement measures to save energy on production equipment and air-conditioning/lighting, as well as promote measures to reduce waste and loss in the use of energy based on the concept of the Kubota Production System (KPS) and expand the use of renewable energy.

* Refers to the placing of an internal monetary value on carbon by an organization

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).



Kubota Engine (WUXI) Co., Ltd. (China) installed solar panels capable of generating 600 kW at its plant premises. Power generation commenced in September 2021 and the amount generated annually will correspond to 20% of all electricity used.

Practice Report

Upgrading Production Lines and Installing Electric Furnaces with a View to Decarbonization

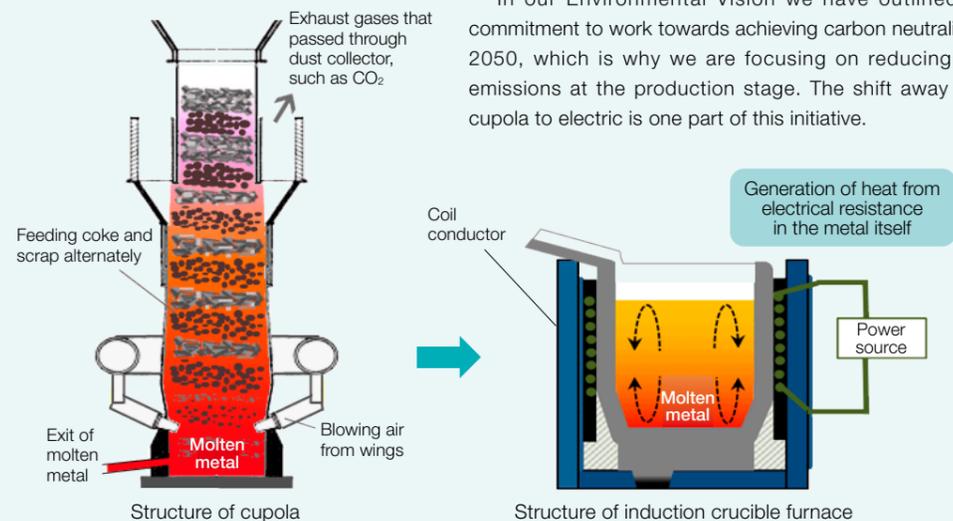
At the Kubota Hanshin Plant, the feedstock melting equipment used to manufacture cast iron pipes for water supply systems and other applications will be upgraded through to the end of 2023. The plant currently uses a cupola melting furnace that requires coal-derived coke as a fuel source, one of the major sources of CO₂ emissions. By replacing a cupola furnace with three electric furnaces, we aim to decarbonize the plant's operations. The introduction of electric furnaces is expected to reduce the plant's CO₂ emissions by around 15,000 tons annually.

One advantage of the cupola furnace is that it can continuously melt large volumes of metal into liquid. On the other hand, the disadvantages include an extremely complex furnace operation method that requires expertise, the need for large equipment such as a heat exchanger and dust collector, considerable upfront costs, and a negative environmental impact from significant volumes of dust waste and CO₂ emissions.

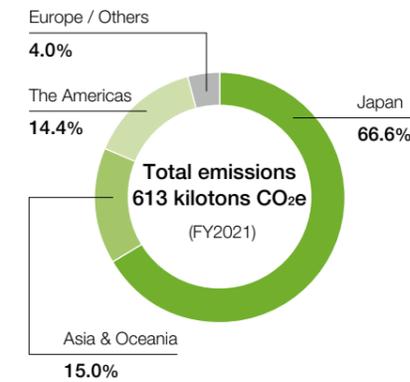
The electric furnaces slated for installation are high-frequency induction crucible furnaces used for melting cast iron. When an alternating current flows through a coil, it creates a magnetic field inside the crucible and the current runs through the metal as a result of electromagnetic induction. The metal then heats up because of electrical resistance in the metal itself. A familiar example of this process would be induction cooktops, which make use of the same principle to heat up metal pots and pans by way of electromagnetic induction. Industrial electric furnaces leverage this same principle, but on a much larger and sturdier scale. The furnaces slated for installation at the Hanshin Plant have a rated melting capacity of 15 tons for cast iron and a rated temperature of 1,500°C.

Compared to the cupola, an electric furnace is best suited to small-lot, high-mix production, and offers such advantages as low running costs and minimal energy consumption.

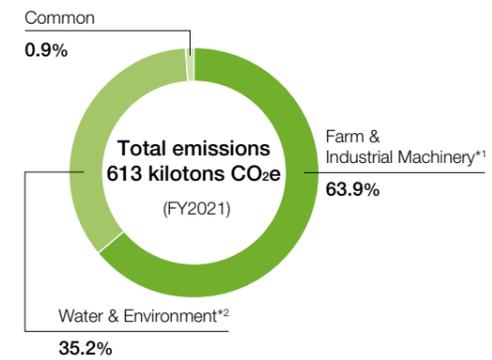
In our Environmental Vision we have outlined our commitment to work towards achieving carbon neutrality by 2050, which is why we are focusing on reducing CO₂ emissions at the production stage. The shift away from cupola to electric is one part of this initiative.



CO₂ Emissions by Region

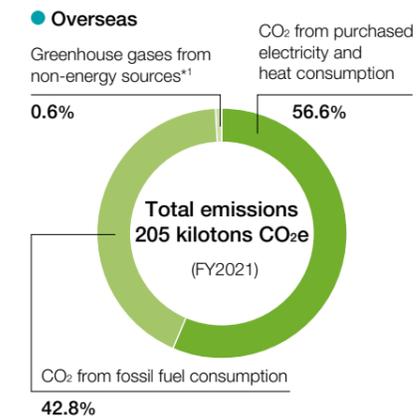
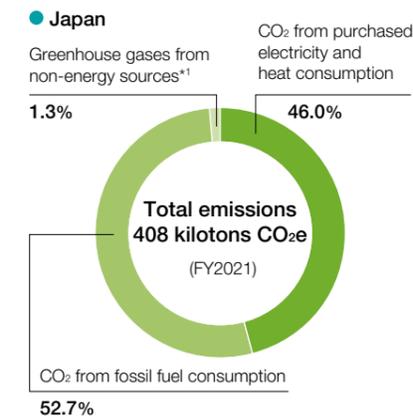


CO₂ Emissions by Business



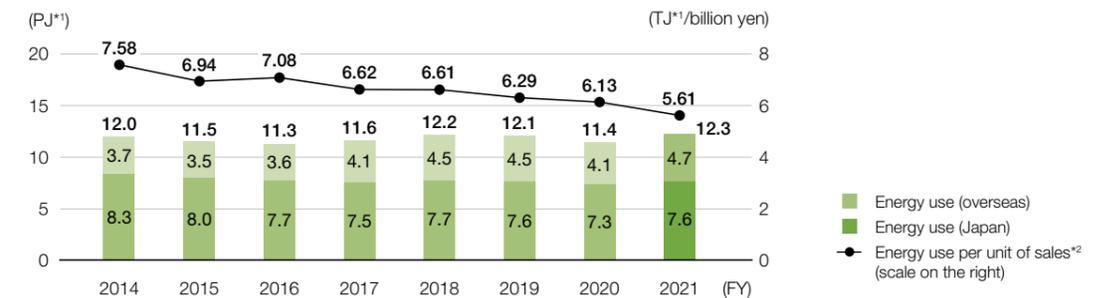
*1 CO₂ emissions generated from the production of products such as agricultural machinery, construction machinery, and engines.
*2 CO₂ emissions generated from the production of products such as ductile iron pipes and cast steel.

CO₂ Emissions by Emission Source



*1 Greenhouse gases from non-energy sources include the following: CO₂ 4.4 kilotons CO₂e, CH₄ 0.9 kilotons CO₂e, N₂O 0.4 kilotons CO₂e, HFC 0.6 kilotons CO₂e, PFC 0 kilotons CO₂e, SF₆ 0.003 kilotons CO₂e, and NF₃ 0 kilotons CO₂e

Trends in Energy Use at Business Sites and Energy Use per Unit of Sales



*1 PJ = 10¹⁵J, TJ = 10¹²J

*2 Energy use per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

CO₂ Emissions throughout the Value Chain

The Kubota Group makes concerted efforts to figure out CO₂ emissions throughout the value chain in addition to its business sites. Following guidelines*, we calculate Scope 3 CO₂ emissions, and continue to expand the categories in the Scope of its calculation of CO₂ emissions.

* Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry

CO₂ Emissions in Each Stage of Value Chain

Classification		Scope of calculation	CO ₂ emissions (kilotons CO ₂ e) ^{*4}				
			2019	2020	2021		
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1) ^{*1}	Use of fossil fuels	303	285	303		
		Non-energy-derived greenhouse gas emissions	7	6	6		
	Indirect emissions (Scope 2) ^{*1}	Purchased electricity and heat use	320	279	304		
Upstream and Downstream emissions	Other indirect emissions (Scope 3)	Category	1	Resource extraction, manufacturing and transportation related to purchased goods/services	2,446	2,322	2,982
			2	Manufacturing and transportation of capital goods such as purchased equipment	290	292	406
			3	Resource extraction, manufacturing and transportation related to purchased fuels/energy ^{*2}	27	105	112
			4	Upstream transportation and distribution ^{*3}	184	199	285
			5	Disposal of wastes discharged from business sites	26	28	31
			6	Employee business travels	10	11	11
			7	Employee commuting	6	10	10
			8	Operation of assets leased to the Kubota Group	Not applicable ^{*5}	Not applicable ^{*5}	Not applicable ^{*5}
			9	Downstream transportation and distribution ^{*3}	0	0	0
			10	Processing of intermediate products	320	90 ^{*6}	117
			11	Use of sold products	21,176	20,590	26,383
			12	End-of-life treatment of sold products	42	41	52
			13	Operation of assets leased to other entities	Not applicable ^{*5}	Not applicable ^{*5}	Not applicable ^{*5}
			14	Operation of franchises	Not applicable ^{*5}	Not applicable ^{*5}	Not applicable ^{*5}
			15	Investments	Not applicable ^{*5}	Not applicable ^{*5}	Not applicable ^{*5}
Total of Scope 3			24,526	23,687	30,388		
Total of Scopes 1, 2, and 3			25,156	24,256	31,001		

^{*1} CO₂ emissions refers to emissions from all Kubota Group sites (100%).

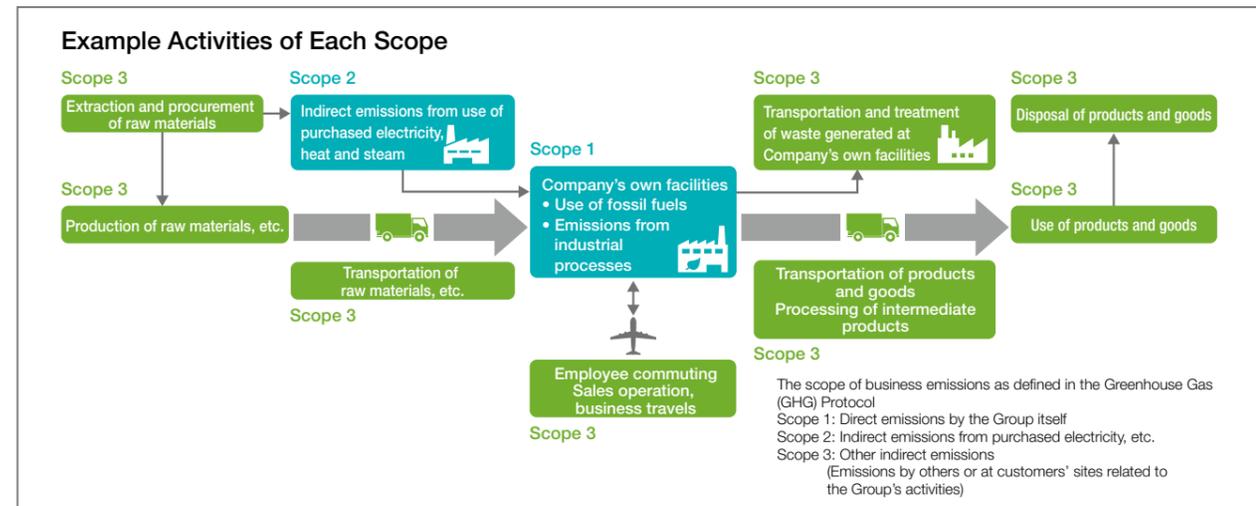
^{*2} From FY2020, fuel is included along with purchased electricity in the scope of calculation.

^{*3} Some CO₂ emissions pertaining to transportation and distribution included in Category 9 were moved to Category 4 to improve accuracy. This change has been retroactively applied to prior years.

^{*4} Totals shown may differ from the simple sum of values shown due to rounding.

^{*5} CO₂ emissions shown as "not applicable" correspond to zero.

^{*6} The calculation of CO₂ emissions pertaining to the processing of intermediate goods in FY2020 was revised to improve accuracy.



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Adaptation to Climate Change

Measures to Adapt to Climate Change

It is likely that the progression of climate change will have a negative impact on our lives. For example, the frequent occurrence of weather disasters, changes in agricultural practices, and an increase in the number of heat stroke cases. Our response to climate change needs to include ongoing measures aimed at reducing greenhouse gas emissions, as well as policies for avoiding or reducing damage brought on by climate change.

As part of its strategy to adapt to climate change, the Kubota Group is implementing a number of initiatives at its business sites and in its products and services.

Initiatives on Products and Services

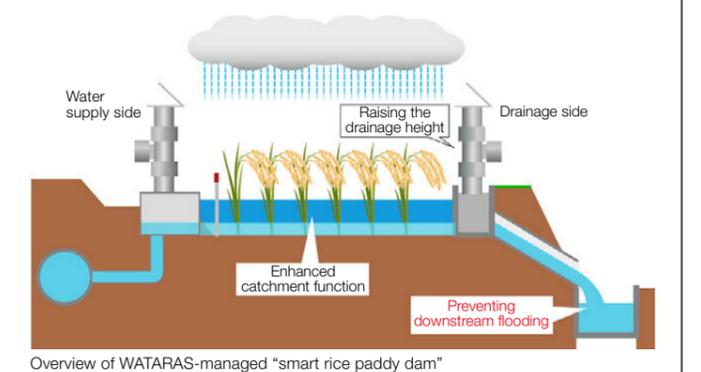
Category	Major initiatives
Food	<ul style="list-style-type: none"> Provision of tractors that are capable of deep plowing necessary for growing rice in abnormally high temperatures without lowering the quality/yield, and the provision of information useful for soil cultivation, such as the proper distribution of fertilizers appropriate for high-temperature conditions Provision of the Kubota Smart Agri System (KSAS), which uses ICT and robot technology, and high-performance machinery that lightens the workload in fields such as agriculture, where workers often labor in scorching heat Provision of information for farmers on changes in temperature, precipitation, and the amount of solar radiation, as well as the impact thereof on crops
Water	Flooding <ul style="list-style-type: none"> As a measure for floods or other disasters caused by abnormal climate, provision of disaster-relief pumper vehicles, ultra-light, emergency sump pump units, rainwater storage and filtration products, and piping systems for manhole toilets, and so on Provision of ductile iron pipes with tough tube body and excellent joint performance, which are highly effective during disasters such as typhoons and torrential rainfall
	Drought <ul style="list-style-type: none"> To address water shortage, the provision of management systems using IoT, which contribute to the efficient operation of water supply and sewage treatment systems and treatment plants Provision of tank-submerged-type ceramic membrane filtering equipment and submerged membranes that purify wastewater for reuse
	Management systems <ul style="list-style-type: none"> Provision of the Kubota Smart Infrastructure System (KSIS) that leverages IoT technology to manage a variety of facilities, from dams to drainage locations, using weather information in collaboration with the NTT Group Provision of the WATARAS farm water management system that allows accurate water management for remote rice paddies
Living environment	<ul style="list-style-type: none"> Provision of diesel engines for use as generators for emergency power supply during disasters and power outages Provision of construction machinery to contribute to disaster prevention, as well as recovery and reconstruction Provision of highly efficient air-conditioning equipment that creates a clean and comfortable indoor environment, even amid abnormal weather conditions

Provision of Farm Water Management System WATARAS

WATARAS is a farm water management system that allows users to remotely and automatically control water flowing in and out of rice paddies while monitoring water levels on a smartphone or PC.

So-called "smart rice paddy dam" demonstrations are underway in which rice paddies are temporarily filled with rainwater by using the KSIS to centrally operate the WATARAS in order to drain the paddies before raising their drainage level settings when rivers are expected to flood during heavy rainfall. These "rice paddy dams" have the potential to help prevent flooding.

agriculture.kubota.co.jp/product/kanren/wataras/
(only in Japanese)



Initiatives taken at Business Sites

Typhoons and pouring rain can affect production equipment and distribution. We have formulated BCP measures and disaster response manuals and we continue to take steps to prevent any holdups or delays in business activity even during weather disasters. Alongside seismic retrofitting, our BCP measures include steps taken to minimize the impact of torrential downpours on buildings and the protection of power supply equipment from flooding. To be prepared for high tides and torrential rain, the sites have also installed sump pumps, hold emergency drills, and are equipped with water tanks for use during water shortages.

Disclosure in Accordance with the TCFD Recommendations

The Kubota Group expressed its support for the TCFD* recommendations in January 2020.

* The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB).



TCFD Recommendations

The various risks and opportunities arising from climate change could have a significant impact on companies' financial statuses. The TCFD recommendations released in 2017 present a framework for corporations to disclose climate-related information to the financial markets. They recommend disclosure of information about the status of the company's response to climate change, which could have a damaging effect on stabilization of financial systems, and about the impact on business and so forth. The recommendations call for companies to autonomously ascertain and disclose information related to Governance, Strategy, Risk Management, and Metrics and Targets, such as the financial impact of risks and opportunities engendered by climate change and the status of the company's response. Also, the TCFD recommendations were partially revised in October 2021 to the effect that companies committed to reducing greenhouse gas emissions are now required to explain their plans for transitioning to a low-carbon economy. The Kubota Group will continue to examine how we can tackle climate change and make every effort to expand the information it discloses.

The status of the Group's disclosures related to the TCFD recommendations is as follows.

Disclosure Items in the TCFD Recommendations	Relevant Section	Page
Governance		
a. Describe the board's oversight of climate-related risks and opportunities.	Environmental Management Promotion System, Corporate Governance Structure	P36 P151
b. Describe management's role in assessing and managing risks and opportunities.	Environmental Management Promotion System	P36
Strategy		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Management Approach — Materiality in Environmental Management — Risks and Opportunities	P23 P24
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Environmental Management Approach — Risks and Opportunities — Key Measures	P24 P25
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental Vision, Mitigating and Adapting to Climate Change, Expanding Environment-friendly Products and Services	P26 P38 P64
Risk Management		
a. Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Management Approach — Materiality in Environmental Management	P23
b. Describe the organization's processes for managing climate-related risks.	Environmental Management Approach — Materiality in Environmental Management, Environmental Management Promotion System, Expanding Environment-friendly Products and Services, Internal Control—Internal Control System, Internal Control—Internal Control System Operation Activities (Risk Management Activities)	P23 P36 P64 P161 P161
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Environmental Management Promotion System, Corporate Governance Structure, Internal Control—Internal Control System	P36 P151 P161
Metrics and Targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Medium- and Long-Term Environmental Conservation Targets and Results, Mitigating and Adapting to Climate Change — Measures to Reduce CO ₂ Emissions, Review of the Remuneration Plan	P31 P38 P158
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Mitigating and Adapting to Climate Change — CO ₂ Emissions throughout the Value Chain, Environmental Data	P41 P81
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Medium- and Long-Term Environmental Conservation Targets and Results	P31

Governance

In 2014 the Kubota Group established the Environmental Management Strategy Committee to deliberate on medium- and long-term targets and key measures relating to environmental conservation, as well as an environmental vision, in light of climate change and other global environmental problems and the Group's business environment. In 2021, with the objective of realizing a style of ESG management unique to Kubota, that committee was renamed the ESG Management Strategy Meeting to engage in discussion of ESG-related issues on a Group-wide basis. In addition, Environmental Manager Conferences are held in each of five regions—Japan, China, Asia, North America, and Europe—to promote environmental management of the entire Group globally.

The ESG Management Strategy Meeting is chaired by the president & representative director and attended by all inside directors, directors in charge of business divisions, the director in charge of finance, the director in charge of human resources, the director in charge of R&D, the director in charge of manufacturing, the director in charge of environmental management, and the general manager of the Corporate Planning & Control Department. The meetings discuss the Group's environmental management, such as medium- and long-term targets and key measures in light of global environmental issues such as climate change and the business environment. They determine priority items and plans that should be carried out in order to reduce environmental loads and risks, and to enhance the lineup of environment-friendly products. The results of the meetings are reported to the Board of Directors and the Executive Officers' Meeting, and are distributed throughout the Group. It also promotes management based on the plan-do-check-action (PDCA) cycle by assessing and analyzing the progress of the entire Group's environmental conservation activities and reflecting the results when formulating new plans and policies. The ESG Management Strategy Meeting was convened four times in FY2021 and deliberated on environmental management issues on three of those occasions.

At the Environmental Manager Conferences, the Kubota Group policy and promotion items are communicated and the status of progress on medium-term environmental conservation targets is shared, along with case studies of energy-conservation measures, environmental risk countermeasures, and so forth. The conferences discuss matters such as how to solve issues related to environmental conservation activities in each region.

Moreover, the Group has set out environmental conservation targets taking medium-term (five-year activity period) and long-term (15-year activity period) perspectives, based on social trends and regulations in each country related to the environmental issues. Medium-term environmental conservation targets are revised every five years. Medium-term plans are made individually by each site for global production sites. The Environmental Protection Department checks the status of progress on targets twice a year. In the same way, medium- to long-term targets for the sales ratio of products certified as Eco-Products are set and the department checks the status of progress once a year. The details and progress of the plans are also reported to the Executive Officers' Meeting.

Initiatives to Date

Since announcing our support of the TCFD recommendations, we have discussed the items in the chart to the right related to tackling climate change within the framework of our corporate governance structure. We will continue to ramp up our climate change initiatives as we push ahead with environmental management on a global scale.

2020	2021	2022 (as of June)
<ul style="list-style-type: none"> Supporting the recommendations of the TCFD Examining scenario analysis results before formulating an environmental vision Formulation of Medium-Term Environmental Conservation Targets 2025 	<ul style="list-style-type: none"> Formulation of the Environmental Vision toward 2050 Launch of the ESG Management Strategy Meeting Examining business domain risk and opportunity analysis results 	<ul style="list-style-type: none"> Revisions to Long-Term Environmental Conservation Targets 2030 Examining the disclosure of business strategies concerning climate change

Related pages "Environmental Management Promotion System" (p.36), "Corporate Governance Structure" (p.151)

Strategy

In 2021, the Group formulated the Environmental Vision, which presents the direction for its business activities from an environmental perspective towards 2050, having made an analysis of future society based on the scenarios for 2°C and 4°C temperature rises by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and others. The Environmental Vision not only lays down the challenge of achieving zero environmental impacts through efforts aimed at reducing CO₂ emissions at our production sites, but also represents our commitment to help solve various social issues in the fields of food, water, and the environment through the provision of environmentally friendly products and solutions and to help bring about a carbon-neutral and resilient society. In order to achieve the Environmental Vision, we need to take into account how our business activities are impacted by regulatory developments, technological advancements, and changes in the market. We also need to focus on the physical changes brought on by the acceleration of climate change. That is why we analyzed and evaluated the impacts of climate change on our business domains in light of the anticipated future changes in the market and business environment with the use of 2°C and 4°C scenarios.

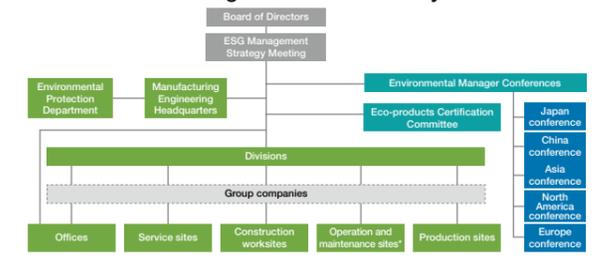
Going forward, we will continue to analyze climate change risks and opportunities under each scenario, examine methods for evaluating the foreseeable impacts on business activities as well as the financial impacts of climate change, and strive to provide even greater information disclosure to the public.

Related page "Environmental Vision" (p.26)

Scenario Analysis

The scenario analysis in the TCFD recommendations will be used to examine the financial impact on business due to highly uncertain climate change problems and the impact on future business strategy. In our scenario analysis of the impacts of climate change, we conducted an assessment of the anticipated impacts on business in the year 2030 with the use of the publicly available 2°C and 4°C scenarios of mainly the IPCC and the IEA based on population increase and economic development projections through 2050.

Environmental Management Promotion System



* Sites engaged in the business of operation or maintenance of environmental plants



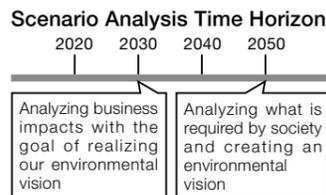
ESG Management Strategy Meeting

2 Scenario Analysis Process

Step 1: Selecting target business fields and climate scenario

For the Environmental Vision we formulated in 2021, we projected what society might look like in 2050 and set goals for contributing to the realization of carbon neutrality within that timeframe. Moreover, in order to construct an image of the environmental businesses thought to be necessary in the future, we conducted an analysis of anticipated business lines in the year 2030. The Kubota Group operates businesses in the areas of food, water, and the environment, but of those three fields, we analyzed our business operations in food (agricultural machinery) and water, the two fields we expect will be impacted significantly by climate change from both a financial (revenue, etc.) and non-financial point of view.

To assess the impacts on our businesses in the year 2030, we selected the 2°C and 4°C scenarios in light of the available scientific evidence.



Item	Assumptions
Target businesses	In the areas of food, water, and the environment, analyzing businesses related to food (agricultural machinery) and water that we expect to be significantly impacted by climate change
Time horizon	Analyzing impacts on business in 2030 taking into account the anticipated changes in around 2050 as a result of climate change
Setting scenario	
Reference scenario	
Transition aspect	2°C scenario: The IEA's Sustainable Development Scenario (SDS)*1, 2 and the FAO's Towards Sustainability Scenario (TSS)*3 4°C scenario: The IEA's Stated Policies Scenario (STEPS)*1, 2 The FAO's Business-as-usual Scenario (BAU)*3
Physical aspect	2°C/4°C scenario: IPCC's Representative Concentration Pathways scenario**4 RCP2.6, RCP8.5

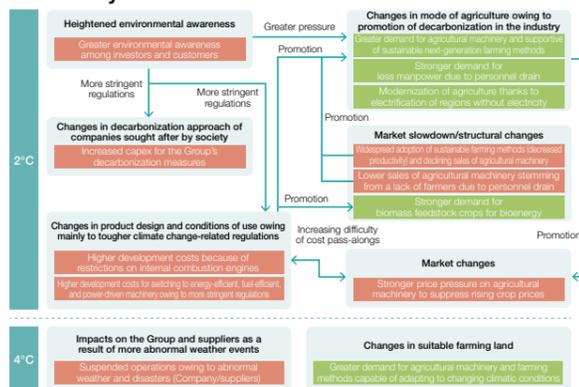
*1 Source: IEA "Energy Technology Perspective 2020" *2 Source: IEA "World Energy Outlook 2020"
*3 Source: FAO "The future of food and agriculture – Alternative pathways to 2050" *4 Source: IPCC "Fifth Assessment Report"

Step 2: Identifying risks and opportunities

By making best use of publicly available documents and data, we picked out the risks and opportunities expected to have an impact on our businesses and conducted an analysis of what the world might look like in 2030 in relation to our agricultural machinery and water-related businesses. Much like the decarbonization of the automotive industry, we expect more stringent regulations to be adopted in the agricultural machinery business in the future and we therefore anticipate that the push for greater diversification of power sources will gain increasing momentum in this field. Given the listing (taxonomy) of sustainable economic activity in Europe and the announcement of strategies geared towards sustainable agriculture in Japan, there is a growing need to curb greenhouse gases derived from agricultural practices. At the same time, we can expect to see demand for next-generation sustainable farming methods and a reduction in greenhouse gases emitted by agricultural machinery designed to operate under such methods. Furthermore, changing weather conditions will likely affect the amount of precipitation and water resources, which in turn will probably transform crop-growing environments, so adapting to these changes will be imperative.

As for the future pertaining to water-related businesses, we expect impacts to materialize in procurement, manufacturing, and other parts of the value chain owing to the decarbonization of production methods and a higher carbon tax for iron, a key raw material in many products. We anticipate increased demand for water in society as a whole due to population increase and economic development, but there are concerns that water quality will deteriorate mainly because of the salification of groundwater caused by rising sea levels and increased turbidity of rivers stemming from torrential rain. All of this likely means that water resources will have to be managed even more rigorously. Also, torrential rain will likely become more frequent and cause greater damage in the middle latitudes, the tropics, and monsoon regions and we expect this phenomena to have a significantly negative impact on people's lives.

The World in 2030 with Respect to the Agricultural Machinery Business

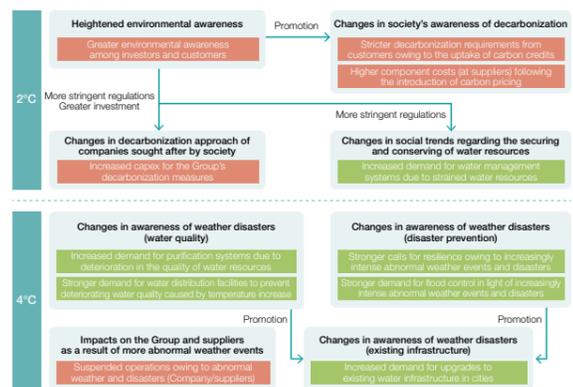


Key: Examples of anticipated risks and opportunities

Step 3: Identification of changes that bear watching

We identified changes in the market and operating environment that bear watching in order to undertake business activities in the future, taking into account the market size and environmental changes brought about by climate change, the importance of businesses and regions impacted, and implications in the value chain.

The World in 2030 with Respect to Water-related Businesses



Step 4: Scenario analysis

For each change that bears watching, we assessed the impacts (risks and opportunities) on business from the perspectives of agricultural machinery and water-related businesses and then formulated strategies to deal with those impacts.

3 Results of Climate Change Scenario Analysis of Each Business Field

<Changes considered in agricultural machinery-related businesses>

Changes considered	Value chain impacts			Scenario	
	Procurement	Direct operations	Products	2°C	4°C
Changes in product design and conditions of use owing mainly to tougher climate change-related regulations		○	○	○	
Changes in mode of agriculture owing to promotion of decarbonization in the industry		○	○	○	
Changes in suitable farming land (changes in demand for agricultural machinery and farming methods)			○		○

<Results of analysis of agricultural machinery-related businesses>

Revenue → Expenses →

Scenario	Summary of scenario analysis results (changes in market and operating environment)	Evaluation results (2030)	Financial impacts (2030)
2°C	Risks [Technologies] Changes in product design and conditions of use owing mainly to tougher climate change-related regulations • Likelihood that controls on fuel-efficiency improvements in internal combustion engines will be further tightened • Japan, the US, and European countries have announced carbon neutrality roadmaps for around 2050 and the transition to electrification and BEVs in the passenger car market in particular is gaining momentum • Likelihood that new regulations will be applied to products that use internal combustion engines, like agricultural and construction machinery and utility vehicles, and that the need to reduce CO ₂ emissions will grow stronger and demand for electrification, fuel cells, hydrogen engines, e-fuel, and other power sources will grow increasingly diversified	<ul style="list-style-type: none"> We need to aggressively pursue R&D of products that offer improved fuel efficiency and can run on various power sources The impact on revenue will be limited because the adoption of carbon-free energy will be partially limited to mainly developed countries and the switch to electric-powered machinery will be confined to applications only for which it is possible 	R&D costs ↑ Revenue →
	Opportunities [Markets] Changes in mode of agriculture owing to promotion of decarbonization in the industry • Crop yields will increase as farming technology advances and the effective use of farming land is further encouraged to mitigate the impacts of climate change • Likelihood that decarbonization in agriculture will continue to gather momentum in developed economies and that the adoption of sustainable farming methods will become more widespread • Likelihood that decarbonization and modernization of agriculture in emerging economies will progress concurrently and give rise to smart farming and farming solutions, which in turn will spur demand for energy-efficient agricultural machinery • Likelihood of stronger demand for carbon-free farming methods, such as non-tilled cropping, that lead to increased carbon storage in the soil	<ul style="list-style-type: none"> We expect higher revenue from products and services that contribute to low- or zero-carbon farming 	Revenue ↑
4°C	Opportunities [Resilience] Changes in suitable farming land (changes in demand for agricultural machinery and farming methods) • Climate change will affect the relocation of suitable farming land and crop production • Likelihood of increased demand for farming solutions and support to transition to new agricultural machinery and farming methods, including smart machinery and precision agriculture • Changes in demand for farming solutions are expected to emerge in wet climate regions, especially North America, Asia, and some parts of Europe	<ul style="list-style-type: none"> We expect higher revenue from products and services that can be adapted to changing weather conditions 	Revenue ↑

Countermeasure strategies

We intend to contribute to the reduction in CO₂ emissions with the use of innovative agricultural machinery.

- Continue to bolster R&D aimed at improving fuel efficiency of engines most likely subject to tighter restrictions up ahead
- Bring to market electric-powered agricultural machinery and expand product lineup
- Accelerate R&D towards the practical application of various power sources, such as synthetic fuels, hybrid motors, total electrification, fuel cells, or hydrogen engines according to the usage environment in each region

We will look to help lower greenhouse gas emissions from farming and support sustainable food production activity.

- Propel R&D in products and services that can be adapted to low- or zero-carbon farming practices and changing weather conditions; for example, recycling of local biomass resources and carbon storage
- Expand and popularize agricultural machinery and services that make smart farming (automated machinery, precision agriculture, etc.) possible so as to contribute to more efficient farming that requires less manpower
- Give tangible shape to farming solutions in regions affected by changing weather conditions
- Expand applications for the following systems that integrate cutting-edge technology with ICT to contribute to greater farming efficiency: Kubota Smart Agri System (KSAS), a system that supports farm operations; Kubota Smart Infrastructure System (KSIS), an IoT solutions system; and WATARAS, Kubota's farm water management system

<Initiatives helping to fight climate change>



Contributing to greater efficiency and labor-saving in agriculture with the Agri Robo tractor
Contributing to lower CO₂ emissions from the operation of agricultural machinery with battery-powered tractors
Compact and electronically controlled fuel-efficient diesel engine
Control screen of the Kubota Smart Agri System (KSAS), which contributes to more efficient farming

<Changes considered in water-related businesses>

Changes considered	Value chain impacts			Scenario	
	Procurement	Direct operations	Products	2°C	4°C
Changes in society's awareness of decarbonization	○	○	○	○	
Changes in social trends regarding the securing and conserving of water resources			○	○	
Changes in society's awareness of weather disasters			○		○

<Results of analysis of water-related businesses>

Scenario	Summary of scenario analysis results (changes in market and operating environment)	Evaluation results (2030)	Financial impacts (2030)	
			Revenue	Expenses
2°C	Risks [Regulations & Technology] Changes in society's awareness of decarbonization • Likelihood of stronger calls for decarbonization across a product's life cycle worldwide, including the introduction of carbon pricing schemes and carbon border adjustment mechanisms • Likelihood of customers demanding low- or zero-carbon manufacturing processes • Likelihood of higher energy prices owing mainly to a society-wide push for the deployment of renewable energy	<ul style="list-style-type: none"> Investment in carbon-free and energy-saving equipment will increase Manufacturing costs will rise, driven by higher energy and raw material prices 	Capital expenditures ↑	Cost of sales ↑
	Opportunities [Markets] Changes in social trends regarding the securing and conserving of water resources • Ongoing population increase and economic development is expected to further drive up demand for water • Likelihood that restrictions will be enforced on the intake and discharge of water for household and industrial use in developed countries and Asia as a preventive measure against stretched water resources and deteriorating water quality owing to the impacts of climate change • Likelihood of increased demand for solutions that resolve water shortages and poor water quality	<ul style="list-style-type: none"> We expect higher revenue from the provision of products and solutions in connection with the development of water and sewage infrastructure 	Revenue ↑	
4°C	Opportunities [Markets] Changes in society's awareness of weather disasters • Climate change is expected to negatively affect people's living environment chiefly because of the more frequent occurrence of typhoons, torrential rain, and other natural disasters, alongside drought and deterioration in water quality • Likelihood of heightened demand for stronger resilience of existing water and sewage infrastructure, upgrades to aging facilities, and improvements in water quality in order to combat increasingly intense natural disasters • Likelihood of growing demand in Japan for water-related products aimed at bolstering national resilience in response to increasingly intense natural disasters as a consequence of climate change	<ul style="list-style-type: none"> We expect higher revenue from the provision of products and solutions in connection with the development of more resilient water infrastructure, disaster response measures, and water quality improvements 	Revenue ↑	

Countermeasure strategies

We intend to contribute to the effective use of water resources.

- Contribute to the development of water and sewage infrastructure to meet increased water demand
- Expand offerings of purification and sewerage treatment products and solutions to help improve water quality

We intend to contribute to the building of water infrastructure that is resilient to weather disasters.

- Expand provision of disaster prevention and disaster response products; for example, ductile iron pipes that can withstand disasters and drainage pump trucks that can meaningfully contribute when disasters occur
- Expand applications for the Kubota Smart Infrastructure System (KSIS) to support water treatment plant operations and the remote monitoring, diagnosis, and control of equipment

We hope to alleviate higher manufacturing costs with energy-saving and CO₂ emission reduction measures.

- Facilitate energy saving and the reduction of CO₂ emissions in manufacturing processes

<Initiatives helping to fight climate change>



Ductile iron pipes make water supply possible even during times of disaster



Submerged membranes can also be used to recycle wastewater



The Kubota Smart Infrastructure System (KSIS) makes facility management and operation more efficient and less reliant on manual labor

<Changes considered that apply to both agricultural machinery and water-related businesses>

Changes considered	Value chain impacts			Scenario	
	Procurement	Direct operations	Products	2°C	4°C
Changes in decarbonization approach of companies sought after by society	○	○		○	
Impacts on the Group and suppliers as a result of more abnormal weather events	○	○		○	○

<Analysis results shared by both agricultural machinery and water-related businesses> Revenue → Expenses →

Scenario	Summary of scenario analysis results (changes in market and operating environment)	Evaluation results (2030)	Financial impacts (2030)
2°C	Risks [Regulations] Changes in decarbonization approach of companies sought after by society • Likelihood that regulations and measures geared towards decarbonization will gather momentum and that the rollout of a carbon tax scheme and impetus for the use of renewable energy will accelerate • Likelihood of higher taxes on fossil fuels and CO ₂ emissions owing to the introduction of a carbon tax • Energy costs and expenses associated with energy-saving measures are expected to rise when governments worldwide enforce stricter energy-saving restrictions	<ul style="list-style-type: none"> Investment in carbon-free and energy-saving equipment will increase 	Capital expenditures ↑
2/4°C	Risks [Physical] Impacts on the Group and suppliers as a result of more abnormal weather events • Likelihood of increasingly intense and more frequent meteorological disasters like torrential downpours and floods • Negative effects on business activities are expected to be felt at the Group's sites and at suppliers • Likelihood that production and sales activities will be affected by delays in procuring raw materials	<ul style="list-style-type: none"> We expect that sales will be dented by the negative impacts of weather disasters like torrential rain, flooding, and high winds on production and procurement 	Revenue ↓

Countermeasure strategies

We intend to contribute to the reduction in CO₂ emissions generated by business activities.

- Promote initiatives aimed at conserving energy use, installing energy-efficient equipment, switching fuels, installing LED lighting, and expanding the use of renewable energy at production sites

We will aim to beef up climate change risk countermeasures at the Group's sites and at suppliers.

- Use hazard maps to identify sites that are at high risk of suffering damage from torrential rain, flooding, and strong winds and systematically push ahead with the reinforcement of buildings and measures to prevent electrical equipment from being inundated by water
- Decentralize the purchasing of parts and materials by diversifying procurement routes
- Construct a manufacturing system that is resilient to weather disasters based on a business continuity plan (BCP)

Related page "Mitigating and Adapting to Climate Change" (p.38)

The statements presented above are summaries of the results of scenario analyses performed in line with the recommendations of the TCFD. Society in 2030 may be entirely different from the results of each scenario analysis.

Risk Management

1 Risk management structure

In FY2014 the Kubota Group set up the Environmental Management Strategy Committee to deliberate on medium- and long-term targets and key measures relating to environmental conservation, as well as the longer-term direction of environmental management, in light of climate change and other global environmental problems and the Group's operating environment. Since FY2021, discussions of environmental issues have been handled by the ESG Management Strategy Meeting, which is chaired by the president. The objective of this meeting is to formulate policies for generating medium- to long-term corporate value from an ESG perspective and examine and evaluate key measures. Also, the outcomes of its discussions are reported to the Board of Directors and Executive Officers' Meeting, when required.

2 Process for identifying risks and opportunities

So that we can identify transition and physical risks and opportunities pertaining to climate change across the entire value chain (including direct operations and upstream and downstream processes), we identify issues of materiality relating to environmental conservation activities, including how we are tackling climate change. We identify risks and opportunities from a near-term, medium-term, and long-term point of view and review them every year. Our materiality identification process is as follows.

- Step 1: Collection and analysis of information, including international policies, third-party assessment indicators, and global trends in the Group's fields of business
- Step 2: ESG Management Strategy Meeting review and discussions with related departments and identification of issues through dialogue with ESG investment institutions
- Step 3: Examination of importance to stakeholders and the Kubota Group and mapping of key issues with a matrix chart
- Step 4: Formulation and steady promotion of key policies after identifying the impacts (risks and opportunities) on important issues

3 Process for addressing and evaluating risks and opportunities

As for our process for addressing and evaluating risks and opportunities, we have set medium- and long-term environmental conservation targets and we continuously manage our progress towards achieving them. When establishing these targets, the ESG Management Strategy Meeting discusses the draft measures on environmental conservation as well as the medium-term (3–5 years) and long-term (5–15 years) targets. Each business site draws up a plan and then the Environmental Protection Department monitors the progress of those plans annually. The ESG Management Strategy Meeting discusses the direction of key policies and medium- and long-term initiatives based on how close the Group is to achieving its targets. Also, to tackle climate change in a way that best reflects the circumstances of each region, the Group organizes Environmental Manager Conferences in the five regions where Kubota has a business presence so that region-specific issues can be assessed and response measures studied.

Related pages "Environmental Management Approach" (p.22), "Environmental Management Promotion System" (p.36), "Corporate Governance Structure" (p.151), "Internal Control" (p.161)

Metrics and Targets

The Kubota Group has set medium- and long-term environmental conservation targets aiming to reduce the risks and expand the opportunities due to climate change and is working to achieve these targets. Furthermore, we collected performance data on CO₂ emissions (Scopes 1 and 2) at the Group's global sites (production and non-production sites) and upstream and downstream CO₂ emissions (Scope 3) and disclose our results for the past years. We have obtained third-party assurance for our major environmental indicators (indicators with ) and we are working to improve our accuracy.

Our Long-Term Environmental Conservation Targets 2030 call for a 50% reduction (vs. 2014) in Scope 1 and 2 emissions at all global business sites. We also aim to achieve carbon neutrality by the year 2050, as outlined in our Environmental Vision. In order to realize that goal, we will continue to find ways to lower our energy consumption at business sites, transition away from fossil fuels primarily by replacing our cupola furnaces with electric furnaces, and ramp up our use of renewable energy.

Looking ahead, we will promote initiatives that lead to solutions for the issues of climate change by promoting environmental conservation activities and expanding our environment-friendly products and services globally.

Climate Change-related Targets and FY2021 Results

	Action item	Metric	Base FY	Target* ²	Result* ²
Long-Term Environmental Conservation Targets 2030	Reduce CO ₂ emissions	CO ₂ emissions for the Kubota Group	2014	▲50%	▲16.5%
	Expand Eco-Products	Sales ratio of Eco-Products	—	80% or more	68.0%
Medium-Term Environmental Conservation Targets 2025	Reduce CO ₂ emissions	CO ₂ emissions per unit of production* ¹	2014	▲25%	▲30.0%
		Ratio of renewable energy usage	—	1% or more	1.5%
	Save energy	Energy consumption per unit of production* ¹	2014	▲18%	▲27.2%
	Expand Eco-Products	Sales ratio of Eco-Products	—	70% or more	68.0%

*1 For global production sites
*2 ▲ indicates a negative figure.

 Related pages "Medium- and Long-Term Environmental Conservation Targets and Results" (p.31), "Mitigating and Adapting to Climate Change" (p.38), "Environmental Data" (p.81)

Working towards a Recycling-based Society

As a result of being a mass-production, mass-consumption, and mass-disposal society, we now face many problems such as the depletion of resources and increasing waste. The increase in plastic waste has led to marine plastic pollution in the world's oceans—now a serious problem for society.

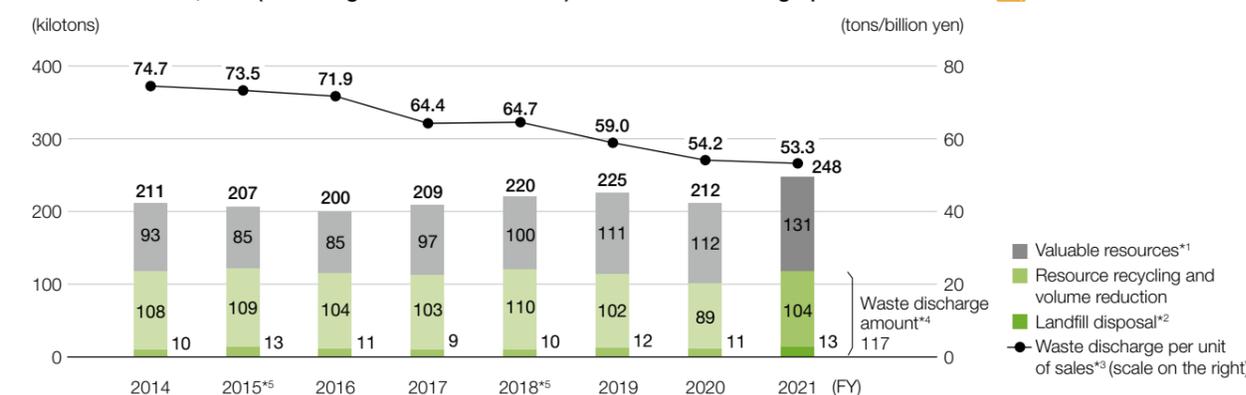
The Kubota Group sees working towards a recycling-based society as one of its materiality, and has been advancing initiatives to promote "reduce" (reducing the amount generated), "reuse" (internal recycling and reuse), and "recycle" (improving the recycling ratio) of waste, in addition to initiatives to promote the effective use of resources and resource saving.

Waste, etc. from Business Sites

In FY2021, the waste discharge amount was 117 kilotons, an increase of 16.6% compared to the previous year. On the other hand, waste discharge per unit of sales improved by 1.7%. The amount of waste discharge decreased in FY2020 due to the impact of the COVID-19 pandemic, but increased in FY2021 as production ramped up at machinery- and casting-related sites while new sites began full-scale operations. Waste discharge per unit of sales improved as consolidated net sales increased (up 18.5% from the previous year) while waste volume was curbed by promoting the conversion of used pallets and iron-containing dust into valuable material.

Of the waste discharge amount in FY2021, the amount of hazardous waste discharge was 6.3 kilotons, up 3.7% from the previous year.

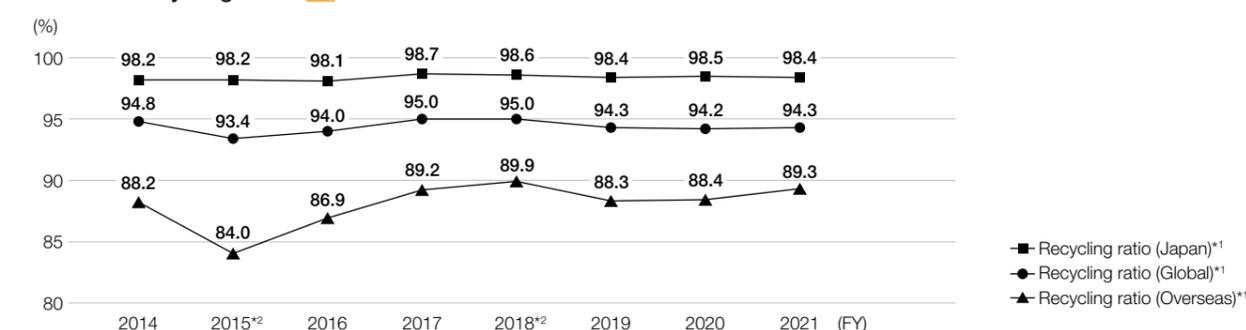
Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



*1 To reduce overall emissions to the outside of the Group, including valuable resources, metal scraps generated at machinery production and related sites are collected for recycling at cast iron production sites within the Group. From FY2019, as a way of evaluating the progress of these activities, calculation standards have been changed so that transfer of valuable resources between business sites within the Group is no longer included in the valuable resources figure, but is counted instead as in-house recycling and reuse.
*2 Landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment
*3 Waste discharge per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.
*4 Waste discharge = Resource recycling and Volume reduction + Landfill disposal
*5 Values for FY2015 and FY2018 were corrected to improve accuracy.

The recycling ratio in FY2021 was 98.4% in Japan and 89.3% overseas, roughly on a par with previous years. We will make continuous efforts to improve the resource recycling ratio.

Trends in Recycling Ratio



*1 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.
*2 Values for FY2015 and FY2018 were corrected to improve accuracy.

 For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

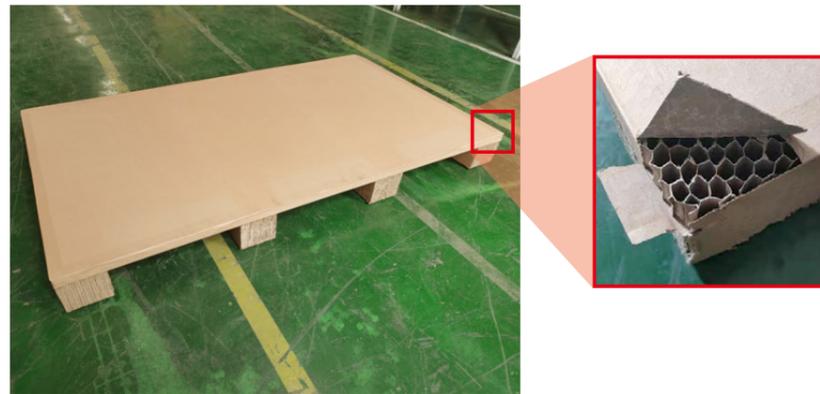
Measures to Reduce Waste

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.33) and is working to reduce the emissions of waste and hazardous waste and increase the resource recycling ratio at production sites. The Group has been promoting various measures, such as the thorough separation of waste according to the type and disposal method of waste, the introduction of returnable packaging materials, and shared waste recycling between sites. The Group is continuing to promote reductions in the volume of sludge, waste oil, and oily wastewater generated at painting booths, and to reduce the volume of waste plastic emitted from plastic molding processes. Meanwhile, as measures to reduce disposable plastics, we introduced initiatives at certain worksites to withdraw the use of disposable tableware in the employee cafeteria and reduce the issue of plastic shopping bags in on-site stores.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for waste reduction, global production sites achieved a reduction of 2,300 tons of waste in FY2021 compared with the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 72 million yen. Waste discharge per unit of production in FY2021 improved by 32.6% compared to the base year (FY2014). The recycling ratio was 99.6% at production sites in Japan and 91.6% at production sites overseas.

Moreover, production sites in Japan have raised the utilization rate of electronic manifests to 97.1%, enabling real-time assessment of the reduction effects. We will continue to promote the reduction of waste through encouraging sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

Cardboard Pallets

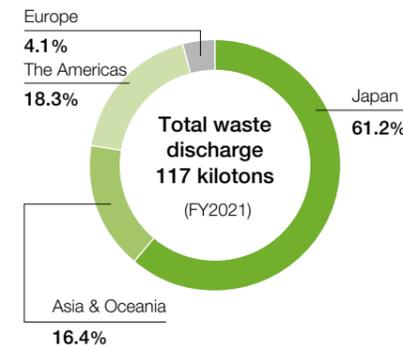


At the Kubota Sakai Plant, some of the wooden boxes and pallets used for test components imported from our Group company in China have been swapped for reinforced cardboard, helping to reduce wood scraps. Furthermore, we are taking steps to introduce reusable plastic pallets and to make wooden pallets returnable.

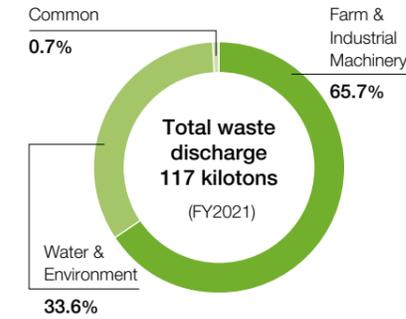
Waste Recycling and Treatment Flow (FY2021 results)



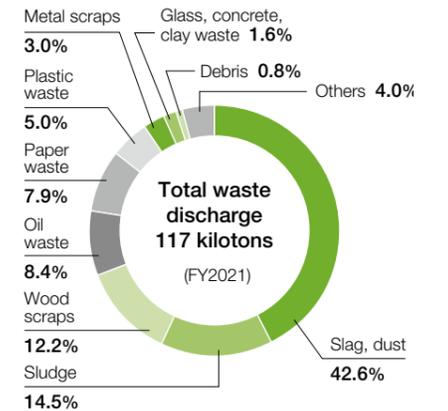
Waste Discharge by Region



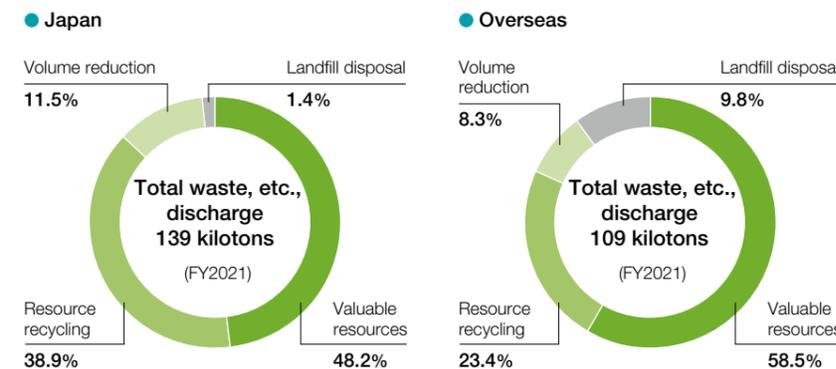
Waste Discharge by Business



Waste Discharge by Type



Waste, Etc., Discharge by Treatment Category



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Improvement of Resource Efficiency

As the global population continues to increase and economic development progresses, resource consumption is expected to increase as well. Moreover, in recent years, the marine plastic pollution has become a global problem, as used plastic flows onto beaches and into the sea via rivers and so forth. The Kubota Group has been contributing to the formation of a recycling-based society by promoting improvement of waste discharge per unit of production and increases in the recycling ratio at its global production sites in the Medium-Term Environmental Conservation Targets 2025. In tandem with this, we have also set new targets for the 3Rs (Reduce, Reuse, and Recycle) of waste plastic generated by business activities, and reduction of packaging and paper resource use.

The Kubota Group will continue to improve resource efficiency through initiatives such as effective use of resources throughout the entire business value chain and reduction of waste.

● Reducing Plastic Waste

Based on the Medium-Term Environmental Conservation Targets 2025, we are reducing plastic use in our business sites, with a particular focus on single-use plastics. We are promoting efforts to reduce the use of plastic containers in cafeterias, plastic shopping bags at on-site stores, and PET bottle waste by encouraging people to bring reusable bottles.



At Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China), we ran an initiative to swap individually packaged drinks for fruit during environment month in June in a bid to reduce plastic trash.

● Reducing Resource Usage in Packaging and Adopting Returnable Packaging

Based on the Medium-Term Environmental Conservation Targets 2025, we are collaborating with our business partners to reduce resource use in packaging materials and encourage adoption of returnable packaging in an effort to reduce waste discharge. At our business sites, we are promoting the replacement of stretch film and wooden pallets used for packaging components and so forth with reusable containers and packaging materials.



At Kubota Precision Machinery (Thailand) Co., Ltd., we revised plastic film packaging for components and changed to reusable racks, which has reduced plastic and labor.

● Transition to Paperless Operations

Under our Medium-Term Environmental Conservation Targets 2025, we are taking steps to transition to paperless operations with the goals of increasing operational efficiency and reducing environmental impacts. As workstyles shift from office work to telework (working from home) due to the COVID-19 pandemic, we have been promoting adoption of electronic systems for internal request approvals and determinations, and a reduction in documents stored in paper format. Moreover, we are also promoting effective use of office space and online meetings, enabling us to reduce the use of paper printouts. At our production sites, we have also made progress on switching to electronic check sheets and forms.

Handling and Storage of Equipment Containing PCB (in Japan)

Transformers, capacitors and other equipment containing polychlorinated biphenyls (PCB) are properly reported, stored and handled based on the Japanese Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, and the Japanese Waste Management and Public Cleansing Law. Waste with a high concentration of PCB is being disposed of steadily, beginning with sites where PCB-treatment facilities are available. Waste with a low concentration of PCB will be properly disposed of by the disposal deadline of March 2027.

PCB-containing equipment in storage is thoroughly managed by multiple means, such as the locking of storage cabinets, periodic inspection, and environmental audits.

Conserving Water Resources

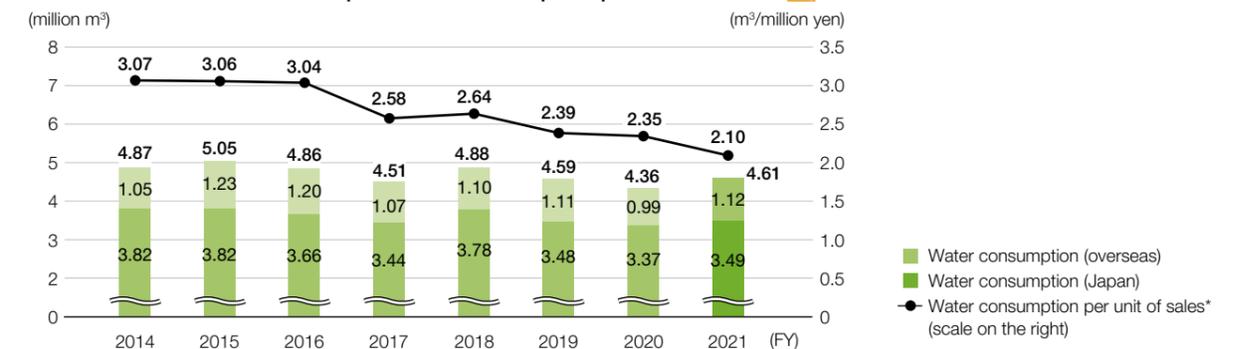
The OECD's 2012 report entitled Environmental Outlook to 2050 states that during the period between 2000 and 2050, global demand for water will increase by approximately 55% owing to economic development and population increase, while more than 40% of the world's population will be living in river basins that suffer from severe water shortages.

The Kubota Group sees conserving water resources as one of its materiality issues, and has been advancing initiatives to promote the effective utilization of water resources and to address water risks, such as the reduction of water consumption by promoting water saving and wastewater recycling, and the proper management of wastewater treatment and wastewater quality. Production sites promote measures not to cause adverse effects on local ecosystems and the lives of local residents, taking into consideration the status of water stress in the respective regions.

Water Consumption

In FY2021, water consumption was 4.61 million m³, an increase of 5.7% compared to the previous year. On the other hand, water consumption per unit of sales was improved by 10.8% compared to the previous year. Water consumption decreased in FY2020 due to the impact of the COVID-19 pandemic but increased in FY2021 as production ramped up at machinery- and casting-related sites while new sites began full-scale operations. Water consumption per unit of sales improved as consolidated net sales increased (up 18.5% from the previous year), while the Group made progress on measures such as increasing control precision over the amount of cooling water used, improving methods of sprinkling water over green areas, and making use of recycled water.

Trends in Total Water Consumption and Consumption per Unit of Sales



* Water consumption per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.

Measures to Reduce Water Consumption

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.33) and is working to reduce water consumption at production sites. Our production sites, such as those in China, Thailand, Indonesia and the United States, have introduced wastewater treatment facilities or wastewater recycling systems utilizing technologies of the Kubota Group.

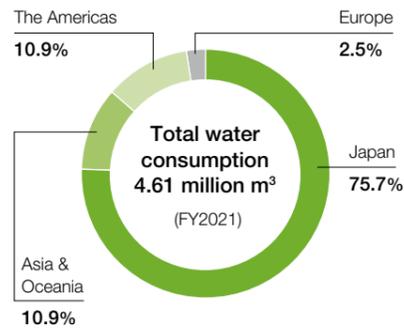
In FY2021, in addition to routine activities such as raising employee awareness of water conservation and conducting patrols to check for water leakage, the Kubota Group continued its program of upgrading to water-saving bathroom facilities and automatic faucets, and improved watering methods for green areas, etc. We reduced water usage in the production process by more accurately controlling the amount of cooling water used. As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for water consumption reduction, global production sites achieved a reduction of 79,000 m³ in FY2021 compared to the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 2.7 million yen compared to the previous year. Water consumption per unit of production in FY2021 improved by 31.2% compared to the base year (FY2014).

We will continue to promote the reduction of water consumption through initiatives to promote the 3Rs of water, such as conducting water-saving activities and promoting water recycling by using the Kubota Group's technologies.

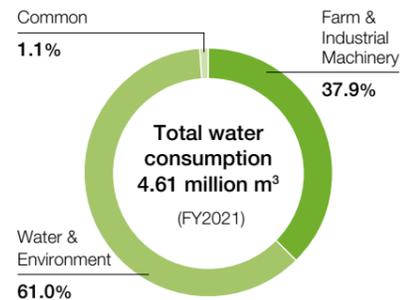


At Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China), we installed recycling treatment equipment for reusing wastewater from processes throughout the entire plant, and this has realized zero emissions of process wastewater.

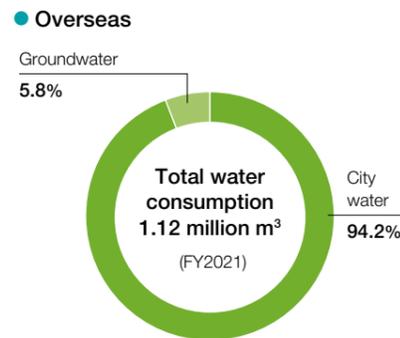
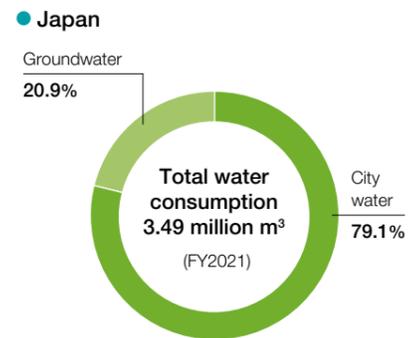
Water Consumption by Region



Water Consumption by Business



Water Consumption by Type



Controlling Wastewater

The Kubota Group has set its own control values that are stricter than the emission standards of relevant laws and regulations. To ensure that the standard values are not exceeded, the Kubota Group carries out regular measurement of designated monitoring items. Under the Medium-Term Environmental Conservation Targets 2025, the Group has established a new target of managing wastewater appropriately in line with standards for the areas where wastewater is released by operating wastewater treatment and water recycling facilities.

The amount of wastewater* in FY2021 was 4.88 million m³ (3.36 million m³ into public water areas, 1.52 million m³ into sewage lines) due to mainly an increase in water usage, an increase of 11.6% from the previous year. At each site, we will promote the reduction of wastewater by taking measures to reduce the amount of water usage.

We will continue to reduce load on the local water environment through activities to manage water discharge and reduce water consumption.

*1 The amount of wastewater discharge includes rain and spring water at some business sites.



At the Kubota Sakai Rinkai Plant, we expanded our installation of submerged type FRP *johkasou*, decentralized wastewater treatment plants. These are able to handle high-level treatment of household wastewater and can process up to 110 m³ of wastewater per day. Furthermore, as a BCP measure, we have raised the concrete foundations of the wastewater treatment facility. We introduced a water management solution using IoT, "KSI S," to realize proper management of plant wastewater.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Survey on Regional Water Stress

In order to identify the risks related to the use of water resources and find effective responses to such water risks, the Kubota Group conducts surveys concerning water stress* for all of its production sites.

The results of a survey on water stress level of a total of 52 sites in 15 countries using Aqueduct (water risk assessment tool developed by the World Resource Institute (WRI)) are as follows:

Results of the Survey on Water Stress of Production Sites (FY2021)

Region, country	Water consumption by water stress level (thousand m ³) <number of sites>					
	High	High-Middle	Middle	Middle-Low	Low	
Asia	Japan	0	0	1,604 (8)	1,585 (12)	21 (2)
	China	0	104 (1)	0	0	17 (2)
	Indonesia	0	0	9 (1)	0	0
	Thailand	229 (3)	17 (1)	7 (1)	0	0
	Saudi Arabia	14 (1)	0	0	0	0
	India	46 (1)	0	0	0	0
Europe	Russia	0	0.4 (1)	0	0	0
	Norway	0	0	0	0	22 (1)
	Denmark	0	0	34 (1)	0	0
	Netherlands	0	0	0	0	16 (1)
	Germany	0	0	9 (1)	0	4 (1)
	France	0	0	4 (1)	0	1 (1)
	Italy	12 (1)	0	0	0	0
North America	Canada	0	0	0	0	264 (1)
	United States	0	0	148 (2)	21 (7)	0
Total		302 (6)	122 (3)	1,815 (15)	1,606 (19)	345 (9)

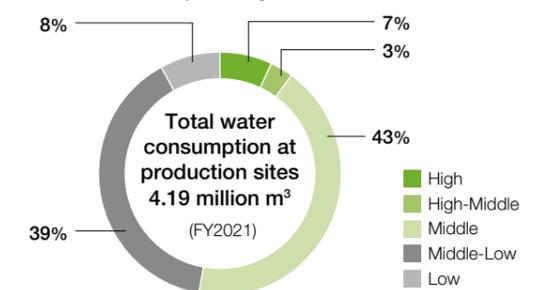
The survey results showed that "High" or "High-Middle" levels of water stress applied to 9 production sites, located in the Chinese cities of Suzhou, central Thailand, Saudi Arabia, India, Russia and Italy, which account for approximately 10% of the Group's total water consumption. In the next "Middle" level category were 15 production sites situated in Japan's Kanto region and Aichi Prefecture, Indonesia, coastal regions of Thailand, the southeast United States and a number of locations in Europe, which together account for approximately 43% of total water consumption. Production sites in the "Middle-Low" and "Low" categories accounted for approximately 47% of total water consumption.

Although the majority of the water used in the Kubota Group's production activities is sourced in areas with stress levels in the "Middle" or lower categories, the survey showed that some of the main sites primarily in Thailand and India are located in areas of high water stress. At these production sites, the Kubota Group is now promoting the horizontal rollout of regional examples of good practice in areas including the reduction of water consumption and appropriate management of wastewater.

We will also conduct water stress surveys in each case for the water areas around new sites that are scheduled for construction as part of the Group's more globally oriented business growth.

* Water stress refers to the state where the annual water availability per capita is less than 1,700 tons and people feel inconvenience in their daily life. Water stress in this survey is the water stress for each river basin, which is calculated based on the ratio of water intake to the amount of available water resources. (World Resources Institute (WRI))

Water Consumption by Water Stress Level



Controlling Chemical Substances

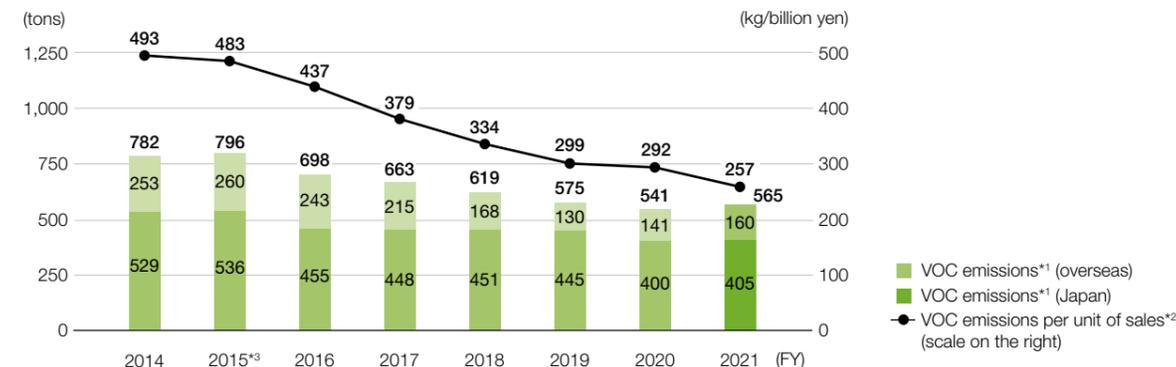
Chemical substances have become an essential part of our lifestyles. On the other hand, to control the impact of chemical substances on humans and ecosystems, countries are strengthening laws and regulations related to their use and management.

The Kubota Group sees controlling chemical substances as one of its materiality issues, and has been advancing initiatives toward reducing the burden on the environment from chemical substances, including the reduction of VOCs (volatile organic compounds) generated in coating processes at production sites, as well as the replacement of fluorocarbons and the prevention of leakage.

VOC Emissions

In FY2021, VOC emissions were 565 tons, an increase of 4.4% compared to the previous year. On the other hand, VOC emissions per unit of sales improved by 11.9%. VOC emissions decreased in FY2020 due to the impact of the COVID-19 pandemic. They increased in FY2021 as production ramped up at machinery- and casting-related sites while new sites began full-scale operations, despite a decrease due to a wider use of water supply pipes using powder coating. VOC emissions per unit of sales improved as consolidated net sales increased (up 18.5% from the previous year) while the Group also took measures such as switching to coatings and solvents that have low VOC content and introducing treatment equipment.

Trends in VOC Emissions and Emissions per Unit of Sales



*1 VOCs comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
 *2 VOC emissions per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.
 *3 Values for FY2015 were corrected to improve accuracy.

Measures to Reduce VOCs

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.33) and is working to reduce the emissions of VOC at production sites. The Group has been promoting the risk management of the chemical substances we handle and the reduction of VOC-containing materials, such as paint and thinner at production sites. Additionally, by promoting the introduction of paint robots, the Group achieved not only a reduction in VOC, but also improved productivity.

In FY2021, we worked to switch to VOC-free paints and expand the use of VOC removal devices.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for VOC reduction, global production sites achieved a reduction of 14 tons in FY2021 compared to the case where countermeasures were not implemented from the previous year.

The economic effects of these measures reached 63 million yen compared to the previous year. VOC emissions per unit of production in FY2021 improved by 41.8% compared to the base year (FY2014).

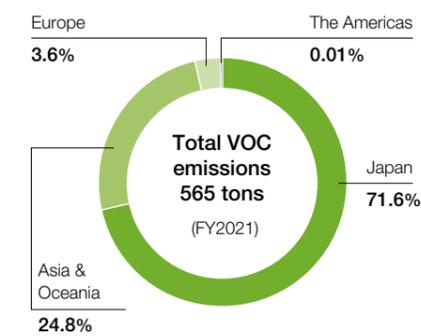
We will continue to promote the reduction of VOC emissions by introducing exhaust treatment equipment that is conscious of compliance with laws and the reduction of impacts on neighborhoods, in addition to the efforts to stop the use of VOC-containing paint and thinner or replace them with substitutes.



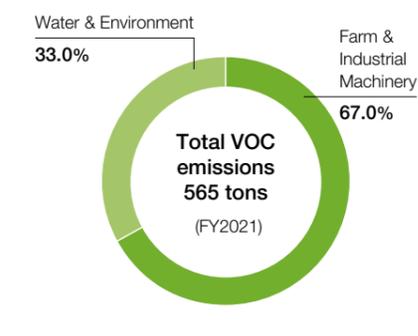
Kubota Construction Machinery (WUXI) Co., Ltd. (China) has increased quality and productivity while reducing revision of painting work by introducing painting robots. This has led to a reduction in the amount of paint used, and the amount of VOC emissions.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

VOC Emissions by Region

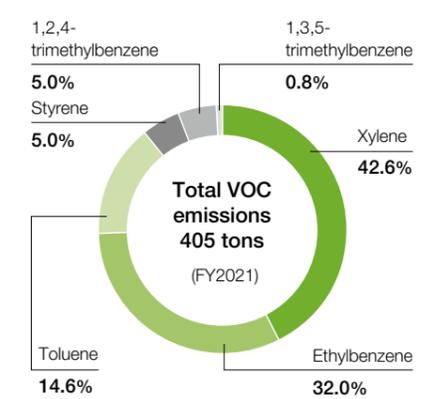


VOC Emissions by Business

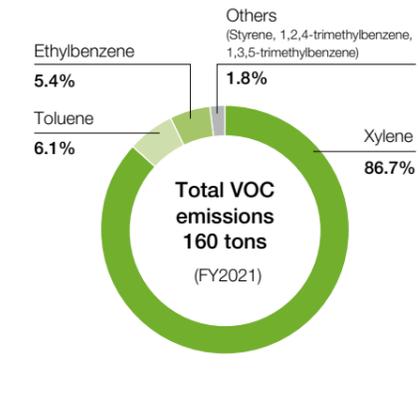


VOC Emissions by Substance

Japan



Overseas

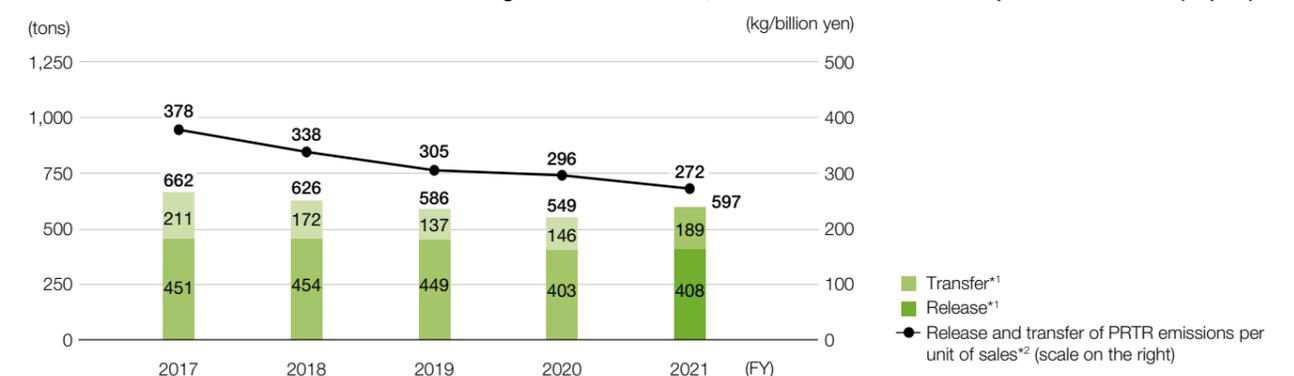


Release and Transfer of PRTR-designated Substances

In FY2021, a total of 597 tons of substances stipulated in the PRTR Law* were released and transferred, an increase of 8.7% compared to the previous year. Additionally, the release and transfer per unit of sales improved by 8.3% compared to the previous year. Similar to reduction of VOC emissions, the Group is promoting the ongoing measures to reduce the PRTR-designated substances.

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

Trends in Release and Transfer of PRTR-designated Substances, and Release and Transfer per Unit of Sales (Japan)



*1 Total amount of reported substances that are handled at each site (annual volume of 1 ton or more (or 0.5 tons for Specific Class I designations))
 *2 Release and transfer of PRTR-designated substances per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Control of Ozone-depleting Substances

The Kubota Group prohibits specified CFCs, which are ozone-depleting substances, from being contained in products or added*¹ in manufacturing processes of products. In Japan, replacement of materials containing dichloropentafluoropropane with substitute materials was completed during FY2016, and no ozone-depleting substances subject to notification under the PRTR Law*² are handled and released at present.

In Japan, CFCs that are used in air-conditioners and refrigerating or freezing equipment as refrigerant, are thoroughly managed to control leakage, in accordance with the standards specified by the Fluorocarbons Emission Control Law*³.

*¹ For HCFC, intentional adding in products as refrigerant or heat insulator is prohibited.

*² Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements in the Management Thereof

*³ Act on the Rational Use and Proper Management of Fluorocarbons

Control of Air Pollutants

The Kubota Group has set its own control values that are stricter than the emission standards of relevant laws and regulations. In order not to allow the exceeding of standard values, the Group implements thorough daily management activities, such as monitoring operation of the smoke and soot-generating facilities and inspecting the dust-collecting equipment.

The amounts of emissions of air pollutants in FY2021 were 2.9* tons for SOx (decreased by 63.8% from the previous year), 56.1 tons for NOx (increased by 10.4%), and 19.2 tons for soot and dust (increased by 17.8%). We will continue to reduce emissions of air pollutants through initiatives such as controlling sources by fuel conversion and maintaining dust-collecting equipment.

* At a site in Japan, sulfur emissions are calculated, not from actual measurements of exhaust gas concentrations and amounts, but by making estimates based on the sulfur weights of raw materials, materials produced, and waste.

(Atmospheric emissions = coal input - iron produced - waste slag - waste dust)

If sulfur contained in the slag managed onsite at end of FY2021 (December 31, 2021) by these sites were included, SOx emissions for FY2021 amounted to 5.0 tons.

 For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Monitoring Groundwater

Results of groundwater measurements conducted on the premises of the business sites that used organic chlorine-based compounds in the past are as shown below.

Groundwater monitoring (FY2021)

Business site	Substance	Measured groundwater value	Environmental standard
Tsukuba Plant	Trichloroethylene	Non-detected (less than 0.0001 mg/L)	Less than 0.01 mg/L
Utsunomiya Plant	Trichloroethylene	Non-detected (less than 0.001mg/L)	Less than 0.01 mg/L

Reduction of Chemical Substances Contained in Products

The Kubota Group has set rules for identifying and properly managing chemical substances in products in order to comply with REACH Regulations* in Europe and other chemical substance regulations.

Since 2010, chemical substances in products have been classified as one of the three following categories and managed appropriately. With cooperation from our suppliers, we investigate chemical substances in products on a global basis.

* The European Union (EU) Regulations for Registration, Evaluation, Authorization and Restriction of Chemicals

● Three Control Levels

1. Substances to be Prohibited: Should not be contained in products
2. Substances to be Restricted: Should not be contained in products under certain conditions and applications
3. Substances to be Controlled: Presence in products should be recognized

Conserving Biodiversity

Our corporate activities rely on various ecosystem services, which are provided by natural capital comprising soil, air, water, animals and plants, and other elements. Meanwhile, biodiversity is facing various crises in different locations worldwide, therefore corporations are required to do their part in protecting biodiversity and making sustainable use of ecosystem services.

The Kubota Group sees conserving biodiversity as one of its materiality issues. In its corporate activities, provision of products and services, and social contribution initiatives, in view of an impact on natural capital, the Group is endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

Taking this into account and beginning with our Medium-Term Environmental Conservation Targets 2025, we have started establishing targets for biodiversity conservation activities in accordance with the characteristics and business operations of each site. We are currently monitoring the progress of these activities.

Approach to Conserving Biodiversity

The Kubota Group has set Conserving Biodiversity as one of the five basic items for environmental conservation. In December 2009, we incorporated corporate activities that consider biodiversity into the Kubota Group Environmental Action Guidelines. Then, in our Eco-First Commitment which was renewed in 2021, we also included a commitment to promoting activities for conserving biodiversity.

Approach to Conserving Biodiversity

The Kubota Group has included Conserving Biodiversity as one of the five basic items for environmental conservation. In its corporate activities, provision of products and services, and social contribution initiatives, in view of its impact on natural capital, the Group will endeavor to ensure that care is taken to conserve biodiversity and protect the natural environment.

[Major Initiatives]

1. Corporate activities

- 1) At the design and development stage, we conduct product environmental assessments to evaluate the impact on natural capital.
- 2) At the procurement stage, we present our Green Procurement Guidelines to our suppliers and require them to give consideration for biodiversity.
- 3) At the production and logistics stages, we strive to reduce the environmental loads and environmental risks associated with operations at our sites and transport of materials.
- 4) As part of our environmental management, we conduct environmental education and awareness-raising for employees to foster their recognition of the value of biodiversity and the importance of conservation activities.
- 5) Our environmental communication initiatives include efforts to disseminate information about our biodiversity conservation activities.

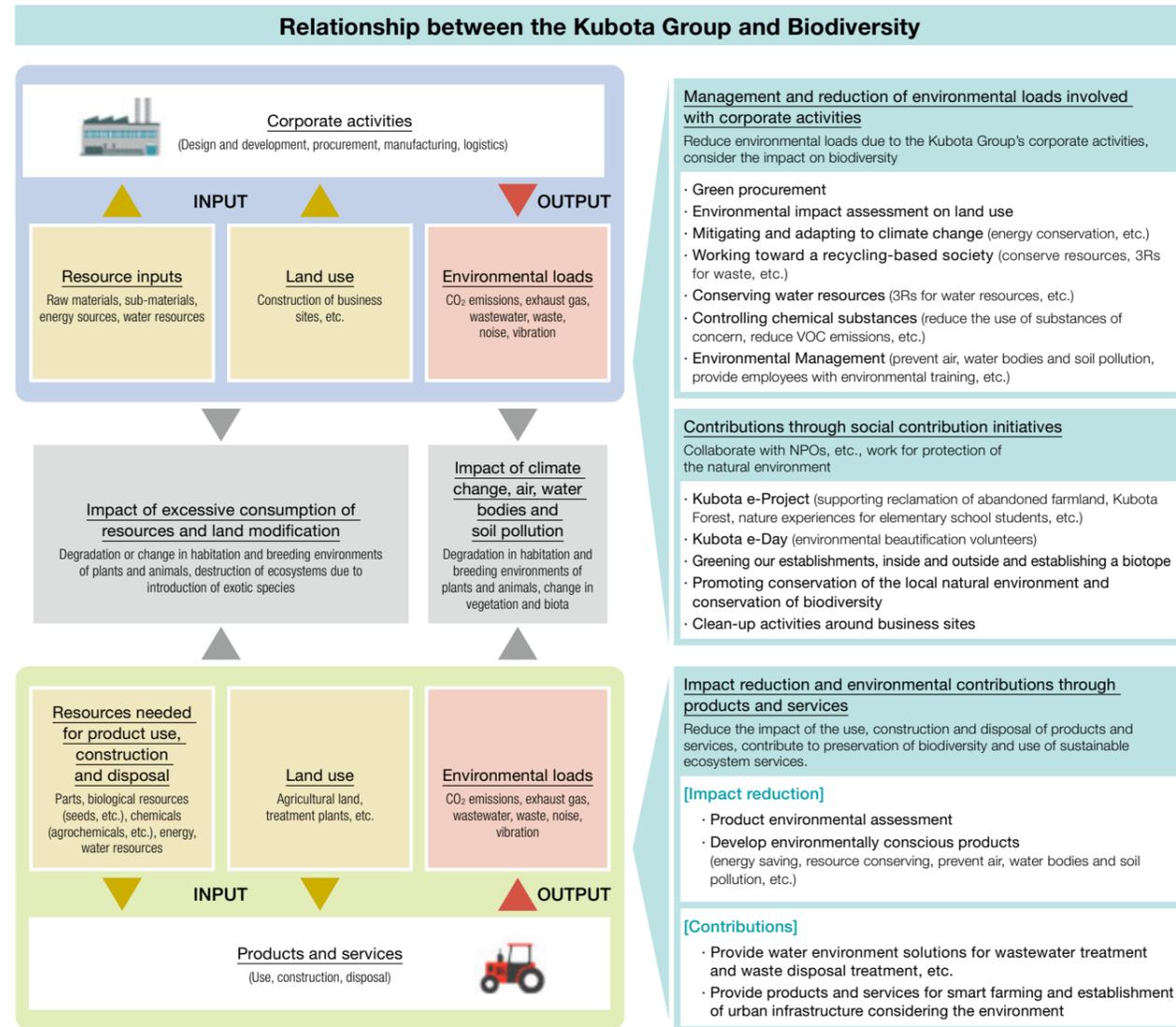
2. Provision of products and services

- 1) By providing products and services with less environmental loads through fuel efficiency and exhaust gas purification, for example, we are striving to lessen our impact on biodiversity.
- 2) By providing water environment solutions such as wastewater treatment and waste treatment, we contribute to improving the ecosystems and nurturing environment for plants and animals.
- 3) By providing products and services that contribute to urban infrastructure development that considers smart agriculture and the environment, we contribute to sustainable use of ecosystem services.

3. Social contribution activities

- 1) Through our social contribution activity the Kubota e-Project supporting reclamation of abandoned farmland and conservation activities in rural and forest areas, we are promoting protection of the natural environment.
- 2) We are promoting the beautification and greening of business sites and neighborhoods as well as protection of plants and animals.

Relationship with Biodiversity



Conservation of Biodiversity around Business Sites

In FY2021, we undertook social contribution activities through biotope conservation inside our business sites and clean-up and greening of areas around sites. We also maintained environments for various living organisms and promoted protection of the natural environment and conservation of biodiversity.

Installation of Insect Hotels



At Kubota Baumaschinen GmbH (Germany), we installed insect hotels in some of our car parking lots as part of our efforts to conserve biodiversity.

Installation of Biotopes



At the Kubota Hanshin Plant Mukogawa Site, we installed a biotope on site to conserve biodiversity.

Mangrove Planting



At P.T. Kubota Indonesia, we conducted a project with 20 participants to plant 5,000 mangrove trees. Mangroves protect people's lives from coastal erosion and help to conserve biodiversity.

Tree Planting Activity



At Kubota Farm Machinery S.A.S (France), we conducted a tree-planting activity called "On Your Side," aiming to bring some cheer to the citizens of the nearby city of Bierne by communicating a positive message to them.

Promoting Social Contribution Activities

The Kubota Group conducts annual beautification activities in areas around its sites to pick up litter, which may become a source of marine plastic pollution.

Clean-Up Activities around Sites



At Kubota Utsunomiya Plant, an assigned team conducts beautification activities around the plant on a bimonthly basis.



At Kubota ChemiX Co., Ltd.'s Odawara Plant, an assigned team conducts beautification activities around the plant on a bimonthly basis.



At Kubota Manufacturing of America Corporation, we conducted cleanup activities in the public roads and car park around the factory.



At Kverneland Group Manufacturing Lipetsk (Russia), we conducted cleanup activities in a nearby forest belt and reservoir.

Promoting Continuous Conservation Activities

Our Medium-Term Environmental Conservation Targets 2025 include conservation of biodiversity. Our initiatives for this include continuously promoting greening of the inside of our business sites and social contribution activities. Furthermore, the Kubota Group has wide-ranging involvement with biodiversity, from the environmental impacts of its production activities at business sites to the impact of products and services used by customers.

We report to the Executive Officers' Meeting on energy consumption and emissions of CO₂, waste, water, and chemicals, etc. at our production sites, as well as the status of progress on reduction measures at each site. The impact of climate change and its potential for causing biodiversity loss has also been pointed out, and we have now revised our target values for CO₂ emission reductions in 2030 to achieve even greater reductions.

As an initiative to reduce the use of chemical fertilizers on farms, we are working to promote the spread of farm management using the Kubota Smart Agri System (KSAS) along with agriculture drones and combine harvesters fitted with sensors. Through efficient use and distribution of agrochemicals and fertilizer, we will reduce the impact of chemicals on the environment and contribute to conservation of biodiversity.

Expanding Environment-friendly Products and Services

The Kubota Group is contributing to protecting the global environment and solving social issues in the food, water and living environment fields through the provision of environment-friendly products and services. The Group conducts environmental assessment of products in the design and development stages, and promotes environment-friendliness over the entire product life cycle, from the procurement of raw materials to the disposal of products. The Group internally certifies exceptionally environment-friendly products as Eco-Products, and is working to expand its lineup of certified products.

Environmental Considerations in the Product Life Cycle

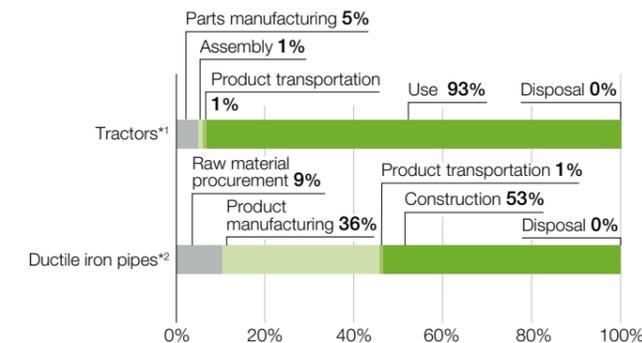
Major Initiatives to Ensure Environment-friendliness



Analysis of Greenhouse Gas Emissions Volume in the Product Life Cycle

The Kubota Group handles a diverse range of products, from agricultural and construction machinery to pipe systems and water treatment equipment. As part of its product environmental assessment, the Group conducts life cycle assessment (LCA) for its major products to determine the amount of greenhouse gas emissions over each product life cycle. The results of the LCA were subject to third-party review in 2014 by the Japan Environmental Management Association for Industry.

Results of LCA: Proportions of Greenhouse Gases



^{*1} LCA results for tractors were calculated based on the assumption of towing and transporting work for 5,000 hours by the M9540DTHQ-EC agricultural tractor in France.
^{*2} LCA results for ductile iron pipes were calculated based on the data reported in the "Study on Piping Technologies for Sustainable Water Supply Service" (Japan Water Research Center). The proportions of raw material procurement, manufacturing, and product transportation were determined according to Kubota's CO₂ emissions data.

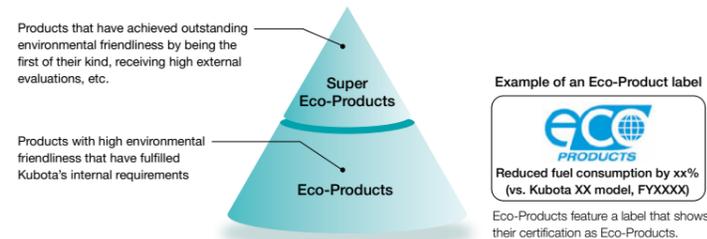
Greenhouse gases emitted in the use stage account for around 90% in the life cycle of agricultural tractors, while gases emitted in the manufacturing and construction stage account for around 90% in ductile iron pipes. Thus, the frequency and scale of environmental loads in the life cycle vary depending on the product type. The Kubota Group enhances its environment-friendly products and services by reflecting the results of the analysis of environmental loads in the product life cycle in its environment-friendly design development.

Internal Certification System for Eco-Products

Regarding the Internal Certification System for Eco-Products

The Kubota Group's internal certification system for Eco-Products was introduced to internally certify products with exceptional environmental friendliness. We evaluate products in accordance with matters related to the five basic items for environmental conservation in the Kubota Group's environmental management, namely, "Mitigating and Adapting to Climate Change," "Working towards a Recycling-based Society," "Conserving Water Resources," "Controlling Chemical Substances," and "Conserving Biodiversity," and certify those products that satisfy our internal standards as Eco-Products.

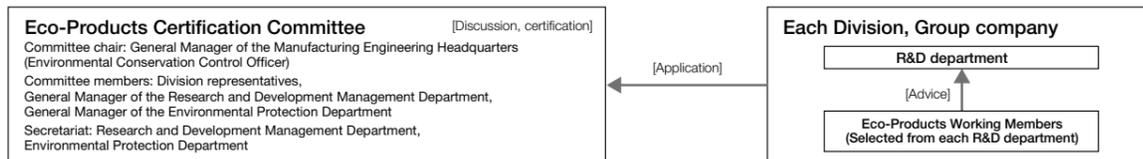
We have also received third-party assurance for our "Sales Ratio of Eco-Products," which is the ratio of sales generated by Eco-Products certified under our internal system.



Five basic items for environmental conservation	Evaluation items	Relationships with SDGs
<ul style="list-style-type: none"> Mitigating and Adapting to Climate Change Working towards a Recycling-based Society Conserving Water Resources Controlling Chemical Substances Conserving Biodiversity 	1. Energy saving (CO₂ reduction) Reducing energy consumption during production, transportation, construction and use, etc.	
	2. Resources saving Reducing weight and volume, extending product life, etc.	
	3. Recycling Using recycled materials and recycled rare metals, etc.	
	4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.	
	5. Information disclosure Notes about energy-saving operations, recycling and disposal, etc.	

Eco-Products Certification Committee

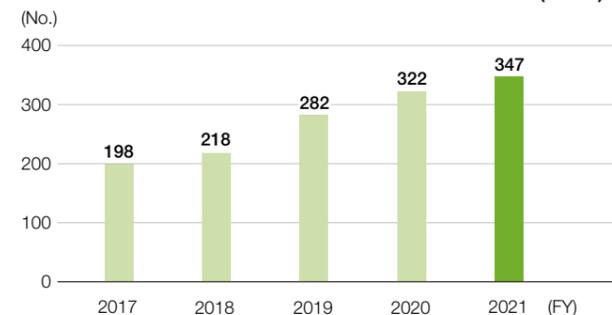
The Eco-Products Certification Committee, chaired by the General Manager of the Manufacturing Engineering Headquarters, consists of the committee members elected from each Division, as well as the Research and Development Management Department and the Environmental Protection Department. Upon receiving an application from each Division for the certification of a product, the Committee examines the product's adequacy as an Eco-Product and gives certification.



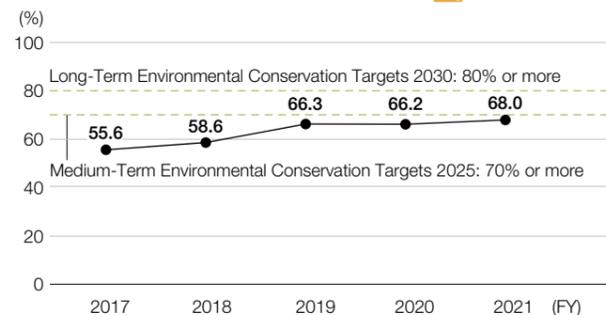
The Pathway to Expanding Certified Eco-Products

Based on our internal certification system established for Eco-Products, the Kubota Group certified an additional 25 products in FY2021, bringing the total number of certified Eco-Products to 347. The sales ratio of Eco-Products was 68.0% versus the Medium-Term Environmental Conservation Targets 2025 of 70% or higher. Going forward, we will expand our Eco-Products lineup by continuing to promote the development of environment-friendly products demanded by our customers and society, including products that are energy-saving, lightweight, miniaturized, long-lived, easy maintenance, and compliant with environmental regulations.

Trends in Numbers of Eco-Product Certifications (Total)



Trends in Sales Ratio of Eco-Products*



* The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
 Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

Products Certified as Eco-Products in FY2021 (excerpt)

<p>Tractor M9808 (ASEAN)</p> <p>[Key certification point] Reducing environmentally hazardous substances</p>	<p>Tractor LX series LX-401HDB-E-C (Europe)</p> <p>[Key certification point] Compliant with exhaust gas regulations</p>
<p>Riding diesel mower Front mower F391-EU (Europe)</p> <p>[Key certification point] Saving energy Reducing environmentally hazardous substances Compliant with exhaust gas regulations</p>	<p>Combine harvester DR7130 (Taiwan)</p> <p>[Key certification point] Conserving resources</p>
<p>Construction machinery Compact track loader SVL97-2 (North America)</p> <p>[Key certification point] Compliant with exhaust gas regulations</p>	<p>Construction machinery Mini excavator KX057-5 (North America)</p> <p>[Key certification point] Compliant with exhaust gas regulations</p>
<p>Measuring instruments Explosion-proof platform scale KM-D-EXM series</p> <p>[Key certification point] Conserving resources Reducing environmentally hazardous substances</p>	<p>Sewage sludge treatment equipment Cylindrical centrifugal dehydrator Super Centrimaster SCM-NS type</p> <p>[Key certification point] Saving energy Conserving resources</p>

Click here for details on products certified as Eco-Products.
www.kubota.com/sustainability/environment/ecopro/

Major Initiatives to Ensure Environment-friendliness by Product Group

Farm & Industrial Machinery

Product group	Major initiatives to ensure environment-friendliness	Life cycle				
		Procurement production	Distribution	Construction	Use	Disposal
Tractors	Reducing the number of parts	R				
	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing energy-saving and precision operation modes				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Rice transplanters	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing energy-saving and precision operation modes or multiple-function capacity to perform simultaneous operations				C	
	Reducing seedling cultivation-related materials by sparse planting or dense-sown seedling transplantation, and a straight-line maintenance function				R	
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Combine harvesters	Reducing the number of parts and weight	R				
	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing energy-saving and precision operation modes				C	
	Reducing fuel consumption with improved reaping accuracy by horizontal control of the vehicle body				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
KSAS (Kubota Smart Agri System)	Reducing fuel consumption per unit yield of agricultural machinery by improving farm work efficiency and increasing yield				C	
	Proper fertilizer application to prevent excessive fertilizers from flowing downstream				W	
	Facilitating self-maintenance and reducing mechanical problems by monitoring the operation status of agricultural machinery				R	
Cultivators	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing CO ₂ emissions by electrification				C	
	Achieving zero CO ₂ emissions by electrification				Ch	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Riding mowers	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing a unique mowing method to alleviate power load				C	
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Utility vehicles	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Agriculture-related products (color sorter, rice-milling machine, etc.)	Reducing RoHS-designated substances					Ch
	Reducing the number of parts and weight		C			
	Reducing air consumption necessary for sorting of defective rice by improving the air injection accuracy of color sorters				C	
	Reducing power consumption of electronic circuits				C	
	Reducing power consumption of improved thermal insulation efficiency of low-temperature brown rice storage containers				C	
	Reducing electric power consumption during waiting time for fruit selector measurement				C	
	Reducing the noise of rice-milling machines				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Engines	Reducing RoHS-designated substances					Ch
	Reducing fuel consumption by improving combustion efficiency and reducing losses				C	
	Accepting bio diesel/gasoline				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
Construction machinery	Reducing RoHS-designated substances					Ch
	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by designing regulation-compliant on-board engines and introducing an energy-saving mode				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Precision machinery (Measuring instruments)	Reducing RoHS-designated substances					Ch
	Reducing the number of parts and weight	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption of electronic circuits				C	
	Reducing electric power consumption of peripheral equipment during waiting time for truck scale measurement				C	
Air-conditioning equipment	Reducing the number of waste batteries by introducing energy-saving measuring instruments					R
	Reducing RoHS-designated substances					Ch
	Using recycled resin	R				
	Reducing power consumption by installing a heat pump and a highly efficient motor				C	
	Easier maintenance by reducing the number of parts and adopting designs that are easy to disassemble				R	
	Providing information on points to be noted for disposal					R
	Reducing RoHS-designated substances					Ch

Water & Environment

Product group	Major initiatives to ensure environment-friendliness	Life cycle				
		Procurement production	Distribution	Construction	Use	Disposal
Ductile iron pipes	Reducing weight by thinning pipes or changing the structure of couplings	R				
	Reducing VOC by changing the paint for the inner surface	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the width of the excavation groove by reducing the insertion force at the time of jointing couplings to decrease the number of items necessary for jointing			C		
	Reducing polyethylene sleeves by improving anti-corrosion performance			R		
	Improving maintenance performance by introducing a coupling structure with reduced insertion force or reducing the number of parts				R	
Plastic pipes	Extending product life by improving anti-corrosion performance and introducing earthquake-resistant couplings				R	
	Reducing chemical substances specified under the technical standards based on the Water Supply Act	Ch				
	Reducing power consumption when joining pipes by a fusing process			C		
	Indicating parts materials, providing information on points to be noted for disposal					R
Valves	Reducing RoHS-designated substances					Ch
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the width of excavation grooves by reducing the insertion force at the time of jointing couplings to decrease the number of items necessary for jointing			C		
Pumps	Reducing polyethylene sleeves by improving anti-corrosion performance			R		
	Extending product life by improving anti-corrosion performance				R	
	Reducing the cut amount during processing by introducing compact casings	C				
	Reducing the weight and volume by introducing compact and thinner casings	R				
Businesses related to water purification, sewage and wastewater treatment (Condensation, dehydration, agitator, etc.)	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption by improving loading efficiency in product transportation				C	
	Reducing RoHS-designated substances					Ch
	Reducing weight and the number of parts by eliminating frames or introducing multi-function parts	R				
	Reducing the power consumption of dehydrators by downsizing hydraulic units, etc.				C	
KSYS	Reducing the power consumption by introducing agitating blades capable of efficient agitation with low power				C	
	Reducing the power consumption of fans by introducing a low-pressure membrane-type air diffuser				C	
	Reducing dehydrated sludge volume				R	
Submerged membranes	Saving energy by the efficient operation of equipment through remote monitoring/diagnosis using IoT				C	
	Extending equipment life by failure diagnosis using AI				R	
Membrane-type methane fermentation units	Reducing water consumption through field water management systems				W	
	Reducing weight and volume by reducing the weight per unit membrane area or the membrane filling rate	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption per unit processing quantity by improving the membrane filtration performance and expanding the membrane-carrying area				C	
Decentralized wastewater treatment plant (Johkasou)	Collecting/recycling of used membrane cartridges					R
	Reducing RoHS-designated substances					Ch
	Generating biogases by the methane fermentation of food waste and palm oil mill effluent				C	
Steel pipes	Reducing the volume of food waste				R	
	Using recycled resin	R				
	Reducing the weight and volume of <i>Johkasou</i> by improving the processing capacity per unit volume	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
Ethylene thermal cracking pipes	Reducing the amount of excavated soil at the time of burying by reducing volume			C		
	Reducing RoHS-designated substances					Ch
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
Rolls	Reducing energy during construction by mechanical couplings			C		
	Reducing RoHS-designated substances					Ch
Air-conditioning equipment	Reducing the use of rare metals, using recycled rare metals	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption necessary for decoking (maintenance) by changing the internal structure of pipes				C	
	Reducing RoHS-designated substances					Ch
Air-conditioning equipment	Using recycled rare metals	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Extending product life by improving the roll surface strength				R	
	Reducing RoHS-designated substances					Ch

Introduction of Examples of Initiatives to Ensure Environment-friendliness

Mini cultivator

Environmental performance through electrification

- Zero exhaust emissions
- Reduced CO₂ emissions
- Reduced noise



www.kubota.com/sustainability/environment/ecopro/data/Mini_Cultivator.pdf

Riding diesel mower

Environmental performance through operational improvement

- Using a proprietary cutting method that reduces the load on the motor achieves a reduction in fuel consumption during operation.



www.kubota.com/sustainability/environment/ecopro/data/Zero_Turn_Mower.pdf

Humidity control outdoor-air processing unit

Environmental performance through more compact size

- Achieves a more compact size compared with a desiccant air-conditioning unit by removing the need for a machine room.
- Reduction of electric power consumption needed for cooling.
- Also enables use of renewable energy.



www.kubota.com/sustainability/environment/ecopro/data/Air-conditioning_Equipment.pdf

Plastic ribbed pipe

Environmental performance through change in shape

- Ribbed construction allows thinner walls, reducing weight.
- Increased flattening strength and ribbed shape enable selection of installation methods and base materials with low environmental impact.



www.kubota.com/sustainability/environment/ecopro/data/Plastic_Pipes.pdf

Combine harvester

Environmental performance through resource conservation

- Increased durability of major replacement parts and increased efficiency of harvesting operations achieve resource conservation throughout the product lifecycle.



www.kubota.com/sustainability/environment/ecopro/data/Combine_Harvesters.pdf

Johkasou, Decentralized wastewater treatment plant

Environmental performance through achieving a more compact size

- Use of sponge-type carriers to increase processing capacity and achieve a more compact size.
- Reduction in energy consumption during installation and use.



www.kubota.com/sustainability/environment/ecopro/data/jokaso.pdf

Evolution and History of Environmentally Friendly Products and Services

Evolution and History of Iron Pipe



In almost 120 years of history since becoming the first company in Japan to successfully manufacture cast-iron pipe in 1893, the Kubota Group has succeeded at developing several technologies, including manufacturing technologies for ductile cast-iron pipe with durability equivalent to that of steel, earthquake-resistant technology for pipelines, and long-life external surface corrosion-resistant technology. Our efforts have contributed to resource conservation by reducing pipe weight, reducing the percentage of water leaked by minimizing the number of pipeline breakages, and further resource conservation through making pipelines with a long service life.

www.kubota.com/sustainability/environment/ecopro/data/The_Evolution_of_Iron_Pipes.pdf

Evolution and History of Engines



Since it started production of the water-cooled horizontal-type oil engine Type A for agriculture and industry in 1922, the Kubota Group has thoroughly pursued basic performance of industrial engines. Responding also to the increasingly tightened exhaust gas regulations of many countries in the world, Kubota engines have constantly satisfied the needs of the customers worldwide as the power source of various types of industrial machinery, and will continue contributing to reduced environmental impacts.

www.kubota.com/sustainability/environment/ecopro/data/The_Evolution_of_Engines.pdf

Evolution and History of Scales



Since its foundation, the Kubota Group has manufactured cast metal parts for scales. After starting manufacturing mechanical platform scales in 1924, the Group has produced various industrial scales, contributing to the improved efficiency of manufacturing by companies. At manufacturing sites today, technological innovations using huge data, such as IoT and AI, have been rapidly advancing. We will continue to support the manufacturing sites by further sophisticating their measuring and weighing technologies to obtain accurate data.

www.kubota.com/sustainability/environment/ecopro/data/The_Evolution_of_Scales.pdf

Evolution and History of Tractors



Since creating the walk-behind cultivator in 1947, the Kubota Group has launched various compact, lightweight, high-powered tractors designed for upland or rice farming in Japan. Over time, we played a key role in the shift to mechanized, efficient farming methods by developing a wide range of new capabilities that reduced the burden of agricultural work. Looking ahead, we aim to help reduce the impact of farming on the environment through smart agriculture, which brings together high-precision farming methods based on ICT and IoT, and ultra-labor-saving farming using automated tractors.

www.kubota.com/sustainability/environment/ecopro/data/The_Evolution_of_Tractors.pdf

Evolution and History of Rice Transplanters



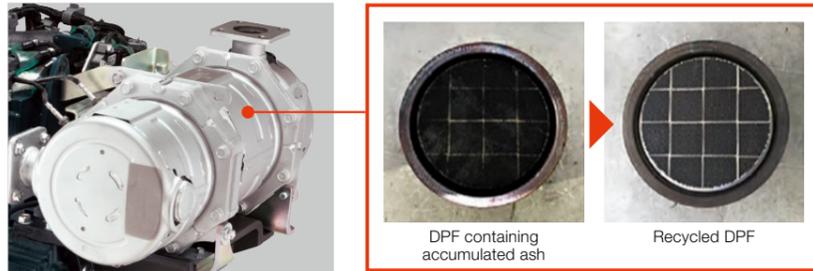
The Kubota Group developed the world's first walk-behind rice transplanter using seedling mats in 1968 with the aim of reducing the burden of planting rice. In order to meet demand for labor-saving measures precipitated by the subsequent decline in the number of farmers and the aging of Japan's population, we continued to develop our lineup of rice transplanters—we made them rideable, bigger, and equipped them with more functions. We will continue to implement labor-saving efforts and reduce our impact on the environment by proposing efficient cultivation methods and refining agricultural practices with the use of ICT and automation.

www.kubota.com/sustainability/environment/ecopro/data/The_Evolution_of_planter.pdf

Managing Used Products

The Kubota Group has several services in which used products and parts are collected for recycling. Kubota Engine Japan Corporation manages the DPF Eco Program to encourage the recycling of diesel particulate filters (DPF). A DPF is a filtering device that removes particulate matter from the exhaust gas of diesel engines. It does this by collecting and regularly burning off the harmful fine particles contained in the gas emitted by the engine. However, ash that cannot be completely removed through combustion continues to accumulate in the DPF. Under this program, recycled DPFs with the same level of performance as a brand new device are provided to customers after being cleaned and inspected in accordance with Kubota's specifications. Kubota Engine Japan also operates a remanufactured parts program for mainly starting motors and alternators used in Kubota engines. These parts are disassembled, cleaned, and given new components so they can be used again like a new product. Kubota Engine America Corporation also provides a similar remanufactured parts service.

DPF muffler



Provision of recycled products under the DPF Eco Program

Siam Kubota Corporation Co., Ltd. in Thailand manufactures and sells tractors, combine harvesters, cultivators, diesel engines, and other machinery. In addition to this, it repairs and refurbishes machinery traded in by customers when they purchase a new product and provides assistance to the dealers that sell them as authorized second-hand equipment.

In the water and environment field, Kubota provides submerged membrane units for purifying household and industrial wastewater. To ensure the smooth operation of water treatment facilities, it is essential that the submerged membranes are maintained, including the regular replacement of membrane cartridges. Kubota Membrane Co., Ltd. not only examines and replaces the membrane cartridges, but it also recycles them in an effort to contribute to the reduction of waste emissions.

Kubota ChemiX Co., Ltd., a Group company involved in the manufacture and sale of plastic pipes and fittings, is also engaged in the effective use of resources by making and selling rigid three-layer PVC pipes with the use of recycled PVC that has been processed from cleaned and pulverized waste material. Moreover, KUBOTA Environmental Engineering Corporation—which undertakes construction, maintenance, and operational management of water and environmental facilities—provides engineering services to facilities that pulverize and sort plastic waste for use as fuel and material.

These initiatives mean the Kubota Group can avoid using new raw materials, which in turn helps lower the amount of energy used to make new products and reduces greenhouse gas emissions. We will continue to promote measures that contribute to the effective utilization of resources while also meeting the needs of our customers.

Environmental Management

The Kubota Group has systematically established its environmental management systems in order to facilitate business operation throughout the entire value chain including business sites and operational divisions based on the Kubota Global Identity and the Environmental Charter. The Group also promotes environmental management that is appropriate for the type of business activities of the site/operational division. Production sites, in particular, are associated with large environmental loads related to energy and waste, as well as the risks of air pollution and water contamination. In order to properly address such risks, the Group has established environmental management systems based on ISO 14001 and EMAS, and is endeavoring to promote business management in accordance with the required rules and the continuous improvement of environmental conservation activities.

Compliance with Environmental Laws and Regulations

To ensure compliance with environmental laws and regulations and prevent environmental accidents, the Kubota Group conducts its business in accordance with the rules and regulations it has formulated in relation to environmental conservation.

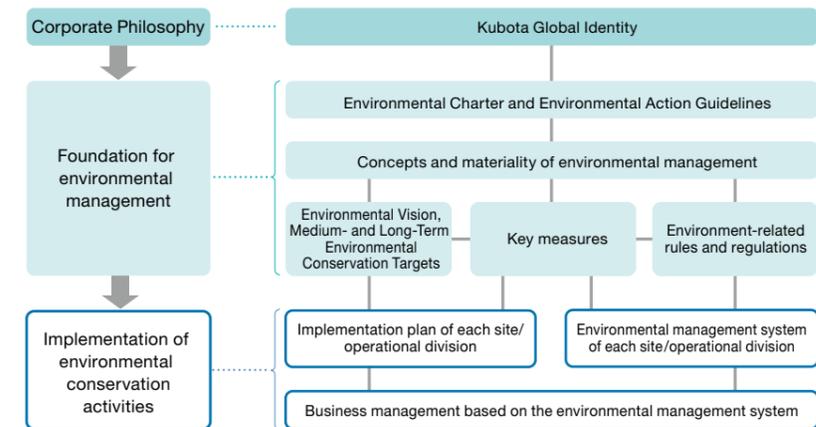
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance or complaints relating to environmental laws and regulations to relevant government bodies and the head office.

Each year, the Kubota Group also conducts environmental audits to confirm that the environmental conservation systems and activities are properly implemented at each site, as well as environmental risk assessments to clarify the status of environmental risks and establish improvements, with the aim of preventing the violation of environmental laws/regulations and environmental accidents.

Despite these efforts, however, in FY2021 in Japan we had three cases of inappropriate processing of waste and, overseas, one case of wastewater exceeding regulation levels and one case of waste storage infringement. We investigated any impact on the ambient environment and are working to prevent recurrence. In addition, for the case of waste storage infringement that occurred overseas, a fine was levied.

The Kubota Group's Environmental Management System

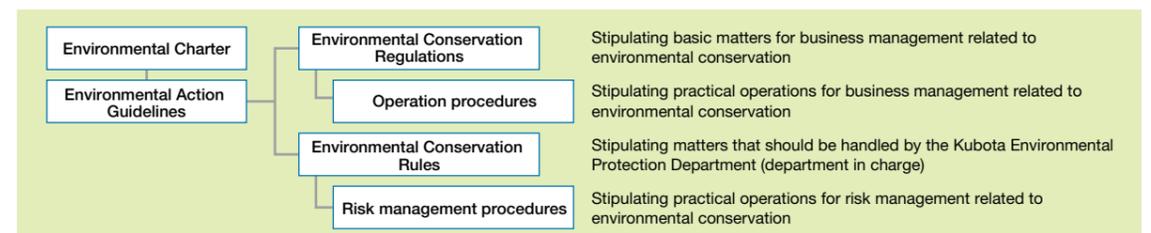
The diagram below shows the structure of the environmental management system of the Kubota Group.



Environment-related Rules and Regulations

The Kubota Group has formulated environment-related rules and regulations based on its internal control system, targeting Kubota Corporation, all of its consolidated subsidiaries and a part of its affiliated companies accounted for under the equity method that are highly significant in its environmental management.

The rules and regulations are classified as follows:



These rules and regulations are reviewed every year, according to the business environment and revisions of laws and regulations. The latest version of these rules and regulations are available on the Group portal site, allowing employees around the world to refer to them.

Environmental Auditing

Each year, the Environmental Protection Department conducts an environmental audit that incorporates a document audit and a remote audit using IT tools targeting all production sites, service sites, offices, and construction and maintenance management departments in Japan, as well as overseas group production sites.

Moreover, in addition to the environmental audit by the Environmental Protection Department, annual internal environmental audits are conducted at production sites. Through these means, and by taking the initiative to self-check the status of environmental management, every effort is being made to further improve management levels.

All of the audit results are reported to the President and management at the Group-wide Risk Management Committee in accordance with the Group-wide internal control system.

FY2021 Environmental Audit Implementation Status

- Number of sites : 287 (274 sites and 13 agricultural machinery sales companies)
- Number of audit items : 28 (for production sites) up to 53 (for service sites)
* Details are as shown in the table below.
- Audit details : Water and air quality management, noise and vibration management, waste discharge and chemical substance management, climate change prevention, response to abnormalities and emergencies, and environmental management system



FY2019 Environmental audit
Kubota Baumaschinen GmbH (Germany)
* The FY2021 environmental audit was mainly conducted through remote audit.

Environmental Audit Implementation Status

		Production sites	Offices	Service sites		Construction departments	Maintenance management departments*2	Total number of sites audited
				Agricultural machinery distributors	Other			
Group companies in Japan	Number of sites audited	24	86	13 companies*1	91	47	8	269
	Number of audit items	45	41	53	53	39	29	
Overseas group companies	Number of sites audited	18	—	—	—	—	—	18
	Number of audit items	28	—	—	—	—	—	

*1 For agricultural machinery distributors, the audit was conducted on a company basis instead of on a site basis.
*2 Departments engaged in the business of operation or maintenance of environmental plants

Environmental Risk Assessment

Environmental risks for facilities are evaluated from the function and management methods, etc., of environment-related equipment, and for facilities that are deemed to require countermeasures, risk reduction activities are promoted to strengthen equipment and management countermeasures until environmental risks are at an acceptable level.

The Kubota Group is proactively working to further reduce environmental risks by conducting environmental audits and environmental risk assessments—two activities with differing perspectives—in parallel.



Environmental risk assessment
Kubota Tsukuba Plant

Environmental Patrols

At each site, environmental patrols are carried out to meticulously assess the entire site and confirm the absence or presence of conditions that may lead to environmental accidents or violations of environmental laws and regulations. The Kubota Group aims to reduce environmental risks by conducting environmental patrols and finding situations that may cause any abnormalities at an early stage.



Environmental patrol
Kubota Sakai Plant

Drills for Responding to Abnormal and Emergency Situations

The Kubota Group is working to identify and minimize environmental risks associated with its business activities through risk-specific response procedures.

We are also conducting drills each year based on response procedures that assume the outbreak of environmental accidents or situations that could arise in environmental accidents, in order to mitigate the impact on the ambient environment.



Training based on an oil leak scenario
Nagasaki Office,
KUBOTA Construction Machinery Japan Corporation.

On-site Investigations of Waste Treatment Contractors and Purchasers of Valuable Resources

In order to promote the proper treatment of waste and other materials including valuable resources at its operating sites in Japan, the Kubota Group is increasingly employing the services of top-rated certified operators.

At the same time, the Group has stipulated internal rules for conducting on-site investigations of industrial and other recyclable waste treatment contractors as well as purchasers of valuable resources. As far as industrial waste where there are large numbers of treatment contractors, the Kubota Group conducted investigations using its own on-site investigation appointing system that is run by its production sites, offices, sales companies, and other companies.

In FY2021, due to the COVID-19 pandemic, on-site investigations were conducted only at sites where on-site checking was required due to local government ordinances and so forth. At other sites, we conducted investigations based on published information of treatment contractors and so forth. Looking ahead, we will continue to conduct investigations that increase validity to promote appropriate treatment.

Green Procurement

Green Procurement Guidelines

For the purpose of providing products that are friendly to global and local environments, the Kubota Group is seeking to procure products with reduced environmental impact from ecofriendly suppliers.

In order to proactively promote these activities, the Kubota Group presents its policies on green procurement to suppliers through the Group's Green Procurement Guidelines, asking for their understanding and cooperation.

In addition, we conclude basic trading agreements with Japanese suppliers who deal with Kubota, and through these agreements we ask the suppliers to observe environmental laws and regulations, and take steps to reduce their environmental impact.

 For details on the Kubota Group's Green Procurement Guidelines, click here
www.kubota.com/sustainability/environment/procure/



The Kubota Group's Green Procurement Guidelines and Appendix [Substances of Concern List] (Published in Japanese, English and Chinese)

Award System for Green Procurement

The Green Supplier Award System was launched in 2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation, such as the supplies (materials, components, equipment, etc.) procured by the Kubota Group. The awards are presented every year.

In accordance with the Kubota Group's Green Procurement Guidelines, this award system quantitatively evaluates goods supplied to the Kubota Group and environmental conservation activities engaged in by suppliers from the perspective of resources and energy-saving and awards notably excellent examples.

In 2021, of the 130 environmental conservation activities that were submitted from our suppliers in Japan, 12 activities with particularly high achievements were awarded, one of which received the Excellent Prize.

We started expanding this system globally in 2018, and presented awards at overseas sites as well. We will continue to utilize the system and carry out activities in the name of green procurement and promote environmental conservation initiatives hand-in-hand with our suppliers.



FY2021 Awarding ceremony (January 2022)

Supplier Management

The Kubota Group promotes measures to protect the environment, working closely with suppliers who support our environmental management.

As a specific example of activities, Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) conducts “environmental patrols” of existing suppliers to verify compliance with environmental laws and requests suppliers to take recommended steps for addressing any points for improvement found with the goal of minimizing the risk of supply stoppages for procured components. For new suppliers, patrols are carried out prior to their approval, with only those verified as legally compliant selected as new suppliers.

Environmental Education and Enlightenment

Results of Environmental Education in 2021

We conduct environmental education and awareness raising for Kubota Group employees through rank-based training, professional training by subject, and e-learning.

Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	ESG Forum for executive management	1	230	Lecture by Mariko Kawaguchi (Specially appointed Professor at Rikkyo University, Executive Advisor to CEO Fuji Oil Holdings Inc., Special Advisor to Daiwa Institute of Research Ltd.) on “Sustainability as a Strategy, Not as Ethics—ESG Management Required Today”
	Safety, Environment and Quality Forum for executive management	1	530	Lecture by Masahiro Yoshida (General Manager, Global Production Center, Toyota Motor Corporation) on “Passing on Toyota Technical Skills to Develop People—Foundation of Production Line Management and Evolution”
	Training for new employees in staff positions	1	205	Global and local environmental issues and the Kubota Group’s environmental conservation activities
	Training for newly appointed foremen	1	17	The Kubota Group’s environmental management and efforts as foremen
	Training for newly appointed supervisors	2	44	The Kubota Group’s environmental management and efforts as supervisors
Professional education by subject	Basics of environmental management	1	10	Basic knowledge of environmental legal systems, environmental risk, and environmental conservation
	Waste management (Basic)	4	76	Waste Management and Public Cleansing Law and waste management
	Waste management (applied)	1	21	Waste management and resource recycling related laws and waste management and reduction
	Environment-related facility management	1	23	Pollution prevention-related laws and pollution prevention technologies
	Education to train ISO 14001 environmental auditors	2	49	The ISO 14001 standard, environment-related laws, audit techniques
e-learning	Waste management	1	15,350	Corresponding items in Waste Management and Public Cleansing Law and waste management services
	Responding to the Act on Rational Use and Proper Management of Fluorocarbons	1	4,192	Corresponding items in Act on Rational Use and Proper Management of Fluorocarbons and fluorocarbon management services
	Environmental preservation measures in outsourced construction work	1	1,231	Environmental risks and environmental preservation measures in outsourced construction work
Total		18	21,978	



Raising Environmental Awareness of Employees and Families through the Kubota Eco-Challenge

The Kubota Group designates June of each year as “Environment Month” and promotes various programs to raise awareness among its employees. Following on from 2020, in 2021, we again promoted activities with the theme of “Let’s work together to reduce plastic waste!”

As one of our Environment Month activities, we held the Kubota Eco Challenge, an environmental photo contest in which Group employees and their families around the world post photographs of eco activities at their workplaces and homes. 685 photographs were posted from sites around the world, showing various activities at workplaces and homes, such as using eco bags and personal water bottles, release of juvenile fish, and composting fallen leaves and eggshells for reuse.

As we go forward, we will continue to raise awareness of the environment among employees through Environment Month.



Environment Month poster (2021)



Use of eco bags



Use of personal water bottles



Release of juvenile sharks



Composting of eggshells

Environmental Achievement Awards

The Kubota Group presents the Environmental Achievement Awards each year to commend individuals and groups that have made notable contributions to environmental conservation, as well as to boost the Group’s employees’ environmental conservation awareness and activate their environmental activities.

In FY2021, environmental conservation activities were evaluated targeting five categories: production, non-production, product, education and awareness raising, and social contribution. Twenty activities were awarded for their achievements in energy saving, waste reduction, VOC reduction, environmental risk reduction, development of environment-friendly products, social contribution activities and so on. Five of these were awarded as the Excellent Prize.

We will continue to award excellent initiatives that contribute to regional or global environmental conservation, and encourage sharing of the details of such initiatives within the Group, with the aim of further activating environmental conservation activities.

Environmental Achievement Award Excellent Prize in 2021

Boundary	Company, department	Theme
Production category	Kubota Hirakata Plant	Enhancement of the scope of waste heat usage through increased heat exchanger efficiency
	Kverneland Group Ravenna S.r.l	Reduction of VOC and waste products through change and recycling of paint cleaning solvent
Non-production category	Kubota Logistics Corporation	Reduction of plastic waste through change of shock-absorbing materials for product transportation
Product category	Engine Division, Engine Technology Department 1	Diesel engine 09-E5 series V5009-TIE5-BB
	Environmental Equipment Division, Shiga Plant, Technology Section	Large-size <i>Johkasou</i> , decentralized wastewater treatment plant KTZ type

Environmental Achievement Awards in 2021

Boundary	Classification, No. of winners
Production category	Excellent Prize: 2, Encouragement Award: 9
Non-production category	Excellent Prize: 1

Boundary	Classification, No. of winners
Product category	Excellent Prize: 2, Encouragement Award: 4
Social contribution category	Social Contribution Prize: 2

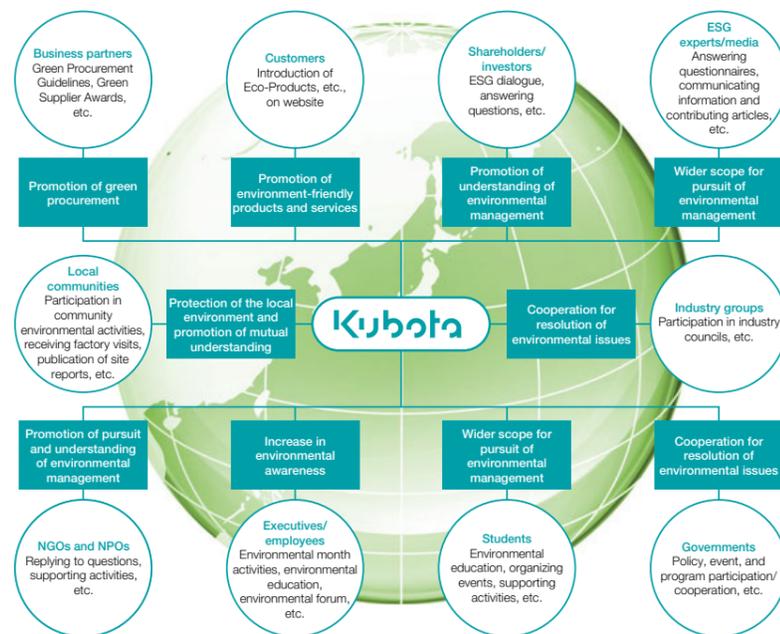
Environmental Communication

Since it published its first Environmental Report in FY1999, the Kubota Group has continued to disclose its environmental information. Along with the globalization of its businesses, the Group has enhanced the contents of the environmental information it discloses, to allow the Group's global initiatives to be understood. To expand and improve disclosures further, the Group will continue its dialogues with stakeholders and further disclosing information in line with international standards such as the environmental reporting guidelines by the Japanese Ministry of the Environment, the GRI standards and the recommendations of TCFD.

Each business site also works to enhance understanding of the environmental conservation activities by the local residents and family members of employees by participating in local environmental conservation activities and other environmental communication activities, such as environmental education and protection of the natural environment, for the purpose of achieving symbiosis with local communities.

Environmental Communication Activities

To practice environmental management globally, the Kubota Group is committed to deepening mutual understanding via dialogue with various stakeholders. The opinions and feedback gained from dialogue are used to improve Group environmental management practices with the aim of meeting social expectations and addressing societal issues.



Cooperation with Environment-related Industry Groups and Governments

The Kubota Group believes that in promoting environmental conservation, it is important to promote environmental conservation initiatives not only within its Group but also in cooperation with various sectors, such as the national or local government and relevant industry groups. Through participating in programs and campaigns hosted by government organs and establishing partnerships with various organizations, the Group aims to create synergy and conduct more effective environmental conservation activities.

Participating in Systems, Verification Programs, Campaigns by the National Government

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an "Eco-First Company," and has been a member of the Eco-First Promotion Council since then. Through the Council, the Group submits proposals to or exchanges opinions with the Ministry of the Environment, supports Eco-First companies promoting environmental conservation activities and enhancing cooperation between companies, and engages in activities to raise the environmental awareness of the public. The Group also participates in the "Fun to Share" campaign by the Ministry of the Environment to tackle climate change toward the realization of a low-carbon society, the "Cool Choice" national movement to encourage smart choices contributing to measures against global warming, and the Water Project to raise awareness concerning water circulation and conservation of the water environment. In addition, the Group was also selected as a "Zero-Emissions Challenge" company in the Ministry of Economy, Trade and Industry's project for promoting innovation to realize a decarbonized society. Moreover, the Group also participates in the Environmental Reporting Platform Development Pilot Project to promote ESG dialogues between investors and companies.



Zero-Emissions Challenge logo

Participating in Industry Groups

The Kubota Group is a member of various environment-related committees in the Kansai Economic Federation and other industry groups it is participating in. The committee activities help deepen understanding of the roles that companies should play in addressing environmental issues such as climate change, while providing opportunities to share information and exchange opinions on energy and environmental policies. In addition, the Group actively participates in initiatives to promote global environmental conservation.

• Major participating groups

Industry groups: Japan Business Federation, Kansai Economic Federation, Japan Society of Industrial Machinery Manufacturers, etc.
Environmental initiatives: Japan Climate Initiative, Task Force on Climate-Related Financial Disclosures (TCFD)

Support for the TCFD Recommendations

The Kubota Group considers mitigating and adapting to climate change to be one of the material issues for environmental management. We are making efforts to respond to climate change through environment-friendly products, technologies, services, and corporate activities. To further enhance stakeholder communication, we expressed support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in January 2020.



Participation in JCI activities

The Kubota Group has participated in the activities of the Japan Climate Initiative (JCI) since October 2018. JCI participants include Japanese companies, local governments, NGOs and others who aim to realize a carbon-free society.



Dialogue and Collaboration with Local Governments

The Kubota Group proactively participates in various committees of Osaka City and other local governments and their related groups, and works to establish partnerships with them. The Group promotes industry-government-academia collaboration through participating in discussions and opinion exchange on environmental issues, and various activities.

• Major collaborating groups/partners

Gifu Prefecture "Consortium for Forest Technology Development and Promotion," Osaka City "Environmental Management Promotion Council," sponsored flowerbeds in front of the Kyuhoji Green Space in Osaka Prefecture, the "Carrying Water Project" by Ono City, Fukui Prefecture, and so on.

Environment-related External Evaluation

Kubota Receives the Highest Evaluation for the Fourth Time in a Third Consecutive Year in CDP* Water Security 2021

The Kubota Group was selected for inclusion in the A list of companies—the highest position—in the CDP Water Security 2021 survey on water security conducted by the CDP. It is the third consecutive year that the Group has been selected as an A list company for water security, and the fourth time. In the online event held in January 2022, “CDP 2021 A List Company Awards,” President and Representative Director Yuichi Kitao gave a speech as an outstanding company.

We were also awarded an “A-” rating—the second highest on an 8-point scale—in the CDP Climate Change 2021 survey, a survey on climate change conducted by the CDP.

* Established in the UK in 2000, the CDP is a non-profit organization that works with institutional investors to encourage companies and cities to disclose their strategies and data related to climate change, water, and forests by providing institutional investors with research-based analytical results and environmental performance ratings.



Speech at the CDP 2021 A List Company Awards

Receiving Environmental Awards

Siam Kubota Corporation Co., Ltd. (Headquarters Plant, Amata City Plant) and Siam Kubota Metal Technology Co., Ltd. Receive Green Industry Award

Siam Kubota Corporation Co., Ltd. (Headquarters Plant, Amata City Plant) (SKC) and Siam Kubota Metal Technology Co., Ltd. (SKMT) received the Green Industry Award from the Thai government in 2020 and 2021, respectively, as clean plants that are environmentally considerate. On the five-point evaluation scale (Level 5 being the highest), SKC scored Level 4 for having strongly rooted environmental conservation activities in their corporate culture, while SKMT was awarded Level 3 in recognition of having built an environmental management system and steadily implementing a PDCA cycle.

The award has a three-year certification period, and Kubota Precision Machinery (Thailand) Co., Ltd. has previously received a Level 3 award, and Kubota Engine (Thailand) Co., Ltd. a Level 4 award. They are still currently recognized as Green Industries.



Green Industry Award certificate

Great Plains Manufacturing, Inc.'s Salina Plant Receives a Gold Award

The Salina Plant of Great Plains Manufacturing, Inc. (US) received a Gold Award from its home city of Salina in November 2021.

The award is presented to companies that properly manage waste water from painting processes and so forth, under an award system established by the Kansas Water Environment Association and Salina City. The Salina Plant was praised for its ongoing initiatives to manage documents related to process wastewater, monitor water quality, educate employees, and appropriately manage wastewater, resulting in the receipt of the Gold Award.



Gold Award certificate

Siam Kubota Corporation Co., Ltd. (Amata City Plant) Receives Amata Best Waste Management Platinum Award for 8th Consecutive Year

The Amata Best Waste Management award held by Amata Facility Service Company of Thailand was inaugurated in 2014. Held every year since then, the award is presented to plants that properly manage their industrial waste. It aims to promote the 3Rs (Reduce-Reuse-Recycle) and conduct appropriate and efficient industrial waste management processes at plants in Chonburi Industrial Estate and Rayong Industrial Estate, Amata City. In 2021, Siam Kubota Corporation Co., Ltd. (Amata City Plant) received the platinum award, (in the three tier evaluation comprised of silver, gold and platinum awards), for the 8th consecutive year since the award was inaugurated.



Platinum Award certificate

Kubota Environmental Engineering (Shanghai) Co., Ltd. Receives the Green Award

Kubota Environmental Engineering (Shanghai) Co., Ltd. (KEES) (China) received the “Green Award” at the 13th China Environmental Industry Conference, held in Jiangsu Province in April 2021.

The Green Award is presented to companies that are outstanding leaders in the environmental field. This is the fifth year that KEES has received the award. This time the company received the award as a model company in MBR (membrane separation activation sludge method) and purification tank facilities. KEES has been lauded for the excellence of its products and services, and has previously received the prize as a “model manufacturer of membranes for use in wastewater treatment,” a “leading firm in China in the wastewater treatment facility sector,” and a “model company for water treatment facilities and comprehensive services.”



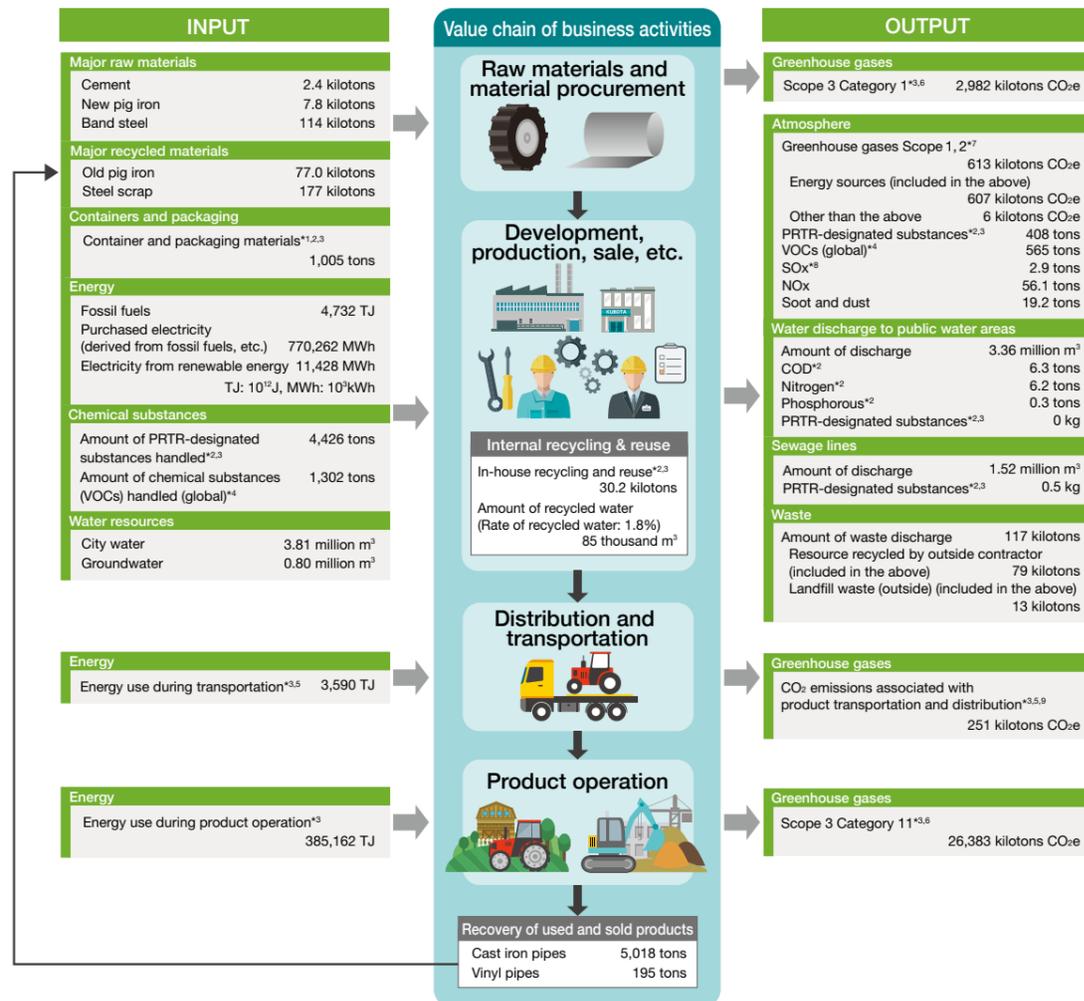
Green Award plaque

Environmental Data

Overview of the Environmental Load on the Value Chain

This is an overall summary of the Kubota Group's environmental loads associated with its diverse business activities in Japan and overseas in FY2021. The results of the measurement of the overall environmental loads on the entire value chain, from the procurement of raw materials, to manufacturing, distribution, sales, consumption, and the recycling of waste are used for the reduction of greenhouse gas emissions and the effective utilization of resources.

Overview of the Environmental Loads on the Value Chain (Results in FY2021)



*1 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
 *2 Data for Japan
 *3 Not subject to the third-party assurance
 *4 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
 *5 Data for Japan and data associated with the overseas shipping of certain products from Japan, excluding procurement and transportation
 *6 For Greenhouse gases Scope 3, only part of the categories are presented. For more details, see the CO₂ Emissions throughout the Value Chain (p.41).
 *7 CO₂ emissions refers to emissions from all Kubota Group sites (100%).
 *8 If sulfur contained in the slag managed onsite at end of year (December 31, 2021) by some sites in Japan is included, SOx emissions for FY2021 amounted to 5.0 tons.
 *9 CO₂ emissions excluding procurement and transportation from Scope 3 Category 4

 For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Trends in Major Environmental Indicators

Energy

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Energy	Amount of fossil fuel consumption	TJ	4,399	4,687	4,641	4,400	4,732
	Natural gas included in the above*1	TJ	2,267	2,501	2,561	2,450	2,690
	Amount of electricity consumption derived from fossil fuels	MWh	732,508	767,255	756,013	708,209	770,262
	Amount of electricity from cogeneration*1	MWh	416	1,805	2,274	2,398	2,597
	Amount of electricity consumption from renewable energy	MWh	1,855	2,412	2,604	5,683	6,244
	Amount of solar power generation (generated and consumed on site)	MWh	0	0	0	0	5,184
	Amount of purchased electricity (from renewable energy)	MWh	0	0	0	0	5,184

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Energy	Energy consumption	TJ	11,602	12,234	12,075	11,362	12,319

CO₂ Emissions

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Greenhouse gases	Scope 1, 2*2	kilotons CO ₂ e	645	647	630	570	613
	Energy sources	kilotons CO ₂ e	638	640	623	564	607
	Other than the above	kilotons CO ₂ e	7	7	7	6	6

Resources and Materials

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Major raw materials	Cement	kilotons	4.4	4.9	3.4	2.8	2.4
	New pig iron	kilotons	7.2	9.7	8.8	6.4	7.8
	Band steel	kilotons	132	121	112	100	114
Major recycled materials	Old pig iron	kilotons	64.0	71.8	74.2	69.2	77.0
	Steel scrap	kilotons	182	193	183	172	177
Containers and packaging	Container and packaging materials (Japan)*1,3	tons	988	922	973	879	1,005

Waste

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Waste, others	Amount of waste discharge*4,5	kilotons	113	120	113	100	117	
	Hazardous/non-hazardous waste	Hazardous waste	kilotons	6.0	5.3	5.5	6.1	6.3
		Non-hazardous waste*6	kilotons	107	114	108	94	111
	By treatment category	Resource recycled by outside contractor	kilotons	88	92	79	66	79
		Landfill waste (outside)	kilotons	10	10	12	11	13

*1 Not subject to the third-party assurance
 *2 CO₂ emissions refers to emissions from all Kubota Group sites (100%).
 *3 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging.
 *4 Values for FY2018 were corrected to improve accuracy.
 *5 Totals shown may differ from the simple sum of values shown due to rounding.
 *6 Non-hazardous waste = Amount of waste discharge - Amount of hazardous waste

 For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Water Resources

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Water resources	Water consumption	million m ³	4.51	4.88	4.59	4.36	4.61
	City water* ¹	million m ³	3.60	3.89	3.72	3.57	3.81
	Groundwater	million m ³	0.91	0.99	0.87	0.79	0.80

Water System Discharge

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Water discharge to public water areas	Wastewater discharge	million m ³	3.26	3.62	3.26	3.01	3.36
	COD (Japan)* ²	tons	7.7	8.6	7.6	5.8	6.3
	Nitrogen discharge (Japan)* ²	tons	9.1	6.9	6.2	5.8	6.2
	Phosphorous discharge (Japan)* ²	tons	0.27	0.38	0.30	0.30	0.34
	Amount of PRTR-designated substances released (Japan)* ³	kg	0.8	0.9	0.6	0.4	0.0
Sewage lines	Wastewater discharge	million m ³	1.42	1.50	1.51	1.36	1.52
	Amount of PRTR-designated substances transferred (Japan)* ³	kg	17	0.1	0.2	0.4	0.5

Chemical Substances

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Chemical substances	Amount of PRTR-designated substances handled (Japan)* ³	tons	4,488	5,339	4,918	4,276	4,426
	Amount of chemical substances (VOCs) handled (global)* ⁴	tons	1,646	1,707	1,412	1,291	1,302

Atmospheric Discharge

Environmental indicators		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Atmosphere	Amount of PRTR-designated substances released (Japan)* ³	tons	451	454	449	403	408
	VOC emissions* ⁴	tons	663	619	575	541	565
	SOx emissions* ⁵	tons	17.5	9.9* ⁷	3.9* ⁷	7.9* ⁷	2.9* ⁷
	NOx emissions* ⁶	tons	68.8	49.7	47.3	50.8	56.1
	Soot and dust emissions* ⁵	tons	21.9	11.6	11.1	16.3	19.2

*1 City water includes service water and water for industrial use.

*2 Data for total discharge from business sites subject to total emission control.

*3 Not subject to the third-party assurance

*4 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.

*5 Values for FY2018 to FY2020 were corrected to improve accuracy.

*6 Values for FY2018 and FY2020 were corrected to improve accuracy.

*7 If sulfur contained in the slag managed onsite by some sites in Japan is included, SOx emissions is 7.8 tons for FY2018, 5.3 tons for FY2019, 4.3 tons for FY2020, and 5.0 tons for FY2021.

 For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Calculation Results of PRTR-designated Substances

FY2021 Results of PRTR Reporting (Japan)

Number specified in PRTR	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
1	Zinc compounds (water-soluble)	0.0	0.0	0.0	0.0	0.0	413
51	2-Ethylhexanoic acid	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	129,726	0.0	0.0	0.0	0.0	19,745
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	172,436	0.0	0.0	0.0	0.0	27,405
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	4,389
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	0.9
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	16
240	Styrene	20,151	0.0	0.0	0.0	0.0	0.0
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0
296	1,2,4-trimethylbenzene	20,240	0.0	0.0	0.0	0.0	5,527
297	1,3,5-trimethylbenzene	3,109	0.0	0.0	0.0	0.0	924
300	Toluene	59,004	0.0	0.0	0.0	0.0	13,912
302	Naphthalene	3,077	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	34	0.0	0.0	0.0	0.5	12,387
308	Nickel	35	0.0	0.0	0.0	0.0	350
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
352	Diallyl phthalate	67	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	0.4	0.0	0.0	0.0	0.0	178
392	N-hexane	21	0.0	0.0	0.0	0.0	0.0
400	Benzene	2.0	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,105
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	102,461
419	Methacrylic acid n-butyl	84	0.0	0.0	0.0	0.0	24
448	Methylenebis (4,1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	0.0
453	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
Total		407,986	0.0	0.0	0.0	0.5	188,834

Scope: Total of substances with annual handling volume of one ton or more (0.5 ton or more for Specific Class 1 Designations) at each business site

Unit: kg/year

 Six VOCs substances targeted for reduction in Medium-Term Environmental Conservation Targets 2025

 For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Environmental Accounting

The Kubota Group performs environmental accounting and publicizes data about the cost of investments in environmental conservation and the economic and environmental benefits of these investments.

Environmental Conservation Costs

(Yen in millions)

Classifications	Major activities	FY2020		FY2021	
		Investment	Expenses	Investment	Expenses
Within the business area cost		1,104	2,710	867	3,939
Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	249	446	294	458
Global environmental conservation cost	Prevention of climate change, etc.	846	977	573	1,121
Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	9	1,287	0	2,360
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	115	0	127
Management activities cost	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	0	1,590	0	1,624
R&D cost	R&D for reducing of product environmental load and developing environment conservation equipment	2,466	8,286	690	9,409
Farm & Industrial Machinery		2,177	5,495	295	5,521
Water & Environment		279	2,722	219	3,172
Common		10	69	176	716
Social activities cost	Local cleanup activities, and membership fees and contributions to environmental groups, etc.	0	0.5	0	0.6
Environmental remediation cost	Contributions and impositions, etc.	0	88	0	93
Total		3,570	12,789	1,557	15,193

Total capital investment (including land) for the corresponding period (consolidated data)	121,400
Total R&D costs for the corresponding period	65,300

Environmental Conservation Effects

Effects	Items	FY2020	FY2021
Environmental effects related to resources input into business activities	Energy consumption (TJ)	7,302	7,613
	Water consumption (million m ³)	3.37	3.49
Environmental effect related to waste or environmental impact originating from business activities	CO ₂ emissions (energy related CO ₂) (kilotons CO ₂ e)	389	403
	SO _x emissions (tons)	5.6	2.0
	NO _x emissions (tons)	43.1	36.0
	Soot and dust emissions (tons)	4.1	2.9
	Releases and transfers of PRTR-designated substances (tons)	549	597
	Waste discharge (kilotons)	64.5	71.7
	Waste to external landfills (kilotons)	1.7	1.9

Economic Effects

(Yen in millions)

Classifications	Details	Annual effects of the year ended December 31, 2021
Energy conservation measures	Improve the operations of production facilities and switch to more efficient lighting and air-conditioning systems	73
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	245
	Sales of valuable resources	1,855
Total		2,173

<Environmental accounting principles>

1) The period is from January 1, 2021 to December 31, 2021.

2) The data of business sites in Japan is considered in the calculation.

3) Data was calculated referring to the Environmental Accounting Guidelines 2005, published by Japan's Ministry of the Environment.

4) "Expenses" includes depreciation costs.

Depreciation cost was calculated based on the standards applied to Kubota's financial accounting, and assets acquired in and after 1998 were considered in the calculation.

"Management activities" and "R&D costs" include personnel expenses.

"Resource recycling costs" does not include costs incurred during disposal of construction waste at construction sites.

"R&D costs" represents that which was spent on environmental purposes, calculated on a pro-rata basis.

5) "Economic effects" is obtained only by adding up tangible results and does not include estimated effects.

Status of Environmental Management System Certification Acquisition

The Kubota Group requires all of its production sites to acquire ISO 14001 certification or other equivalent environmental certification (EMAS, etc.).

As of the end of April 2022, 43 of the Group's 57 production sites worldwide (acquisition rate of 75%) have acquired environmental management system certification. In Japan, all of its 24 production sites (acquisition rate of 100%) have acquired ISO 14001 certification. Of its 33 overseas production sites, 19 sites (acquisition rate of 58%) have acquired ISO 14001 certification or other certification for environmental management systems. The Kubota Group will make continuous efforts to raise the acquisition rate of the certification.



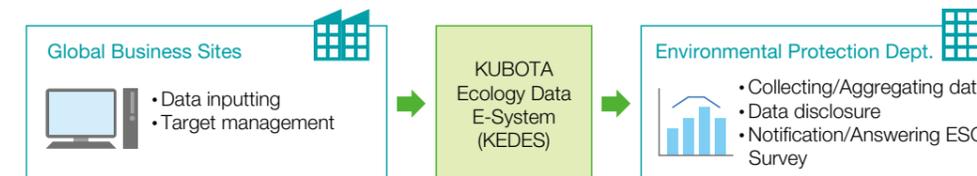
For details on the Kubota Group's Status of Environmental Management System Certification Acquisition, click here

www.kubota.com/sustainability/environment/ems/

Calculation Standards of Environmental Performance Indicators

In order to practice environmental conservation activities on a global scale, the Kubota Group utilizes the "KUBOTA Ecology Data E-System" (KEDES) to collect environmental data, which includes information from our business sites on their energy usage, amounts of generated and discharged waste, water usage, and VOC emissions, etc.

"KEDES" is a system that collectively manages environmental data at global business sites. Staff at each business site register monthly environmental data, which is used for target management of their own site. The Environmental Protection Department aggregates and analyzes the data, and uses it for reporting inside and outside the group. The boundary of the environmental data aggregation covers Kubota Corporation and all (100%) of its consolidated subsidiaries.



Period and Organizations Covered by Environmental Data

FY	Period		Organizations covered (No. of companies)			
	Data in Japan	Overseas data	Kubota/Consolidated subsidiaries*3			Affiliated companies accounted for under the equity method*4
			Japan	Overseas	Total	
2014	April 2014 to March 2015	January 2014 to December 2014	53	103	156	12
2015	April 2015 to March 2016	January 2015 to December 2015*1	51	102	153	13
2016	January 2016 to December 2016	January 2016 to December 2016*2	48	125	173	12
2017	January 2017 to December 2017	January 2017 to December 2017	49	125	174	9
2018	January 2018 to December 2018	January 2018 to December 2018	49	124	173	8
2019	January 2019 to December 2019	January 2019 to December 2019	49	126	175	8
2020	January 2020 to December 2020	January 2020 to December 2020	45*5	128	173*5	8
2021	January 2021 to December 2021	January 2021 to December 2021	45	130	175	8

*1 Although the accounting period of FY2015 is nine months (April 2015 to December 2015) due to the change of the account closing time, the period for the environmental data is set to be a year. Consolidated net sales used to calculate the environmental load per unit of consolidated net sales (CO₂ emissions, energy use, CO₂ emissions during distribution, amount of waste discharged, water consumption, VOC emissions, amount of PRTR-designated substances released and transferred) for FY2015 are the total consolidated sales from April 2015 to March 2016.

*2 For FY2016, of the overseas consolidated subsidiaries, for Great Plains Manufacturing, Inc. (GP), which became a consolidated subsidiary in July 2016, the period of its environmental data is six months (July 2016 to December 2016), and the data except for its four major production sites (accounting for over 80% of sales of the GP Group in FY2016) and four major non-production sites (accounting for over 90% of the employees of non-production sites of the GP Group in FY2015) is estimated. Data of the amount of chemical substances (VOC) handled and VOC emissions is excluded from the calculation. From FY2017, the data for all of the GP Group sites is calculated based on results.

*3 The coverage of consolidated subsidiaries is 100% for each year.

*4 Part of the affiliated companies accounted for under the equity method are covered by the data.

*5 The numbers of covered organizations were corrected.

Energy and CO₂-related

Indicator (unit)	Calculation method
Energy use (J)	<ul style="list-style-type: none"> Energy use = Amount of purchased electricity consumed at business sites × per-unit heat value + Σ [amount of each fuel consumed × per-unit heat value of each fuel] Energy consumption does not include electricity from cogeneration and solar power generation (generated and consumed on site). Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan. However, for purchased electricity (from renewable energy) a heat conversion coefficient of 3.6 GJ/MWh is used.
CO ₂ emissions (tons CO ₂ e)	<ul style="list-style-type: none"> CO₂ emissions = CO₂ emissions from energy sources + non-energy source greenhouse gas emissions CO₂ emissions from energy sources = Amount of purchased electricity consumed at business sites × CO₂ emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO₂ emission coefficient of each fuel] Non-energy source greenhouse gas emissions = CO₂ emissions from non-energy sources + non-CO₂ greenhouse gas emissions Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan. CO₂ emission coefficients <p>[FY2014 to FY2015] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)</p> <p><Electricity> Data for Japan is basic emission coefficients for each electricity utility, and overseas data is according to the GHG emissions from purchased electricity (GHG Protocol).</p> <p>[FY2016 to FY2021] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)</p> <p><Electricity> • Data for Japan is from basic emission coefficients (effective emission coefficients) for each electricity utility • Overseas data is according to emission coefficients for each electricity utility, CO₂ Emissions from Fuel Combustion (IEA) or Emission Factors (IEA) and The Emissions & Generation Resource Integrated Database (eGRID) (EPA).</p> <ul style="list-style-type: none"> The method for calculating non-energy source greenhouse gas emissions is based on the Manual for Calculation and Report of Greenhouse Gas Emissions (by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Energy use during transportation (J)	<ul style="list-style-type: none"> Energy use during transportation = Σ [Freight traffic by truck × Fuel consumption per ton-kilometer × per-unit heat value] + Σ [Freight traffic by rail and water × Energy use (heat value) per unit ton-kilometer] Calculation method is from "Energy Conservation Laws: Guide to Promoting Shipper's Energy Saving, 6th Edition" (Agency for Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry) In addition to the data for Japan for the Company's own shipments excluding procurement and transportation, energy use associated with the overseas shipping of certain products from Japan has been included from FY2018.
Energy use during product operation (J)	<ul style="list-style-type: none"> Energy use during product operation = Σ [Number of product units shipped × Fuel consumption per hour × Annual hours of use × Years of lifespan × per-unit heat value of each fuel] Products: agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.) Calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product. Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Ratio of renewable energy usage (%)	<ul style="list-style-type: none"> Ratio of renewable energy usage (%) = amount of electricity consumption from renewable energy / (amount of electricity consumption from renewable energy + amount of purchased electricity (derived from fossil fuels)) Amount of electricity consumption from renewable energy = amount of solar power generation (generated and consumed on site) + amount of purchased electricity (from renewable energy) The amount of electricity consumption from renewable energy is the amount of electricity consumed that was generated by solar power and hydro power, etc.

Energy and CO₂-related

Indicator (unit)	Calculation method
Scope 3 emissions (tons CO ₂ e)	<ul style="list-style-type: none"> The calculation method is based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) and the Emissions per Unit Database for the Purpose of Calculating the Greenhouse Gas and Other Emissions of Organizations throughout the Supply Chain (Ver 3.1)
Category 1 Resource extraction, manufacture and transportation related to purchased goods/ services	<ul style="list-style-type: none"> Σ [Production volume × CO₂ emissions per unit] Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), construction machinery (compact excavators, etc.), and ductile iron pipe Production volume: Number of units shipped for agricultural and construction machinery, and production weight for ductile iron pipes CO₂ emissions per unit: Estimated from the CO₂ emissions per unit of production of the product
Category 2 Manufacture and transportation of capital goods such as purchased equipment	<ul style="list-style-type: none"> Equipment investment amount × CO₂ emissions per unit
Category 3 Resource extraction, manufacture and transportation related to purchased fuels/ energy	<ul style="list-style-type: none"> Purchased electricity and fuel consumed at business sites × CO₂ emissions per unit CO₂ emission units are based on the LCI database IDEA version 2.3 (Research Laboratory for IDEA, Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology, and Sustainable Management Promotion Organization)
Category 4 Upstream transportation and distribution	<ul style="list-style-type: none"> [CO₂ emissions associated with procurement and transportation] = Procurement amount × CO₂ emissions per unit known to Kubota [CO₂ emissions associated with product transportation] = Σ [Fuel consumption for freight shipment by truck × CO₂ emission per ton-kilometer by fuel of transportation] + Σ [Fuel consumption for freight shipment by rail and water × CO₂ emission per ton-kilometer by means of transportation] Calculation method is based on the ton-kilometer method stipulated in the Manual for Calculation and Report of Greenhouse Gas Emission (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) In addition to the data for Japan, CO₂ emissions associated with the overseas shipping of certain products from Japan has been included. Target products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines The scope of calculation includes CO₂ emissions associated with Kubota's transportation of waste. CO₂ emissions from the procurement and transportation of some parts has been included from FY2021. Machinery production sites are subject to inclusion.
Category 5 Disposal of wastes discharged from business sites	<ul style="list-style-type: none"> Σ [Amount of waste discharge by type × CO₂ emissions per unit]
Category 6 Employee business travels	<ul style="list-style-type: none"> Σ [Transportation expenses paid by method of transport × CO₂ emissions per unit] Transportation expenses paid by method of transport are for airline tickets and railway tickets. For a part of the overseas subsidiaries, estimate by multiplying the net sales of the subsidiaries in each of the regions and countries mentioned by the ratio of transportation expenses for each method of travel included in the net sales of major subsidiaries in Europe, America, Asia and China.
Category 7 Employee commuting	<ul style="list-style-type: none"> Σ [Transportation expenses paid by method of transport × CO₂ emissions per unit] The amount of transportation expenses is for the amount paid for railway tickets and car travel. CO₂ emissions from overseas subsidiaries have been included in addition to the data for Japan. For overseas subsidiaries, the data is partially estimated by multiplying the ratios of transportation expenses for each means of transportation among the number of employees at major subsidiaries by the number of employees at each subsidiary.
Category 9 Downstream Transportation and Distribution	<ul style="list-style-type: none"> Amount of customer goods sold × CO₂ emissions per unit known to Kubota. Cast iron products transported by customers as the consigner are subject to inclusion.
Category 10 Processing of intermediate products	<ul style="list-style-type: none"> Σ [Sales volume of intermediate products × CO₂ emissions per unit] Intermediate products: Engines (external sales only) CO₂ emissions per unit: CO₂ emissions per unit at Kubota Group's processing plants from FY2016-2020
Category 11 Use of products sold	<ul style="list-style-type: none"> Σ [Number of products sold × CO₂ emissions per unit] Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.) CO₂ emissions per unit: Fuel consumption per hour × Annual hours of use × Years of lifespan × per unit heat value of each fuel × CO₂ emission coefficient of each fuel (calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product) Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Category 12 End-of-life treatment of sold products	<ul style="list-style-type: none"> Σ [Number of products shipped × CO₂ emissions per unit] Products: Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (compact excavators, etc.) CO₂ emissions per unit: estimated CO₂ emissions per unit of product

Waste-related

Indicator (unit)	Calculation method
In-house recycling and reuse (tons)	<ul style="list-style-type: none"> The amount of resources that are reused or recycled in-house at each Kubota Group business site, and the amount of resources transferred for the purpose of reuse and recycling among Kubota Group business sites
Amount of waste, etc., discharge (tons)	<ul style="list-style-type: none"> Amount of waste, etc., discharge = sales amount of valuable resources + amount of waste discharge
Amount of valuable resources sold (tons)	<ul style="list-style-type: none"> The amount of unneeded resources generated within the Kubota Group that are sold outside the Group
Amount of waste discharge (tons)	<ul style="list-style-type: none"> Amount of waste discharge = Amount of industrial waste discharge + Amount of general waste discharge from business activities
Hazardous waste (tons)	<ul style="list-style-type: none"> In Japan, specially controlled industrial waste as defined in the Waste Management and Public Cleansing Law; Overseas, waste that is defined as hazardous in each country or region
Amount of resource recycling (tons) Amount of volume reduction (tons) Amount of landfill disposal (tons)	<ul style="list-style-type: none"> Amount of resource recycling = Amount of waste directly recycled + Amount of resource recycling after external intermediate treatment Amount of volume reduction = Volume of external intermediate treatment – Amount of resource recycling after external intermediate treatment – Final landfill following external intermediate treatment Amount of landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment Amount of resource recycling after external intermediate treatment includes heat recovery Amount of resource recycling after external intermediate treatment, amount of final landfill disposal, and amount of volume reduction are calculated based on the results of surveys at the contractor.
Recycling ratio (%)	<ul style="list-style-type: none"> Recycling ratio = (Sales amount of valuable resources + external recycling amount) / (Sales amount of valuable resources + external recycling amount + amount of landfill disposal) × 100 External recycling amount includes heat recovery

Water-related

Indicator (unit)	Calculation method
Water consumption (m ³)	<ul style="list-style-type: none"> Water consumption = City water consumption + groundwater consumption City water includes service water and water for industrial use
Wastewater discharge (m ³)	<ul style="list-style-type: none"> Wastewater discharge = Amount of wastewater discharge to public water areas + amount of discharge to sewage lines Wastewater discharge includes rain and spring water at some business sites
Amount of recycled water (m ³)	<ul style="list-style-type: none"> Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
Rate of recycled water (%)	<ul style="list-style-type: none"> Rate of recycled water = Amount of recycled water / (Water consumption + Amount of recycled water) × 100
COD (tons) Nitrogen discharge (tons) Phosphorus discharge (tons)	<ul style="list-style-type: none"> COD = COD per unit wastewater discharge amount × wastewater discharge to public water areas Nitrogen discharge = nitrogen concentration × wastewater discharge to public water areas Phosphorous discharge = Phosphorous concentration × wastewater discharge to public water areas Targeting business sites subject to total emission control in Japan

Chemical Substance-related

Indicator (unit)	Calculation method
Amount of PRTR-designated substances handled (tons)	<ul style="list-style-type: none"> Total amount of chemical substances handled at Japanese sites, which are designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Law) whose amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances) per year
Amount of PRTR-designated substances released and transferred (tons)	<ul style="list-style-type: none"> Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law at Japanese sites and whose annual total amount handled by each business site is one ton or more (or 0.5 ton or more in case of Specific Class I Designated Chemical Substances). Amount released = amount discharged to the atmosphere + amount discharged to public water areas + amount discharged to soil + amount disposed of by landfill in the premises of the business site Amount transferred = amount discharged to sewerage + amount transferred out of the business site as waste The amount of each substance released and transferred is calculated in accordance with the Manual for PRTR Release Estimation Methods Ver. 4.2 (March 2018) of Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry, and the Manual for PRTR Release Estimation Methods in the Steel Industry Ver. 13 (March 2014) of the Japan Iron and Steel Federation.
Amount of chemical substances (VOC) handled (tons)	<ul style="list-style-type: none"> The total amount handled at each site of the six substances of xylene; toluene; ethylbenzene; styrene; 1,2,4-trimethylbenzene; 1,3,5-trimethylbenzene that are at each site handled in amounts of one ton or more per year
VOC emissions (tons)	<ul style="list-style-type: none"> The total emissions of the six substances of xylene; toluene; ethylbenzene; styrene; 1,2,4-trimethylbenzene; 1,3,5-trimethylbenzene that are at each site handled in amounts of one ton or more per year
SOx emissions (tons) NOx emissions (tons) Soot and dust emissions (tons)	<ul style="list-style-type: none"> SOx emissions = Amount of fuel consumed (kg) × sulfur content in the fuel × (1 – desulfurization efficiency) × 64/32 or SOx emissions = ((amount of coke consumed × sulfur content in coke) – (amount of molten metal × sulfur content in molten metal) – (volume of slag, dust, etc. × sulfur content in slag, dust, etc.)) × 64/32 or SOx emissions = SOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility NOx emissions = NOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility Soot and dust emissions = soot and dust concentration × amount of gas emitted per hour × annual operation hours of the relevant facility Targeting the smoke and soot generating facilities at business sites in Japan as defined by the Air Pollution Control Act, and the facilities at overseas business sites subject to the application of measurement obligations stipulated in the statutory and regulatory requirements of those countries in which sites are located

Product-related

Indicator (unit)	Calculation method
Sales ratio of Eco-Products (%)	<ul style="list-style-type: none"> Sales ratio of Eco-Products = Sales of Eco-Products / sales of products (excluding construction work, services, software, parts, and accessories) × 100
Usage ratio of recycled materials (%)	<ul style="list-style-type: none"> Usage ratio of recycled materials = \sum {production volume of target products at each production site × usage ratio of recycled materials at each production site} / total production weight of target products Usage ratio of recycled materials at each production site = Amount of recycled materials input in the melting process at each production site / total material input amount of materials at each production site × 100 Target products: Cast metal products and parts manufactured by the Kubota Group (such as ductile iron pipes, fittings, machine cast products (engine crankcase, etc.)) The amount of recycled materials input and the total material input amount does not include the indirect materials that are not the constituent materials of the casting products and parts. The amount of recycled materials input does not include the amount of reusage of defective processed products and offcuts, etc., that arise in the manufacturing process on the site.

Third-Party Assurance of Environmental Report

Since 2004, the Kubota Group has received third-party assurance for the purpose of improving the reliability and comprehensiveness of its environmental data. Information that is marked with a  symbol indicates that the information has been assessed by a third party. Based on the third-party assurance obtained this reporting year, the Kubota Group ESG Report 2022 received the J-SUS Symbol of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS). This symbol indicates that an assurance was undertaken by an assurance body certified by J-SUS regarding the reliability of the environmental data presented in the report.



Independent Assurance Report

To the President and Representative Director of Kubota Corporation

We were engaged by Kubota Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with  (the "Indicators") for the period from January 1, 2021 to December 31, 2021 included in its Kubota Group ESG REPORT 2022 (the "Report") for the fiscal year ended December 31, 2021.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's factories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Shinnosuke Kayumi

Shinnosuke Kayumi, Director
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
June 7, 2022

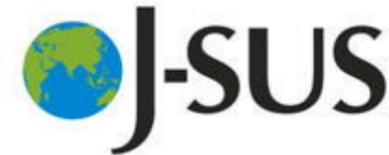
Factory Visit



Kubota Hirakata Plant

J-SUS Symbol

This symbol indicates that an assurance was undertaken by an assurance body certified by J-SUS regarding the reliability of the environmental data presented in the Kubota Group ESG Report 2022.



Japanese version www.j-sus.org/
English version www.j-sus.org/english.html

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SOCIAL

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Social Report

Targets and Results Concerning Social Aspects

The Kubota Group aims to increase the satisfaction of its various stakeholders and enhance its corporate value by implementing the PDCA cycle in each category.

<SDGs related to this section>



Summary of Social Report for FY2021, and Priority Issues for FY2022 and Medium-Term Targets

Materiality	Major items	Main focus of activity	Plan	Do	Applicable boundary shown to the left	
			Priority issues for FY2021	Activity results in FY2021		
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	Continue activities for inspection automation system	Continued activities for inspection automation system, and further, also looked at introducing automation systems for testing and test result preparation in analysis maintenance and certification acquisition	All domestic Group companies	
			Build an early-detection mechanism for quality issues in the Construction Machinery Division in collaboration with North American distributors, and further roll out to other machinery categories	Built an early-detection mechanism in collaboration with the Construction Machinery Division, and further expanded the mechanism to products in the tractor business (M-series and general products) and the engine business	Kubota Corporation quality control departments in each division	
			Accurate answer and quick response to the enquiries from customers.	"Satisfied for the answer Ratio": 99.2%. <measured by Kubota internal standard>	All domestic Group companies	
			Increase the percentage of customers looking at online FAQs while also raising the ratio of issues that are resolved successfully	"FAQs views" on "Kubota Agricultural Solution Products Website," were down compared to that in last year, but "Resolution Ratio" was 55.1%, up 3.9 points.	All domestic Group companies	
Suppliers	CSR procurement initiatives	CSR procurement initiatives	Further expand the global development of manufacturing improvement activities and promote optimal global procurement	Promoted improvement activities based on KPS by uniting procurement managers and suppliers, and developed activities to improve one another's manufacturing globally	Kubota Corporation (Farm & Industrial Machinery) All overseas Group companies (Farm & Industrial Machinery)	
			Get a firm idea of suppliers' CSR systems, which is linked to improvement	Requested major domestic and overseas suppliers assess their own operations with a CSR procurement check sheet	Kubota Corporation (Farm & Industrial Machinery)	
			Expand the suppliers eligible to receive awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling, and expand the awards both in Japan and overseas	Encouraged business partners to participate in the award system, and awarded those who had promoted environment-friendly production activities	Kubota Corporation (Farm & Industrial Machinery) All overseas Group companies (Farm & Industrial Machinery)	
			Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	Sought understanding of initiative policies by suppliers and requested their cooperation with surveys conducted by the Kubota Group	All Group companies, including overseas	
Shareholders, investors, etc.	Timely and appropriate release of information	Timely and appropriate release of information	Promote disclosure of a wide range of information and constructive dialogues able to meet demand of shareholders and investors through holding IR events and meetings continuously	Engaged in constructive dialogues through meetings and held business briefing sessions (November: ASEAN Farm & Industrial Machinery business) in order to encourage shareholders and investors to understand Kubota's business further	All Group companies, including overseas	
			Enhance information disclosure in annual securities reports in accordance with revised Cabinet Office ordinance	Enhanced information disclosure in annual securities reports in accordance with revised Cabinet Office ordinance and carried out compliance with revised corporate governance code	All Group companies, including overseas	
			Actively disseminate information on the Kubota Group's Long-Term Vision and Mid-Term Business Plan 2025	Announced Long-Term Vision and Mid-Term Business Plan 2025 at the February financial results presentation meeting. Promoted understanding among shareholders and institutional investors through consultations	All Group companies, including overseas	
			Conduct activities to continuously create new shareholders	Organized a facility visit for shareholders	Kubota Corporation only	
Employees	Creating a safe workplace for all employees	Creating a safe workplace for all employees	Put in place measures to prevent the recurrence of equipment abnormalities	Promoted the prevention of abnormalities in equipment by "visualization" of abnormalities and conducted activities to eliminate disasters by removing abnormalities themselves	All domestic Group companies	
			Promote safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment	Started activities to fulfill an implementation plan (FY2018-FY2022) by which all existing equipment that has not achieved Level II will be brought up to where they should be at Level II, based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment. And, have commenced operations so that new equipment will be brought up to the higher Level III at the time of deployment, based on the machinery safety risk assessment guidelines that were revised in FY2017	6 domestic Group companies 16 overseas Group companies	
	Creating a vibrant workplace	Creating a vibrant workplace	Continue to share information and hold discussions at labor-management committees	Shared information and held discussions in various labor-management committees (central, business sites) on current issues, etc.	Kubota Corporation only	
			Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	Fully incorporated the stress check system into one-on-one follow-up interviews and pursued improvements in high-stress workplaces	All domestic Group companies	
	Creating rewarding and lively workplaces	Respecting human rights	Respecting human rights	Strengthen initiatives to improve working environments	Enhanced mental health consultation using web conferencing	All domestic Group companies
				Continue to promote the second phase of Health Kubota 21 and encourage wellness activities in line with site-specific issues	Even amid the COVID-19 crisis, carried out wellness events on the themes of diet, exercise, and smoking abstinence with an elaborate plan by each Kubota's site	All domestic Group companies
		Promotion of diversity	Promotion of diversity	Prevent harassment (sexual, maternity or power harassment, or harassment against LGBT individuals) and improve the capacity to resolve harassment in Japan by enhancing contact points for consultation	Established harassment prevention regulations in response to legal revisions and provided to Group companies as reference materials	All domestic Group companies
				Promote activities with an understanding of international standards relating to human rights	Assessed the human rights conditions at overseas sites and carried out activities in accordance with the human rights standards of each country, such as announcing a statement on the UK Modern Slavery Act	All Group companies, including overseas
	Personnel policies in tune with globalization	Personnel policies in tune with globalization	Personnel policies in tune with globalization	Promote development of female employees	Held female leader development training (transition to non-gender-specific leader training)	Kubota Corporation only
				Carry out in-depth study of diversity management	Conducted round-table talks with directors and female employees	Kubota Corporation only
Promote a main action plan for general business operations in line with laws supporting women's participation and advancement in the workplace and child-rearing				Made the systems for supporting the balance of family life with work for childcare and nursing care available immediately after joining the company for mid-career employees with one year of experience in the work force	Kubota Corporation only	
Expand the scope of diversity				Increased the rate of childcare leave usage among male employees	Kubota Corporation only	
Social contribution activities	Social contribution activities	Recovery and reconstruction of areas affected by natural disasters	Continue to study/implement human resource policies essential to promote global management	Implemented global leader training for management executives at overseas sites with the goal of strengthening "global management and utilizing human resources" for realizing GMB2030.	All Group companies, including overseas	
			Implement e-learning and other programs based on the Rule of Conduct	Continued to conduct language training for new employees	Kubota Corporation only	
			Promote activities to instill corporate principles, which are tied to incorporation of SDGs	Enhanced overseas trainee program and continued the program to dispatch interns to Harvard Business School	All domestic Group companies	
			Promote activities to instill corporate principles, which are tied to incorporation of SDGs	Conducted training for new employees on the Rule of Conduct, as well as group reading sessions	All domestic Group companies, including overseas	

Materiality	Major items	Main focus of activity	Check	Act	Plan	
			Self-assessment	Priority issues for FY2022	Medium-term targets	
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	Met	Continue activities for inspection automation system	Strengthen awareness of rules concerning quality assurance, and strengthen governance	
			Met	Set key issues, and strive to minimize the portion requiring human intervention	Focus on improving "must-be quality." Take a three-pronged approach: early detection/quick response, prevention of recurrence, and preventive action	
			Met	Implement systems for early discovery while making improvements	Continuous improvement of "Call-center activities" reflecting VOC	
			Met	Improve and Increase FAQ Contents with internal reviews reflecting customer feedback, i.e. voice of customer<VOC>	Strengthen our responsiveness to meet customers' various needs including machine maintenance and inspection	
Suppliers	CSR procurement initiatives	CSR procurement initiatives	Met	Further expand the global development of manufacturing improvement activities and promote optimal global procurement	Promote practices according to guidelines by suppliers of each Kubota Group company and spread CSR procurement through the supply chain	
			Met	Get a firm idea of suppliers' CSR systems, which is linked to improvement		
			Met	Expand the suppliers eligible to receive awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling, and expand the awards both in Japan and overseas		
			Met	Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group		
Shareholders, investors, etc.	Timely and appropriate release of information	Timely and appropriate release of information	Met	Promote disclosure of a wide range of information and constructive dialogues able to meet demand of shareholders and investors through holding dialogues such as IR events and explanation meetings continuously	Hold frequent engagement with stakeholders, contributing to the enhancement of corporate reputation over the medium to long term	
			Met	Conduct activities to continuously create new shareholders	Promote IR activities to ensure an appropriate stock value reflecting the actual circumstances of the Company	
			Met	Produce digital contents showing Kubota's vision on the main themes of "Innovation" and "ESG Management," to propose solutions for social issues in the areas of food, water, and the environment	Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information	
			Met	Comply with laws and regulations in each country governing the use of digital media and strengthen brand governance	Reinforce the brand from a longer-term perspective and build up integrated communication capabilities responsive to different regions, needs, and stakeholders	
Employees	Creating a safe workplace for all employees	Creating a safe workplace for all employees	Met	Put in place measures to prevent the recurrence of equipment abnormalities	Aim for all Kubota Group employees to position safety as the top priority in all tasks and, for both existing and new equipment, establish measures based on the Safety Control Guidelines for the assessment and promotion of inherently safe equipment to lead to serious accidents, such as entrapment and entanglement by machines	
			Met	Promote safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment		
	Creating a vibrant workplace	Creating a vibrant workplace	Met	Continue to share information and hold discussions at labor-management committees	Provide vibrant workplaces, and make it so that all employees of the Kubota Group can live rich, healthy lives	
			Met	Promote "Kubota Smart Work," an improved working style aiming for diverse and flexible work-life balance	Further expand "Kubota Smart Work," aimed at diverse and flexible work styles	
	Creating rewarding and lively workplaces	Respecting human rights	Respecting human rights	Met	Continuously promote mental health measures based on the "Wellness (Mental Health) Action Plan"	
				Met	Continue to promote the second phase of Health Kubota 21 and encourage wellness activities in line with site-specific issues	
		Promotion of diversity	Promotion of diversity	Met	Continue to strengthen anti-cancer measures and provide a physical examination system that is easier for employees to utilize	Spread activities to raise awareness of human rights across the entire Kubota Group, both inside and outside Japan
				Met	Promote ongoing activities to prevent harassment through human rights training and other opportunities	
	Personnel policies in tune with globalization	Personnel policies in tune with globalization	Personnel policies in tune with globalization	Met	Propose and implement a Diversity & Inclusion Plan (diversity in terms of women, nationalities, mid-career hires, and people with disabilities)	Examine new measures to promote women's participation and advancement
				Met	Continue to study/implement human resource policies essential to promote global management	Examine measures for supporting a balance of work with child care, nursing care, pregnancy treatment, and so forth
Met				Implement e-learning and other programs based on the Rule of Conduct	Realize Diversity & Inclusion Management (Foster a corporate culture that draws out the abilities and ambitions of all employees, regardless of gender, nationality, age, etc.)	
Met				Promote activities to instill the corporate principles, which are tied to promoting SDGs activities		
Social contribution activities	Social contribution activities	Recovery and reconstruction of areas affected by natural disasters	Partially met	In line with efforts to reinforce ESG management, consider policies, systems, and methods of publishing information to help further reinforce Kubota's distinctive social contribution activities	Strengthen Kubota's distinctive social contribution and disaster-hit area support activities in each country and region at a global level	
			Met	Continuously promote support activities for disaster-hit areas true to Kubota style, remaining aware of the themes of food, water, and the environment		

Relationships with Our Customers

Based on the “Customer First Principle,” Kubota aims to offer products, technologies, and services that exceed customers’ needs at a speed beyond their expectations. We seek what we have to do to maximize customer satisfaction based on the “Onsite” approach policy perspective, which includes going to the actual site, seeing the product, and confirming actual facts, and put into immediate action whatever we can.

Kubota will continue to promote initiatives in all aspects of its operations, including development, production, sales and services, aiming not only to improve sales and profits, but also to establish itself as a “Global Major Brand” trusted by a maximum number of customers and capable of making a maximum contribution to society.

R&D

Strengthening Our R&D System

Basic Concept

Because of the globalization of business, it is becoming increasingly important to offer products, services, and solutions that not only satisfy the needs of customers throughout the world, but also contribute to solving social issues in every community. To respond to diverse and unique local issues, Kubota is improving its global R&D system with Japan as its hub by clarifying the roles of its R&D sites in Japan and overseas.

Strengthening Regional Marketing and R&D

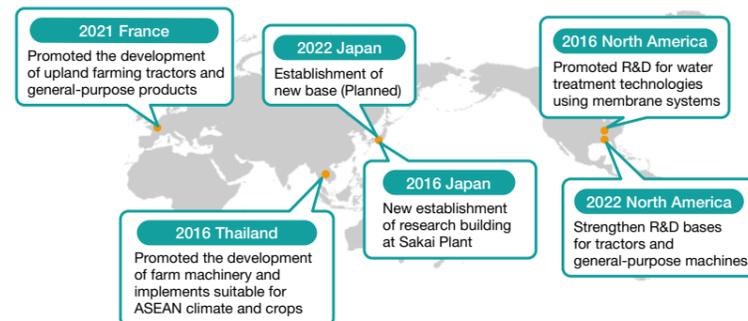
Since Kubota began developing its business overseas, it has followed a model of exporting products researched, developed, and manufactured in Japan, then introducing local production later on. However, in order to grow into a “Global Major Brand,” it is crucial to understand the needs of foreign customers overseas and rapidly realize new products, services, and solutions. For this reason, Kubota is strengthening local-oriented marketing and R&D.

Establishment of New R&D Sites

In Japan, we plan to complete a new R&D site in July 2022, which will bring together sites and personnel currently scattered across various areas and greatly improve R&D efficiency. Also, by harnessing synergies between various experts, we aim to foster innovation and achieve breakthroughs in core and cutting-edge technologies. Moreover, we will also harness the functions of control units that evaluate, integrate, and horizontally expand all R&D, including overseas sites.

Overseas, we established new R&D sites in Thailand, France, and North America with the goal of conducting development of strategic products for key markets and products that closely match local needs. We will continue to strengthen overseas product development capabilities in India and other places, while promoting efforts to strengthen research, such as quickly acquiring advanced technologies developed in each area.

Plans for New Establishment of R&D Base and Facility Expansion Conditions



R&D site in France established in 2021



New R&D site in North America completed in 2022



New R&D site in Japan scheduled to be completed in 2022

Promoting ESG Management

Kubota will position Environment, Social, and Governance (“ESG”) aspects at the core of management going forward and will also promote Kubota’s own style of business management driven by a mission to solve social issues, which we refer to as K-ESG management. In the area of R&D, therefore, we will accelerate initiatives aimed at promoting innovation that will contribute to solving environmental and social issues.

R&D on New Motive Power Sources for Achieving Carbon Neutrality

Japan has declared its intention to achieve carbon neutrality by 2050. In the mobility industry, which includes automobiles, buses, trucks, ships, and other products close to agricultural and construction machinery, efforts are ramping up to harness new motive power sources, including electrification, use of hydrogen, such as fuel cells and hydrogen engines, e-fuel (synthetic fuel), and HVO (hydrogenated vegetable oil). Kubota is also promoting R&D on new power sources for agricultural and construction machinery. Specifically, in terms of electrification, we are advancing R&D on battery electric vehicle (BEV) tractors and mini excavators ahead of other types of machinery. In addition to satisfying the requirements for functions and performance of agricultural and construction machinery, we also intend to create new value through electrification, and to this end we have been fully engaged in developing the main components for electrification, such as motors, inverters, and battery packs. In R&D on fuel-cell tractors, we are also making use of a demonstration project by the New Energy and Industrial Technology Development Organization (NEDO) to consider the best form of hydrogen infrastructure and hydrogen filling methods for the agriculture sector.

In addition to working on these new motive power sources, Kubota will also continue to focus on R&D that it has advanced for reducing fuel consumption, such as increasing combustion efficiency, and increasing the content ratio of biodiesel and so forth. In addition, we are bringing together multifaceted initiatives, such as reduction of operation losses through automated driving technology, optimal energy-saving driving, and use of biofuels (made from agricultural and food residues), to achieve carbon neutrality.



Developmental BEV mini excavator and BEV tractor announced in January 2020



Concept model for a completely driverless BEV tractor announced in January 2020

Strengthening Partnerships in R&D

Kubota believes that there is no growth without innovation, and we are therefore strengthening measures to accelerate innovation such as collaboration between industry, government, and academia, and co-creation with external partners such as start-ups and companies in other industries.

Cooperation with Local Government

Kubota has concluded cooperation agreements in the agricultural field with local governments such as Tsukubamirai City, Kishiwada City, and Miyagi Prefecture, and will promote initiatives that contribute to advancing agriculture at both the local and national levels. At Tsukubamirai City, we are implementing an agricultural machinery sharing service, while at Kishiwada City, we are testing and establishing next-generation facility horticulture and cultivation. Furthermore, in Miyagi Prefecture, we are also promoting diverse initiatives, such as developing the next generation of agricultural human resources and spreading and expanding smart agriculture technologies.

R&D with External Partners

Through investments in start-ups here in Japan and overseas, Kubota is gaining a deeper knowledge of advanced agritech and ecotech and new business models, and is accelerating the development of solutions for agriculture and the water environment. In 2021, our investments included a Japanese start-up aiming to increase productivity per cultivated area by three to five times compared to conventional artificial light-based plant factories through precise control of the growing environment by enclosing each cultivation rack, as well as a US start-up that is working on detection of fruit development status and pests in grapes and blueberries using image analysis technology and AI.

Moreover, we will evolve and expand our R&D with existing partner companies that have industry-leading technological capabilities.

Co-Creation with Public Institutions and Universities

Kubota is strengthening its cooperation with public institutions and national and international universities in order to concentrate wide-ranging knowledge and technologies. Recently, we concluded an industry and academia cooperation agreement with the University of Tokyo. Under the agreement, the two companies will work to illuminate and model natural phenomena and phenomena related to material circulation by using both of their knowledge, technology, and networks in the fields of food, water, and the environment under the theme of "What the Earth Can Achieve in 100 Years."

Moreover, based on this agreement, we will work on practical R&D, such as machinery design and control technologies, aiming to generate a bio-loop* of food, water, and the environment, and provide solutions for linking them organically.

* Bio-loop: A coined word meaning the integration of coexistence with nature (bio) and a recycling-based society (loop).

Production / Quality Control

Strengthening Production Systems

Building a Global Production System

In order to achieve the goal of becoming a "Global Major Brand," Kubota has established production bases around the world in locations close to their respective markets, with the mother plant supporting all the other plants in order to secure consistent quality. Furthermore, Kubota is promoting the deployment of the Kubota Production System (KPS) at each of its bases, and implementing initiatives to raise the QCD level throughout the entire supply chain.



Establishment of overseas bases (from 2011)

- 2011: Kubota Engine (Thailand) Co., Ltd. (Thailand) Manufacturing of vertical-type diesel engines
- 2011: Kubota Precision Machinery (Thailand) Co., Ltd. (Thailand) Manufacturing and sales of hydraulic equipment components
- 2011: Kubota Construction Machinery (WUXI) Co., Ltd. (China) Manufacturing and sales of hydraulic shovels
- 2012: Kverneland AS [made part of the group] (Europe) Manufacturing and sales of implements
- 2012: Kubota Engine (WUXI) Co., Ltd. (China) Manufacturing of diesel engines
- 2013: Kubota Farm Machinery Europe S.A.S (Europe) Manufacturing of large upland farming tractors
- 2016: Great Plains Manufacturing, Inc. [made part of the group] (United States) Manufacturing and sales of implements
- 2019: Escorts Kubota India Private Limited (India) Manufacturing of tractors

Expansion of local production

- 2013: Kubota Industrial Equipment Corporation (United States) Manufacturing of medium-sized tractors
- 2016: Kubota Industrial Equipment Corporation (United States) Manufacturing of 4W compact construction machinery (SSL)
- 2017: Kubota Manufacturing of America Corporation (United States) Start of operation of new plants for utility vehicles
- 2017: Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) Start of operation of a new plant for tractors and wheel combines

Deployment and Dissemination of the Kubota Production System

Kubota Production System

Kubota's basic principle for manufacturing

Kubota aims to achieve manufacturing that impresses customers by offering products and services that exceed customers' needs at a speed beyond their expectations.

Kubota Production System

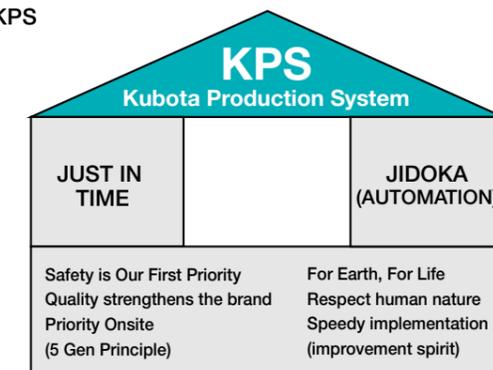
Kubota Production System (KPS) is the fundamental concept and perspective of the Kubota Group's manufacturing.

While adhering to the basic philosophy, KPS is based on "just-in-time" and "Jidoka (automation)," and continuously pursues thorough elimination of waste.

Activities during 2021

- We confirm the status of activities at domestic production sites and hold periodic "site follow-ups" to follow up on improvement activities. Through site follow-ups, we expand examples of good activities at sites, and provide support for sites as needed to accelerate KPS for the entire Company.
- At each manufacturing base we are working to shorten manufacturing lead times and reduce inventories. We aim to strengthen our systems by shortening worktimes and processing times, reducing preparation between processes, and working to reduce inventories of parts and products.
- We are planning, proposing, and executing "smart manufacturing" to promote the evolution of work through standardization, automation, and improved performance. Examples of our activities include researching and examining tools for supporting and visualizing human operations. We are starting trials of some tools, such as voice support systems, at several sites in Japan.

Structure of KPS



Maintaining and Improving Quality

1. Product Safety

Kubota strives to satisfy customers and secure their trust by providing products, technologies, and services that are safe and of the highest quality. In 2021, we filed seven recall notices.

Recall Filing Status in FY2021

- Recall of wheel loaders : Total 319 units (began October 2, 2021)
- Recall of ER combine harvesters : Total 17,432 units (began June 18, 2021)
- Recall of WR combine harvesters : Total 122 units (began May 14, 2021)
- Recall of MR series tractors : Total 930 units (began May 14, 2021)
- Recall of ER, WR combine harvesters : Total 4,919 units (began April 16, 2021)
- Recall of MR, M720W tractors : Total 2,553 units (began January 18, 2021)
- Recall of SL series tractors : Total 433 units (began January 15, 2021)



For details, click here. (Only in Japanese)
www.kubota.co.jp/important/

Quality Management System Certification

We post updated information on the ISO 9001 certification status of our production sites in Japan and overseas on our website.



Click here for details on the status of Kubota's quality management system certification
www.kubota.com/sustainability/society/quality/

2. Initiatives to Increase Quality Awareness

The Kubota Group believes that no pursuit of sales or profits is worth damaging the character of the Company. Guided by this belief, we have been conducting the following initiatives to increase quality awareness.

Conducting Quality Compliance Education

To strengthen awareness of rules regarding quality assurance, we conduct compliance education each year for employees in Japan and overseas.

Quality Questionnaires

We conduct regular quality questionnaires among Kubota Group employees who deal with quality-related issues to encourage them to volunteer information.

(Completion rate among Kubota Group employees in Japan* 100%; completion rate among overseas Kubota Group employees* 91% (2021))

* Kubota Group employees that have been assigned company email addresses

Internal Audits on Quality

The Kubota Group has systemized, and carries out, the following internal audits on quality.

- Quality Audits : Audits to improve the internal control regarding the quality of products, technologies, and services.
- Quality Compliance Audits : Audits to ensure compliance with laws, public standards, and contracts with customers.
- Cross Audits : Audits to improve independence and appropriateness of ISO 9001 internal audits, and to ensure the competence of auditors.
- Audits at Short Notice

Quality Training

We held training to educate employees about the necessary knowledge, approach, and actions for quality assurance and quality management.

Training name	Number of sessions	Number of recipients
New recruit training	1	205
Technical new recruit training	1	145
Internal auditor training	11	158

Training name	Number of sessions	Number of recipients
New supervisor training	2	44
New foreman training	1	17

3. Initiatives to Increase Quality

Kubota is working to improve the quality of each operation process, from development through to manufacturing, sales, and services.

Quality Improvement in Design and Development

At Kubota, we work to prevent quality issues before they arise. A typical activity in this regard is our design review (DR)*. We have clearly documented standards for research and development regarding DR, and these are implemented rigorously.

* DR is an opportunity to have the products of development and design examined by multiple participants. The participants include not only the engineers from the development and design division, but also representatives from other divisions involved in the product development, such as manufacturing and quality assurance.

QC Circle Activity Award

An award presented to employees who have an outstanding record of activities in quality control circles.

Kubota first introduced quality control circles in 1967 for the purpose of "fostering people" and "revitalizing the workplace." Currently, there are 948 circles active across Kubota Group companies in Japan and abroad. (As of 2021)

Quality Achievement Award

The Kubota Group recognizes employees who have made outstanding achievements in quality improvement in their activities to create valuable products and services from the customers' perspective.

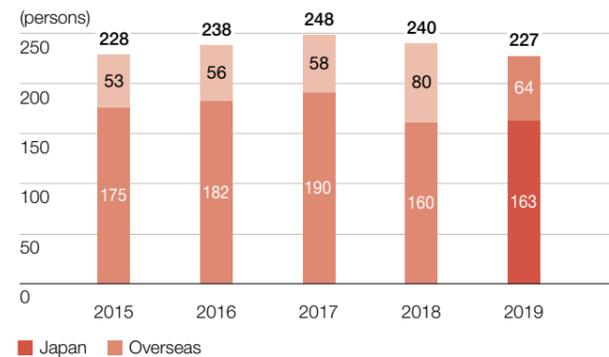
In 2021, Kubota gave out awards in 12 themes of excellence.

Ensuring Skills to Maintain Customer Satisfaction

Holding the Kubota Group Technical Skills Competition

Kubota holds the Kubota Group Technical Skills Competition with the aim of improving manufacturing capabilities. During the contest for FY2019, a total of 227 contestants from 28 bases in 10 countries gathered and put their technical skills to the test in 15 categories, including casting, lathing, finishing and welding. The number of contestants from overseas has increased to approximately 30% of all contestants, and the contest has become a fixture as a global event for the Kubota Group. Unfortunately, due to the impact of COVID-19, a Group-wide competition could not be held in FY2020 or FY2021. With measures in place to prevent infection, we held smaller competitions at separate business sites and overseas competitions in China and Europe. The contest provides an important opportunity for contestants, staff members of the competition, and the supporters to acquaint themselves with the skill levels of each base, communicate with each other, and get motivated. Kubota will continue to hold this competition, with the aim of further improving its manufacturing capabilities.

No. of Contestants in the Technical Skills Competition



Group photo at the European competition

Participating in National Skills Competition

To showcase the Kubota Group's commitment to the highest standard of manufacturing skills and to cultivate human resources to take leadership roles in the workplace, Kubota participates in the annual National Skills Competition*, sending representatives to compete in the categories of lathing, mechanical device assembly, mechatronics engineering, and construction steel working. At the 2021 Competition, 14 Kubota competitors participated, coming home a Good Fight Award in the mechanical device assembly category.

* National Skills Competition: National competition for young technicians (23 or younger). Representatives for the WorldSkills Competition held every two years are selected at this competition. It is the "Olympics" of skills, in which young technicians from all over Japan compete in terms of skills.



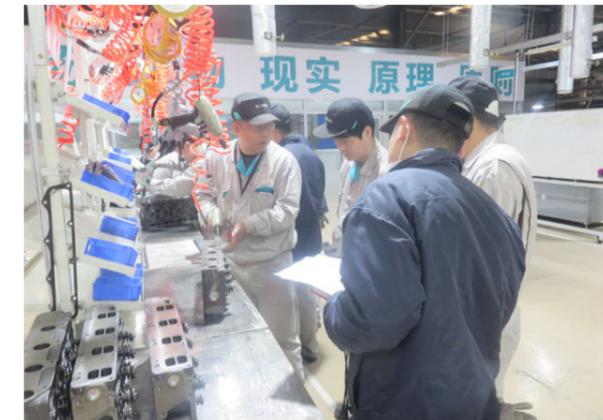
In the 2021 mechanical device assembly competition, Kubota won a Good Fight Award.

Fostering Manufacturing Personnel to Establish Kubota as a Global Major Brand

Kubota promotes the Kubota Production System (KPS) at its domestic and overseas bases with the aim of becoming a "Global Major Brand."

The "5-Gen Principle" is implemented to achieve site improvements necessary to advance KPS. The 5-Gen encompasses a philosophy based on the actual site (Genba), actual things (Genbutsu), actual facts (Genjitsu), principles (Genri) and basic rules (Gensoku). The 5-Gen Dojo is a training place for fostering employees who will implement improvements aimed at closing the gap that can arise between the actual and the ideal. In FY2021, 203 people attended this training program.

Aiming to strengthen manufacturing capability and localize human resource development, Kubota has been introducing 5-Gen Dojos overseas. We established a North American Dojo at Kubota Manufacturing of America Corporation in 2014, followed by a Thai Dojo at SIAM KUBOTA Corporation Co., Ltd. in 2016, and a Chinese Dojo at Kubota Agricultural Machinery (Suzhou) Co., Ltd. in June 2020. We will continue to expand the 5-Gen Dojo initiative overseas.



Training at the 5-Gen Dojo in China.

Participants by country (Jan. 2021–Dec. 2021)

- Japan : 90
- North America : 60
- Thailand : 6
- China : 47

5-Gen Dojo History

- Apr. 2002–Mar. 2003 : Established 5-Gen Dojo at the Sakai Plant in Japan
- Apr. 2005–Mar. 2006 : Began receiving overseas employees at the 5-Gen Dojo
- Apr. 2014–Mar. 2015 : Established 5-Gen Dojo at Kubota Manufacturing of America Corporation in the U.S.
- Jan. 2016–Dec. 2016 : Established 5-Gen Dojo at Siam Kubota Corporation Co., Ltd. in Thailand
- Jan. 2020–Dec. 2020 : Established 5-Gen Dojo at Kubota Agricultural Machinery (Suzhou) Co., Ltd.

Customer Service

Continuous Provision of Parts through Redesign of Old-type Parts

To ensure customers can use the products they purchase for a long time with peace of mind, it is important for the products to be of good quality, but in the event of a breakdown, customers can receive the correct service parts quickly, along with repair services.

Kubota focuses on providing a **stable supply of service parts** through communication with customers and suppliers in the market and improvement of service parts procurement operations. We maintain an **immediate delivery rate of essentially over 99%** for emergency orders for service parts in Japan. (Immediate delivery rate: Ratio of inventory supply to orders) (Full-year performance for 2017-2021)

Service parts are usually the same as those produced during mass production. However, for various reasons, there are cases where the service parts which are the same as the mass-produced part cannot be procured or produced. Kubota makes every effort to continue the supply for these parts. In these situations, **a specially appointed department will redesign and recreate the parts.**

Looking ahead, we will continue to improve customer satisfaction through stable supply of service parts.

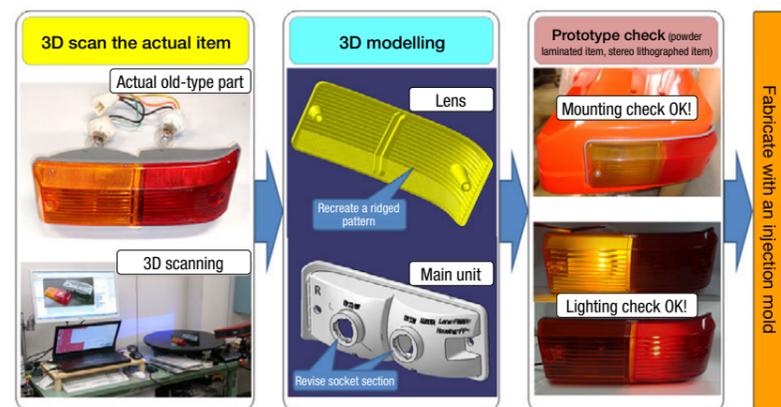
Example case 1—Seat

Select a similar part to the unavailable part / Redesigned by reverse engineering using 3D scanning
Newly design a replacement part



In addition to redesigning the part itself, we also conduct activities to enable substitution by selecting similar parts and designing new parts to ensure the part can be mounted compatibly.

Case Example 2—Lamp



Most old-type parts do not have 3D data. We can recreate them by making a 3D scan of the actual item, then modeling it to create 3D data enabling it to be remanufactured.

Contest for Solution Proposals and Service Technology Skills

In the Domestic Agricultural Machinery Sales Group, we hold a Contest for Solution Proposals each year as a way to increase our solutions proposal skills.

At the national contest in 2021, 11 sales staff from our sales company competed by presenting proposal examples from each area online. A number of excellent examples of closely addressing customers' issues were presented, such as proposing a way to increase yields and quality by visualizing farm management and a proposal to realize energy saving and large-scale production by introducing IC and robot technology.

We will continue working to improve our solution proposal skills for solving customers' issues. (The photograph on the right shows the lively contest in progress, with contestants from all over Japan connected and competing in real time).



Contest for Solution Proposals (held in 2021)

Kubota's Service Technical Skills Contest is designed to improve accurate trouble-shooting skills, repair skills, and customer communication skills. Staff from sales companies in Japan and overseas who have cleared preliminary rounds in their regions come together to pit their overall service skills against one another.

The contest had to be cancelled in 2020 and 2021 due to COVID-19; however, we now plan to continue holding it every year.

Furthermore, to increase customer satisfaction, we are pursuing the concept of "zero downtime." We will further increase our technologies through various activities such as developing services that use machinery operation data, developing remote diagnostic technologies, upgrading online training technologies, creating an internal service qualification system, and revising the available training options.



Service Technical Skills Contest (held in 2019)



Service Technical Skills Contest (held in 2019)

Customer Satisfaction Survey

Kubota conducts a survey to obtain feedback for monitoring customer satisfaction with customer support by dealers of domestic farm machinery and also with its products.

"Overall customer satisfaction with store where purchased" for July 2020 to June 2021 improved over the previous year (surveyed from July 2019 to June 2020), rising from 64.2 to 66.0 points.

Kubota will continue to make efforts to improve customer satisfaction.

Relationships with Business Partners

Procurement

Procurement Policy

The following explains Kubota's basic approach to materials procurement in its business activities.

Basic approach to materials procurement

- 1. Providing fair opportunities**
We provide opportunities for competition among all of our business partners in a fair and equitable manner.
- 2. Economical rationality**
When selecting a business partner, we make a full evaluation on the material quality, reliability, delivery timing, price, technology and development capability, proposal ability, and business stability, etc. of that partner, and then select the best business partner based on a suitable set of criteria.
- 3. Mutual trust**
We establish relationships of trust with our business partners and also aim for mutual development.
- 4. Social trust**
We are committed to ensuring adherence to all relevant laws and regulations when making procurement deals. We will also ensure the confidentiality of our business partners' confidential information that we have gained through our procurement deals.
- 5. CSR procurement**
We promote CSR procurement, while paying close attention to compliance with laws and regulations, occupational health and safety, human rights (including addressing the issue of conflict minerals), environmental conservation, symbiosis with society, and information disclosure in a timely and appropriate manner.
- 6. Green procurement**
We are committed to the procurement of products with a reduced environmental impact from business partners that engage in environmental activities, as part of our commitment to providing society with products that are friendly to global and local environments.

Promoting CSR Procurement Based on Established Guidelines

Customers are becoming increasingly aware of what goes on in the entire supply chain that creates products and services. For this reason, Kubota has established the Kubota Group CSR Procurement Guidelines, based on the belief that it is necessary to have a common understanding of CSR with its major business partners in order to engage in collaborated efforts. By requesting business partners to submit a consent form indicating their intention to observe the terms of these guidelines, Kubota is encouraging its business partners' initiatives that target safe work practices, respect for human rights, and other important factors.

The Kubota Group CSR Procurement Guidelines

- 1. Winning Customer Satisfaction**
- 2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles**
- 3. Respecting Human Rights**
- 4. Building up a Safe and Vibrant Work Environment**
- 5. Conserving the Global and Local Environment**
- 6. Achieving Symbiosis with International and Local Societies**
- 7. Fulfilling Responsibilities for Improving Management Transparency and Accountability**



Click here for the Kubota Group CSR Procurement Guidelines.
www.kubota.com/sustainability/society/procure/data/csrprocure_english.pdf

Self-Assessments of CSR Procurement

Since FY2018 we have requested our major suppliers in Japan to conduct a self-assessment of CSR procurement. We provide feedback to each company after clarifying where improvements can be made. For items returning a low score, we ask our suppliers to voluntarily make improvements. We also provide support on improving CSR procurement by meeting with or visiting companies, if deemed necessary based on the self-assessment results. In FY2021 we asked around 220 major suppliers in Japan to conduct a self-assessment. We began requesting similar self-assessments of our overseas bases in 2020 as well.

Handling of Conflict Minerals

Policy on conflict minerals

Tantalum, tin, tungsten and gold, and their derivatives ("conflict minerals") produced in the Democratic Republic of the Congo and its adjoining countries are the source of funds for armed insurgents, who have repeatedly committed inhumane acts in these countries. This is a major social issue of concern related to human rights, the environment, etc. in the supply chain.

As a part of its efforts to implement ESG management, Kubota promotes banning of the use of conflict minerals, which serve as a source of funds for the armed insurgents, and promptly takes steps to discontinue their use in the unlikely event that it becomes clear they are being so used.

Kubota seeks mutual understanding regarding this issue with its business partners, which are a part of the supply chain, and requests their cooperation in surveys and audits conducted by Kubota.

Activities

Written Inquiry

We use a conflict minerals reporting template (CMRT) to mainly confirm whether our suppliers are using conflict minerals, to identify smelters, and to gauge what kind of initiatives they are employing to address the issue of conflict minerals. We endeavor to improve the accuracy of the information we receive by asking our suppliers to resubmit the report if their answers are insufficient. In FY2021, 100% of the templates we sent out were returned.

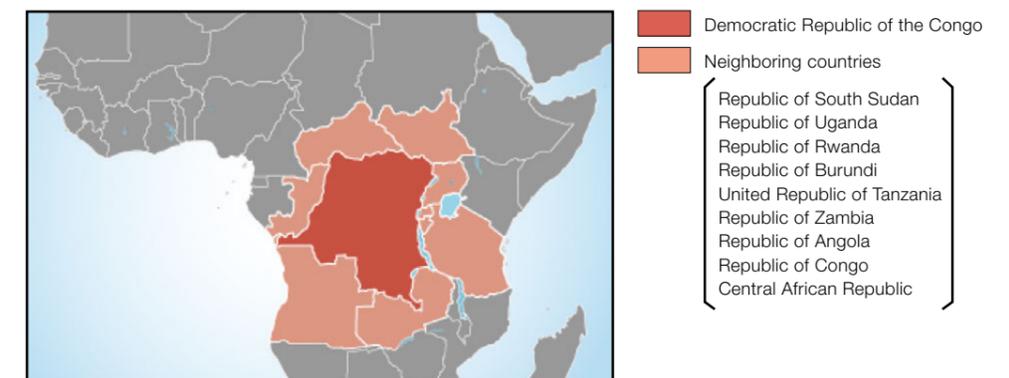
Addressing Risks

For suppliers that do not have a conflict minerals procurement policy in place, we request that they establish one. Furthermore, we carry out additional investigations and conduct due diligence on suppliers we deem to be high risk.

Response Unit

Guided by our policy on conflict minerals, our activities are implemented company-wide through the Committee for Conflict Minerals, which comprises members from the ESG Management Division and Procurement Division.

Democratic Republic of the Congo and Adjoining Countries



Promoting Optimal Regional Procurement and Supplier Quality/Productivity

Procurement at overseas production bases has risen sharply in parallel with the rapid globalization of business.

The Kubota Group promotes optimal procurement in every region through the establishment of a global supply system. Moreover, the Group unites with major global suppliers to promote systematic improvement activities for the purpose of strengthening competitiveness by improving quality and productivity.

Kubota holds a Kubota Supplier Technical Skills Competition to improve the skill level of its suppliers. Moreover, the annual Kubota Kaizen World Cup has also been held since 2015 to vitalize improvement activities. In this World Cup, suppliers selected from various regions around the world present their company's successful improvement cases as they compete for the status of World Champion.

Throughout the entire supply chain, Kubota will continue its efforts to make the Kubota brand trusted and appreciated by its customers around the world.

Information Security Measures Kubota Requests its Business Partners to Implement

In promoting K-ESG management, Kubota requests its business partners that share confidential information with Kubota Corporation and its subsidiaries and affiliates (the Group) to implement certain information security measures. The Company's information security measures are discussed below.

Through proper management of confidential information, we will realize stable business continuity, thereby aiming for the ongoing synergistic development of the Group, business partners, and society. We would like to ask for your further understanding and cooperation.



Information Security Measures Standards for Business Partners

Japanese version www.kubota.co.jp/sustainability/society/data/SecurityStandardjp.pdf

English version www.kubota.co.jp/sustainability/society/data/SecurityStandarden.pdf



Information Security Measures Standards for Business Partners Check Sheet

Japanese version www.kubota.co.jp/sustainability/society/data/SecurityStandard_CheckSheetjp.xlsx

English version www.kubota.co.jp/sustainability/society/data/SecurityStandard_CheckSheeten.xlsx

Green Procurement

For the purpose of providing products that are friendly to global and local environments, the Kubota Group is seeking to procure products with reduced environmental impact from ecofriendly suppliers. In order to proactively promote these activities, the Kubota Group presents its policies on green procurement to suppliers through the Group's Green Procurement Guidelines, asking for their understanding and cooperation.

The Green Supplier Award System was launched in 2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation. The awards are presented every year.

We also ask suppliers to check for the inclusion of any chemical substances in order to comply with the regulations of each region, including the EU's RoHS Directive and REACH regulation and the U.S. TSCA.



Click here for the Green Procurement Guidelines.

www.kubota.com/sustainability/environment/procure/



Click here for details of the Green Procurement activities.

Registration in "Declaration of Partnership Building"

Kubota supports the aims of the Council on Promoting Partnership Building for Cultivating the Future sponsored in part by Japan's Cabinet Office and Small and Medium Enterprise Agency. We formulated a "Declaration of Partnership Building," which seeks to build new partnerships through the pursuit of collaboration and mutual flourishing with suppliers and business partners in the supply chain.

Supplier Hotline

We set up a hotline for suppliers to further enhance the transparency and fairness of our transactions. The goal of the hotline is to detect and address issues early on by enabling our business partners to report and consult about inappropriate behavior by Kubota executives or employees.

Business Continuity Planning in the Supply Chain

The supply chain is subject to a variety of risks, including natural and manmade disasters, sudden changes in international affairs, and pandemics like COVID-19. Kubota is prepared to respond promptly and accurately in the event of an emergency. We have implemented a system to quickly confirm the safety and operational status of suppliers, and carry out risk management and mitigation using hazard maps and BCP checklists.

Relationships with Shareholders and Investors

Constructive Dialogue with Shareholders

Kubota contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value and promotes constructive dialogue with shareholders and investors.

Kubota has results briefings for domestic and foreign institutional investors, company information sessions for individual investors, and factory tours. Going forward, we will make more effort to engage in dialogue with all stakeholders.

Dialogue with Individual Shareholders

In 2021, the spread of COVID-19 prompted a state of emergency, obliging us to cancel a large number of company presentation meetings and observation visits. However, in November 2021, we invited individual shareholders to an interactive and experiential event with athletes of Kubota Spears Funabashi TOKYO-BAY.

The experiential event provided an opportunity for participants to foster deeper interactions with the athletes and gain an understanding of Kubota's corporate sports.

We also used a variety of tools such as online company presentations to promote empathy with the Company's corporate philosophy and business activities.



Information for private Investors (only in Japanese)

www.kubota.co.jp/ir/sh-info/personal/



Warming up with athletes



Participants also experienced a rugby tackle



A rugby clinic in progress



Observation of a friendly game

Dialogue with Institutional Investors and Analysts

Kubota Corporation has approximately 310 individual and group meetings per year with institutional investors and analysts. Kubota Corporation also holds year-end results briefing in February and an interim results briefing in August and discloses its financial and other information in Japanese and English concurrently. In addition, Kubota Corporation also releases the scripts and Q&A summary at the results briefings as well as presentation materials on its website. Furthermore, Kubota Corporation also releases supplementary information for the financial results on each announcement day of quarterly financial results. Through these efforts, Kubota Corporation strives to enhance early and fair disclosure.

In addition, Kubota Corporation regularly holds tours and business briefing sessions at its domestic factories and overseas subsidiaries, although the opportunities of these sessions were limited in 2021 due to the infection spread of COVID-19. Kubota Corporation held an online briefing session about our ASEAN Farm & Industrial Machinery business in November.



Information for investors
www.kubota.com/ir/

Relationships with Employees

Customer satisfaction cannot be accomplished without employee satisfaction. The Kubota Group promotes the creation of comfortable and motivated workplaces where its employees can not only work safely and securely but also feel pride and joy in their work.

In accordance with the Kubota Group Charter for Action & Code of Conduct, which is our global standard for conduct, we carry out audits and interviews at overseas bases with a clear understanding of the circumstances of each country and region, in order to raise the level of employee-related policies across the entire Group.

Creating a Safe Workplace for All Employees

Promoting a Safer and More Secure Workplace

Kubota formulated its Basic Policies on Safety and Health in April 2013 for the purpose of creating a safer and more secure workplace. Based on these policies, Kubota is enforcing the ethic whereby all people involved in the business, including contractor employees, behave based on the philosophy that "Safety is Our First Priority."

In addition, three specific instructions to ensure the "Safety is Our First Priority" philosophy were announced by the President.

The Kubota Group's Mid-Term Business Plan 2025 sets out a variety of strategies aiming to achieve a goal of zero Class-A incidents*, centered on promoting inherently safe equipment, ensuring safe operations, and enhancing human resources development to support safety.

* A Class-A incident is one that can lead to a serious incident, such as crushing or entanglement in machinery, due to one of the following causes:
 1) contact with a high-heat object, etc., 2) contact with a heavy load, etc., 3) entrapment and entanglement by machines, 4) fall from heights, 5) contact and the like with forklift / vehicle, 6) falling from or contact with agricultural/construction machinery, 7) electric shock, 8) hit by a flying / falling object, 9) acute poisoning by harmful substances, or 10) fires or explosions.

The Kubota Group Basic Policies on Safety and Health

"In the KUBOTA Group, there is no work to be carried out without serious consideration for safety and health."

To achieve this, we established the fundamental principle that all the people involved in the business shall behave based on the philosophy that "Safety is Our First Priority."

Safety is Our First Priority

1. All the people involved in the business of the Kubota Group shall observe the determined rules and behave based on the philosophy "Safety is our First Priority," to protect themselves from accidents.
2. Management executives shall operate the business keeping in mind the philosophy "Safety is Our First Priority," respect and listen to the voices of frontline worksites, and be reminded that "the worksite is a mirror that reflects yourself."
3. Management-level employees shall identify any risk that may lead to a serious incident and take faithful action to address such risk, while endeavoring to create a corporate culture that allows straightforward talk about safety and to develop human resources that support safety.

Kubota Group's Mid-Term Business Plan 2025 Target and Major Tasks

Kubota is mainly addressing the following tasks, with the target of FY2022 completion.

Target: Zero Class-A incidents

<Major tasks>

1. Promoting inherently safe equipment

- (1) Apply the risk assessment for machine safety to all new equipment.
- (2) Complete measures for existing equipment to achieve the target levels determined in the Safety Control Guidelines for assessment and promotion of inherently safe equipment.
- (3) Work to prevent the recurrence of equipment malfunctions.

2. Promoting safe operations

- (1) Based on the Risk Assessment Guidelines for Work Operations, examine actual operations with reference to the Class-A Incident Prevention Checklist accompanying the risk assessment to eliminate any areas of unidentified risk linked to such incidents.

3. Enhancing personnel development to support safety (the Kubota Group Safety-Aware Employee Development)

- (1) Promote activities to enable all employees to follow the "basic daily cycle" described in the Basic Guidelines for Safety-Aware Employees as a habit.

4. Maintaining and improving a safe and healthy working environment

- (1) Build a database of improvement case studies from certain workplaces and deploy horizontally to other offices and workplaces.

Kubota Group Guidelines for Safety-Aware Employees/ Basic Guidelines for Safety-Aware Employees

For Earth, For Life
Kubota

KUBOTA Group Guidelines for Safety-Aware Employees

● **What is a Safety-Aware Employee?**
A Safety-Aware Employee is a person who can recognize risks, has the skill to avoid risks, cherishes safety by heart and mind, and can take actions to protect oneself!

● **Basic Guidelines for Safety-Aware Employees**

1. Greet cheerfully
2. Wear the designated work clothes and protective equipment correctly
3. Always keep hands out of pockets
4. Abide by the rules and use the proper (safety) walkways
5. Abide by the rules of your workplace
6. Keep one's things clean, tidy, and orderly
7. Abide by traffic rules (automobile, bicycle, walking)

First Steps to Becoming a Safety-Aware Employee
Daily Basic Cycle
Act consciously!

1. Abide by the rules and use the proper (safety) walkways
2. Perform painting and cutting at designated points
3. Do not run, walk
4. Do not use cellphones (interphone) on the move

Secretariat: Health & Safety Promotion Dept., KUBOTA Corporation

Status of Initiatives in FY2021

Kubota implemented the following initiatives in FY2021.

1. Achievement of Level II for existing equipment and Level III for new equipment (6 domestic Group companies and 16 overseas Group companies)

Our Safety Control Guidelines for assessment and promotion of inherently safe equipment categorize equipment into degrees of safety from Level I to IV. Based on these guidelines, we have formulated a five-year implementation plan to upgrade to Level II all existing equipment still below that level, and are working to complete permanent measures by the end of 2022. For new equipment, we continue to ensure safety Level III at the time of deployment, based on the machinery safety risk assessment guidelines that were revised in FY2017.

2. Initiatives to help build a "shut off culture" (all domestic Group companies)

All Kubota workplaces are carrying out activities to instill the habit of shutting off energy supplies in the case of an emergency. We are also working to help employees visualize abnormalities that occur in equipment, tools, or materials, and take steps to prevent the recurrence of equipment abnormalities according to the context of each business site.

3. Promotion of risk assessments of work operation activities (all domestic Group companies)

Aiming for completion by the end of 2021, we implemented a plan to identify risks linked to Class-A incidents at all plant departments based on the risk assessment guidelines for work operations.

4. Initiatives to instill the Basic Guidelines for Safety-Aware Employees (all domestic Group companies)

We undertake educational activities via the serial publication of messages from the management in our company newsletters, so that it will become a habit for all of our employees to always abide by the Basic Guidelines for Safety-Aware Employees, and that habituation will help achieve our organizational culture.

5. Education on how to teach safe operations (all domestic Group companies)

Kubota has established a method of teaching safe operations that clearly specifies approaches to work-related teaching and the means of confirming and assessing degrees of proficiency, thus offering workers easy-to-understand guidance regarding the work they are in charge of and how to perform their work while avoiding hazards. Through e-learning initiatives, group leaders from manufacturing floors learn how to work more safely, having understood the rationale behind the need to abide by safety guidelines.

6. Maintaining and improving a safe and healthy working environment (all domestic Group companies)

We carry out measurements twice a year at all worksites to continuously monitor conditions at a detailed level. By actively promoting horizontal rollout of examples of good practice, we work to maintain and improve standards Group-wide.

The Kubota Group Safety and Health Target for FY2022

Kubota has clearly set the target below for FY2022, and is promoting Company-wide efforts to create safe workplaces.

Target: Zero Class-A incidents

[Priority implementation issues]

◆ Plant departments

1. Promoting inherently safe equipment
 - (1) Achieving "exceeds the specified level" status for existing equipment
 - (2) Applying Machine Risk Assessment to all new equipment
2. Promoting safe operations
 - Conducting risk assessments to prevent Class-A incidents
3. Developing Safety-Aware Employees
 - (1) Establishing Kubota Group Basic Guidelines for Safety-Aware Employees
 - (2) Helping to build a "shut off culture"
 - (3) Enhancing and institutionalizing rank-based education
4. Promoting sanitary management
 - Carrying out measures in the working environment
5. Implementing safety and health management guidelines based on ISO 45001 at select Kubota Group business sites
6. Establishing three-fold actions for equipment, work, and people at manufacturing companies outside Japan

◆ Construction departments

1. Developing Safety-Aware Employees
 - (1) Enhancing the abilities of project directors
 - (2) Improving safety and health awareness through evaluations by related contractors
 - (3) Strict adherence to basic rules
2. Promoting safe operations
 - (1) Site-led prior identification of risks
 - (2) On-site safety confirmation and guidance by general managers, foremen, and chief safety and health managers
 - (3) Reduction of Class-A incident risk by project directors
 - (4) Reduction of Class-A incident risk by operation and maintenance site directors
3. Promoting inherently safe equipment
 - Implementing measures to prevent entrapment or entanglement in moving parts of machines or equipment
4. Promoting sanitary management
 - Preventing exposure to chemical substances (actions on labeling, etc.)
5. Promoting environmental management
 - (1) Thorough waste management at waste discharge sites
 - (2) Environmental management point education by e-learning

Raising Awareness of Safety

We provide safety education through messages issued by management and our workplace management and through a range of conferences.

1. Distribution of awareness-raising messages

Messages from management (executive officers) and workplace management (foremen) around the themes of the Kubota Group Approach to Safety and Safety-Aware Employees* were distributed via the company newsletter and the company intranet to promote safety awareness throughout the organization.

* Please refer to P113 Kubota Group Guidelines for Safety-Aware Employees/Basic Guidelines for Safety-Aware Employees

2. Education through conferences

In light of concerns about COVID-19 infection, various conferences were held mainly online.

In Japan, Kubota held a gathering of safety and health managers from manufacturing sites and plant departments in November to review efforts to achieve the Mid-Term Business Plan 2025 target and to formulate guidelines for the following fiscal year.

Also in April and November, the Construction Safety and Health Manager Conference was held for managers to deliberate on the wider roll-out of initiatives to prevent recurrence after a Class-A incident and on safety and health guidelines for the following fiscal year, and so forth.

Overseas, some meetings were also cancelled due to the impact of COVID-19. However, the Company continued to coordinate safety and health activities, mainly through online means, including exchanges of information with overseas sites and opinions regarding the best way to apply the information overseas.

Regions took the lead in organizing local conference activities. Interactive exchange events were held between Group companies in Thailand and China (sharing information on regulatory changes, conducting patrols, and joint problem-solving, etc.), while Group companies in North America held regular meetings and formulated regional standards, while in Europe, Group companies led the establishment of a Production Committee and a Safety Subcommittee.

3. Safety education initiatives

Due to COVID-19 concerns, safety and health education, particularly for new employees but also for personnel of all ranks, was conducted online in FY2021. We devised new learning methods, such as group work using tools that enable joint editing in real time.

4. Mutual site visits

After holding mutual site visits in the western region in the previous fiscal year, this fiscal year we held them in the eastern region (in November). The goal is to promote exchanges between business sites and provide an opportunity for employees to learn something new from other sites' examples of risk identification and countermeasures, and examples of safety and health activities.

Sharing not just good practices but also the concerns of each worksite led to an opportunity to exchange opinions such as hints for problem-solving and ideas and gain new perspective.



Safety and health training for new employees



Lectures on safety education held online for overseas bases

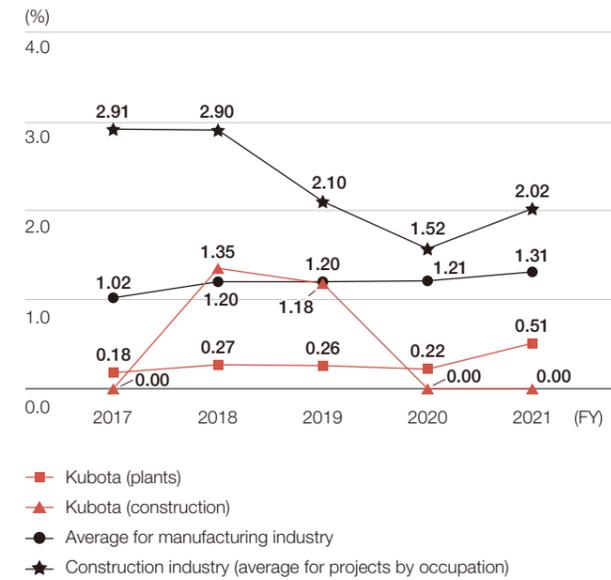


Eastern region mutual site visit (November 9, 2021)



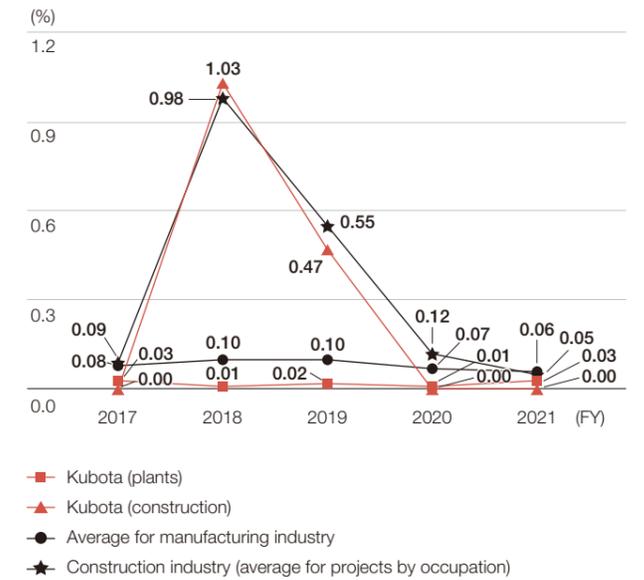
Lost Time Incident Rate/Injury Severity Rate

Lost Time Incident Rate (Kubota Corporation)



<Lost time incident rate>
 Work-related deaths and injuries requiring work absence ÷ total personnel hours x 1,000,000

Injury Severity Rate (Kubota Corporation)



<Injury Severity Rate>
 Number of workdays lost ÷ total personnel hours x 1,000

Safety and Health Education Implementation Status in FY2021

Safety and health education is provided for each rank, including for new employees (education at the time of employment).

Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	7	274
Elementary (for young employees)	6	74
Semi-intermediate	3	77
Intermediate (for mid-career employees)	2	61
Training for newly appointed lead persons	3	79
Training for newly appointed supervisors	4	86
Training for newly appointed foremen	1	17

Other than Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	1	205
Safety and health education for mid-career entrants at the time of employment	12	239
Machinery safety education	13	224
Training for newly promoted managers	6	169
Training for newly appointed section managers	7	146
Training for newly appointed department managers	2	45
Education for officers (Safety, Environment, and Quality Forum)	1	29

Sites with Occupational Health and Safety Management System Certification

To ensure safety for employees and provide them with a workplace environment that allows them to feel safe concentrating on their duties, Kubota has acquired ISO 45001 certification for its business sites below, while establishing an occupational health and safety management system focusing mainly on risk assessment for other sites. (Certified companies and business sites as of Dec. 31, 2021)

Kubota

Tsukuba Plant	ISO 45001 certification acquired in Nov. 2020 (OHSAS 18001 certification acquired in Dec. 2000)
Keiyo Plant	ISO 45001 certification acquired in Nov. 2018 (OHSAS 18001 certification acquired in Dec. 2002)
Ichikawa Plant	ISO 45001 certification acquired in Nov. 2018 (OHSAS 18001 certification acquired in Dec. 2002)
Hanshin Plant (Mukogawa)	ISO 45001 certification acquired in Oct. 2020 (OHSAS 18001 certification acquired in Nov. 2003)
Hanshin Plant (Amagasaki)	ISO 45001 certification acquired in Oct. 2020 (OHSAS 18001 certification acquired in Apr. 2005)
Hirakata Plant	ISO 45001 certification acquired in Apr. 2019 (OHSAS 18001 certification acquired in Jun. 2007)

Domestic Group companies

Kubota Construction Co., Ltd.	ISO 45001 certification acquired in Dec. 2020
Kubota Kasui Corporation	ISO 45001 certification acquired in Dec. 2020

Overseas Group companies

Kubota Materials Canada Corporation	ISO 45001 certification acquired in Feb. 2021 (OHSAS 18001 certification acquired in Aug. 2012)
Siam Kubota Corporation Co., Ltd.	ISO 45001 certification acquired in Sep. 2019 (OHSAS 18001 certification acquired in Jan.-Feb. 2014)
Kubota Baumaschinen GmbH	ISO 45001 certification acquired in Jun. 2019 (OHSAS 18001 certification acquired in Jul. 2014)
Siam Kubota Metal Technology Co., Ltd.	ISO 45001 certification acquired in Nov. 2019 (OHSAS 18001 certification acquired in Dec. 2014)
Kubota Engine (Thailand) Co., Ltd.	ISO 45001 certification acquired in Jul. 2019 (OHSAS 18001 certification acquired in Jul. 2015)
Kubota Farm Machinery Europe S.A.S	ISO 45001 certification acquired in Oct. 2021 (OHSAS 18001 certification acquired in Feb. 2017)
Kubota Pump (Anhui) Co., Ltd.	ISO 45001 certification acquired in Jun. 2019
Kubota Construction Machinery (Wuxi) Co., Ltd.	ISO 45001 certification acquired in Nov. 2019
Kubota Engine (Wuxi) Co., Ltd.	ISO 45001 certification acquired in Nov. 2019
Kubota Saudi Arabia Company, LLC	ISO 45001 certification acquired in Jan. 2020

Initiatives to Reduce Risk for Employees Working Overseas

With the collaboration of specialist international medical treatment and security companies, the Kubota Group is working to reduce risk for employees posted overseas and their accompanying family members and for employees on business trips overseas.

By collecting and analyzing security information at the overseas location, we provide information to Group employees in Japan and overseas. To deal with medical needs, we have rolled out a system operating around the clock every day of the year that provides services including consultation with a doctor by telephone from overseas and arrangement of emergency medical transport.

Respecting Human Rights

Basic Policies Regarding Human Rights

The Kubota Group supports the Universal Declaration of Human Rights, respects the human rights of all people, and does not discriminate or violate human rights on the basis of nationality, race, age, gender, sexual orientation, gender identity or disability, or for any other reason.

The Kubota Group does not permit forced labor or child labor, and also requests that its business partners comply in this regard. These policies are declared in the KUBOTA Group Charter for Action & Code of Conduct and put into practice.

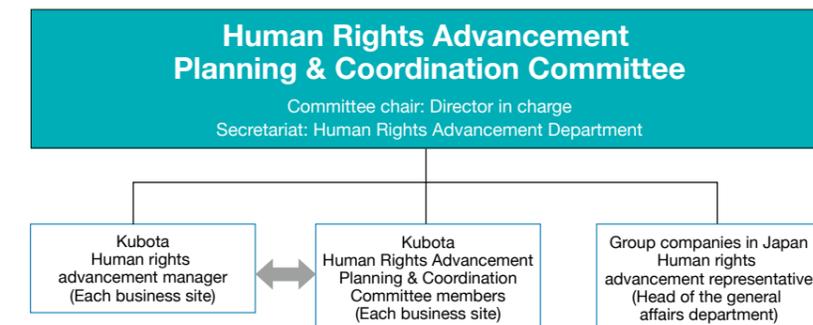
Code of Conduct (excerpts)

- We support the Universal Declaration of Human Rights, and respect the human rights of all people.
- We do not discriminate or violate human rights on the basis of nationality, race, age, gender, sexual orientation or gender identity*, disability, or for any other reason.
* The concept of how one perceives one's own gender.
- We do not permit forced labor or child labor, and also request our business partners to comply in this regard.

Human Rights Advancement System

In Japan, Kubota has a Human Rights Advancement Planning & Coordination Committee headed by a director in charge. Its members at each Kubota site are promoting activities based on the human rights advancement activity policies. At the beginning of each fiscal year, a meeting is held gathering the committee members of all sites.

Besides the committee members, a human rights advancement leader is appointed at each site, who leads the human rights advancement activities of the site.



Human Rights Education

Aiming to create a harassment-free, conducive workplace environment, Kubota plans and provides human rights education programs for all employees, including President and Directors, every year, based on the human rights advancement activity policies. The human rights education program can also be accessed from overseas via an online conferencing system.

The human rights education programs include rank-based training for new employees and at each site. In addition, to ensure ease of access for participants, we continued to offer training via e-learning in 2021. In 2021, all Kubota employees (in terms of the total number of participants) in Japan received human rights education through internal training or training offered by external organizations.

[Results of Internal Training in 2021]

	Internal training	External training	Total
Kubota	16,200 people	301 people	16,501 people
Group companies in Japan	10,411 people	191 people	10,602 people

Major Internal Education Programs

Training for management executives	453 people (including presidents, etc. of Group companies in Japan)
Training for new employees	770 people (including those from Group companies in Japan, etc.)
Training for newly appointed foremen	17 people
Training for newly appointed supervisors	44 people (including those from Group companies in Japan, etc.)
Seminar for harassment consultation office personnel	150 people (including those from Group companies in Japan, etc.)
e-learning courses on human rights advancement	13,627 people (including those from Group companies in Japan, etc.)

* The figures include temporary and re-hired employees.

* For the hearing-impaired, DVD transcripts (or a DVD with subtitles) or lecture texts are provided in advance, so that they can receive training with other participants in the same room.

* e-learning indicates courses targeting all employees (unique programs at various Kubota sites are not included). Separate group training is also held for employees who do not own computers.

Major Education Themes

- Prevention of harassment

[Includes prevention of sexual harassment, abuse of authority (power harassment), mistreatment of employees with child-rearing or long-term family care responsibilities (maternity harassment, care harassment) and bullying or indirect disadvantaging of sexual minorities (LGBT*1, SOGI*2, etc.)].

- Training for superiors in responding to reports of harassment and promoting two-way communication
- Social discrimination (Dowa) (such as online discrimination towards minority groups (e.g., Buraku), etc.)
- Issues facing the disabled (Act to Advance the Elimination of Discrimination against the Disabled, the disabled employment ratio, etc.)
- Issues facing foreign residents in Japan (hate-based harassment, etc.)
- UK Modern Slavery Act
- The supply chain and human rights (SDGs)
- Results of surveys on KESG awareness
- Revision of the employment regulations, etc. associated with the revision of the Equal Employment Opportunities Act and the Child Care and Family Care Leave Act

*1 Acronym of lesbian, gay, bisexual, and transgender

*2 SO (sexual orientation), GI (gender identity).

Major External Training

Kubota also encourages its employees to proactively participate in seminars hosted by corporate organizations addressing human rights issues and government organs.

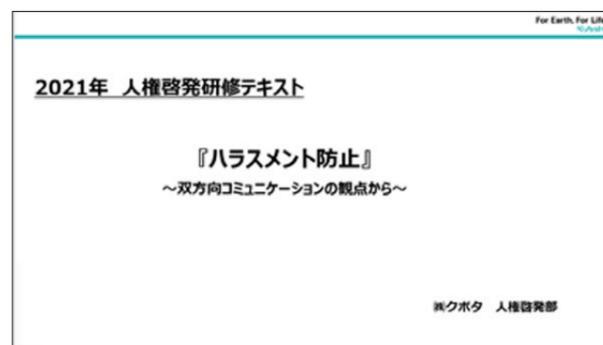
The 41st Human Rights and Dowa Issue Corporate Awareness-Raising Seminar hosted by the Executive Committee*3: A total of 57 participants (including those from Group companies in Japan)

The 52nd Buraku Liberation and Human Rights Summer Seminar hosted by the Executive Committee*3: 17 participants

*3 Hosted by Osaka Prefecture, Osaka City, Buraku Liberation and Human Rights Research Institute, etc.



Human Rights Training for Management Executives (Nov. 4, 2021)
(Theme: Peer pressure and human rights problems)
(Lecturer: Naoki Sato, Commentator and professor emeritus of the Kyushu Institute of Technology)



e-learning materials on human rights advancement

Consultation Office System

As remedial action for victims of human rights violation, Kubota established the Kubota Hotline—a whistleblowing system that includes the use of outside lawyers—and consultation office systems at each of its bases, including those overseas, thereby enabling it to respond swiftly to any issues that may arise.

[Click here for details on the whistleblowing system \(Kubota Hotline\).](#)

Number of cases reported on human rights issues (including harassment) in 2021: 101

[Whistleblowing System (Kubota Hotline)]

We distribute pocket cards with contact details and introduce such offices through the Company intranet, posters, email magazines, human rights seminars (including via e-learning), and so on.

[Consultation Office System in Japan]

Each year, Kubota holds a seminar for harassment consultation office personnel inviting external lecturers, with the aim of improving their counseling ability and preventing secondary victimization. A total of 150 employees took part in this seminar in 2021, using a web-based system.

The seminar focused on enabling the participants to take prompt and appropriate action against many types of harassment, such as sexual, power, or maternity harassment, or harassment against sexual minorities, without causing any disadvantage to the informant.



Harassment Consultation Office Personnel Seminar (Aug. 2 and 4, 2021)
(Lecturer: Satomi Kuwano, CEO, Business Partner Office)

Activities to Raise Human Rights Awareness

In order to enhance awareness of human rights, Kubota invites human rights-related slogans from all Japan-based employees, including those from Group companies in Japan, every year, and awards excellent slogans during Human Rights Week, which is celebrated every December.

In 2021, entries were received from a total of 19,944 applicants (an application rate of 85.7%) and the best slogan from each business site was posted on a long strip of paper.

Winning slogans were also submitted to a competition held by the Corporate Federation for Dowa and Human Rights Issues, Osaka, of which Kubota is also a member, and the submission of an employee at the Sakai Plant was chosen.

Human Rights Week Activities at Each Base



Installation of banners (headquarters)



Installation of banners (Hanshin Plant)



Installation of standing signboards (Sakai Plant)



Awarding the winner of the human rights slogan contest
(Kubota Works Co., Ltd.)



Implementation of human rights training (Sakai Plant)

Protection of Privacy

From the perspective of respecting human rights and protecting privacy, Kubota conducts several inspections each year for each base to ensure there are no insufficiencies in investigation tasks such as credit surveys, and there are no problematic contents or descriptions from the perspective of human rights violation included in the investigation reports.

Respecting Human Rights throughout the Supply Chain

Kubota declares in the Kubota Group Charter for Action, "we do not permit forced labor or child labor, and also request our business partners to comply in this regard."

Also, in its CSR Procurement Guidelines, Kubota declares that it does not permit forced labor or child labor, and also requests that its suppliers comply in this regard. The Guidelines also clearly prohibit the use of conflict minerals*, which are a source of funds for armed insurgents.

In May 2017, the Kubota Group released its Group statement with regard to the UK Modern Slavery Act, and has updated its statement each year, which can be seen on our website.

For employees in Japan, explanation is provided during their human rights education programs. At overseas Group companies, the business site heads of each company provide explanation to the employees.



Click here for details.

www.kubota.com/sustainability/society/procure/data/csrprocure_english.pdf

* Tantalum, tin, tungsten and gold and their derivatives, produced in the Democratic Republic of the Congo and its neighboring countries, which constitute a source of funds for armed insurgents, who have repeatedly committed inhumane acts in these countries.

External Related Organizations

Kubota participates in the external organizations below and is working to create a discrimination-free society.

- The Corporate Federation for Dowa and Human Rights Issues, Osaka (also participating in Shiga, Wakayama, Hyogo, Chiba and Hiroshima)
- Osaka City Corporate Human Rights Promotion Council (with related organizations in each municipality)
- The Center for Fair Recruitment and Human Rights Advancement
- Multi-Ethnic Human Rights Education Center for Pro-existence
- Osaka Career Support & Talent Enhancement Plaza
- Buraku Liberation and Human Rights Research Institute, etc.

Promoting Diversity

Policy on Diversity Management

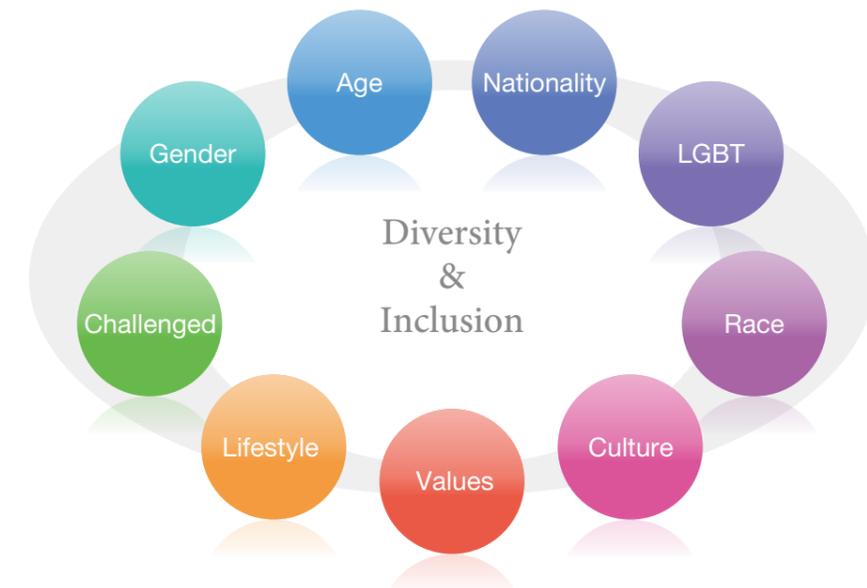
Making Diversity a Priority Commitment

As Kubota expands its operations globally, it is essential for the sustainable growth of the organization to recognize different values and ways of thinking and encourage diverse perspectives. As a first step in promoting diversity, we have been making efforts in the area of women's empowerment by: (1) increasing the number of women hired, (2) creating an environment where women can continue to work amid various life events, and (3) actively promoting the creation of opportunities for women to develop as professionals.

Going forward, while welcoming a diversity of human resources (gender, age, challenged, nationality, etc.), we will not only seek to foster a working environment in which every person can maximize their potential, but also provide long-term nursing care and childcare support and other means to enable employees with various constraints to play a productive role in the organization.

Kubota Strives for Diversity Management that Captures the Potential of Every Individual

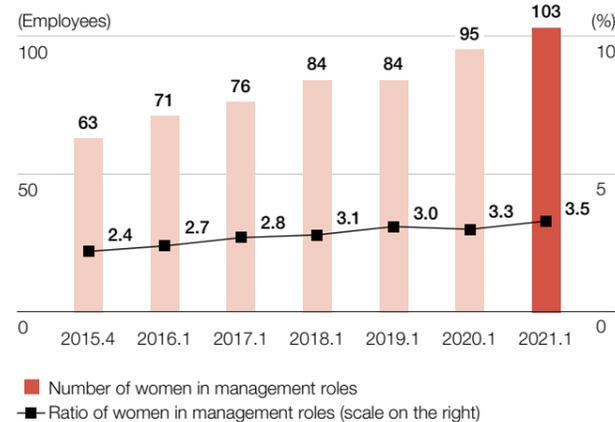
Kubota is a global company engaged in businesses in various regions around the world. Many people work side by side in the workplace bringing differences in language, culture, generation, gender, and values. We seek to accept each person's differences and draw on these as a force in creating new value. The goal of Kubota's diversity management is to transform human diversity into creativity.



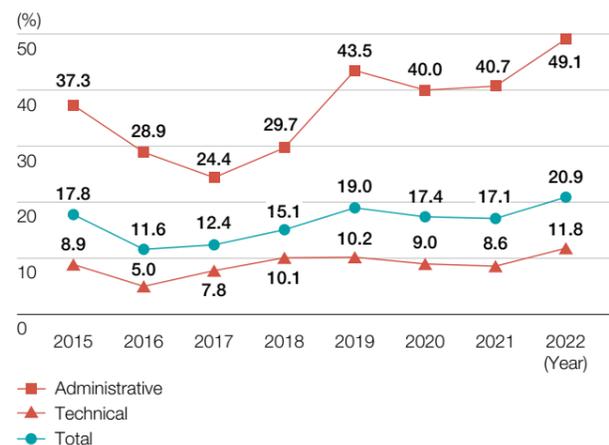
Empowering Women in the Workplace

As a focal point of diversity management, Kubota supports women in the workplace through initiatives such as changing the human resources system and offering various training programs. Having established a Diversity Promotion Office in 2009, Kubota is steadily promoting the advancement of women, such as expanding the occupational scope of women by consolidating occupational roles and other means. The number of women who are promoted to managerial positions has been increasing year by year. The gap in the number of years of working experience between men and women has also been shrinking every year.

Trend in the Number of Women in Management Roles (Kubota Corp.)



Ratio of Women Among Graduate Recruits for Regular Positions (Kubota Corp.)



Offering Various Training Programs, Etc., to Support Women

To date, Kubota has established Group-wide activities aimed at women's participation in outside forums and networking for the purpose of supporting career advancement and fostering a corporate culture that empowers women in the workplace.

Kubota also held leader development training for female employees expected to undertake leadership roles. The aim of the training is to help the participants develop their careers and play more active roles by acquiring the mindset and skills necessary for a leader.

We also hold a round-table talk between directors and female employees.



Leader development training for female employees in staff positions (joint session with supervisors and female managers)

Signed Women's Empowerment Principles (WEPs)

The Women's Empowerment Principles (WEPs) is a set of principles jointly prepared by the UN Global Compact^{*1} and UN Women^{*2} in March 2010 to create work and social environments where women's strengths can be leveraged in corporate activities.

The Kubota Group supports these principles and endorsed the doctrine in July 2012, thus positioning gender equality and the empowerment of women as a focal point of its management and pledging to autonomously carry out initiatives.

^{*1} Global initiative to achieve sustainable growth in international society announced by the UN Secretary-General at the 1999 World Economic Forum.

^{*2} United Nations entity working for gender equality and the empowerment of women.



Certification for Women's Empowerment Principles

Support for Job Creation and Establishing a Work Environment for People with Disabilities

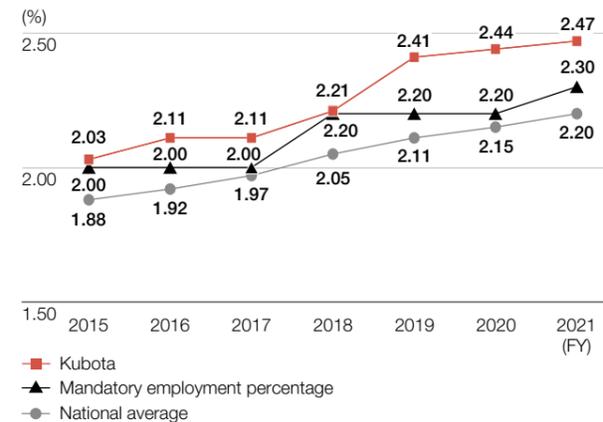
The Kubota Group is active in its initiatives towards the employment of people with disabilities that are aimed at supporting self-reliance, especially through its special subsidiary companies (Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd.)^{*}.

Kubota Works carries out cleaning work, business card and document printing, data entry, and clerical outsourcing. Meanwhile, Kubota Sun-Vege Farm is involved in initiatives to use hydroponic culture to grow vegetables safely and securely with the goals of living in harmony with the community and the practical use of unused agricultural land. The vegetables grown there are used in our company cafeteria and are available for sale to our employees, and some are being sold at supermarkets in Osaka Prefecture.

Going forward, we will continue to expand into new business areas and promote further job creation.

^{*} Subsidiary companies where employers give special consideration to the hiring of people with disabilities in order to promote their employment and provide for their social stability.

Trend in Percentage of Employees with Disabilities (Applicable Kubota Group Companies in Japan)



^{*} As of June 1 each year



Kubota Sun-Vege Farm Co., Ltd.



Kubota Works Co., Ltd.



Remote Kubota Works Office Tour Held

In November 2021, Kubota held two joint remote officer tours using Google Meet with assistance schools and institutions with whom it has cultivated deep relationships for recruitment of its employees. Approximately 600 people participated in the events.

In prior years, Kubota invited students, teachers, and parents from the schools to a tour of Kubota Works' head office. However, since 2020 when the COVID-19 pandemic occurred, we have held the events using the functions of Google Meet, an online conference software. In FY2021, we showed the appearance of each office and introduced innovations that make it easier for people with disabilities to work, and our employees performed a live demonstration of cleaning.

Although there were some audio and video difficulties along the way, the connection was generally clear, and the tour was completed successfully.

We plan to make even more use of remote tours to raise awareness of Kubota among special schools, organizations involved in employing people with disabilities, and other stakeholders.



Initiatives for Sexual Minorities Such as LGBT Groups

Received Work with Pride Gold 2021

As part of how Kubota promotes diversity, we are promoting initiatives for sexual minorities.

We strive to be a workplace where a diverse workforce can be active regardless of sexual orientation or gender identity, and we are making contributions towards establishing a diverse society where a broad range of values are accepted.



Promotion of Health & Productivity Management

Health & Productivity Management Goals

Kubota's goal for health & productivity management is to enable employees to enjoy a real sense of fulfillment and wellbeing with good physical and mental health. We are also aiming to maximize the performance of our organization by realizing meaningful work environments and contribute to our aims for ESG management.

Kubota Group Health Declaration

In July 2021, the Kubota Group formulated the "Kubota Group Health Declaration," to promote our efforts on health & productivity management even further.

Kubota Group Health Declaration

The Kubota Group declares its commitment to realizing the satisfaction of its employees and their families, and contribute to solving food, water and environmental issues through its business activities, by enabling each individual employee to preserve their physical and mental health in a motivating and positive work environment, being able to utilize their capabilities and individuality in their work.

Key Issues to Be Addressed

Kubota is working mainly to address the issues of lifestyle diseases, mental health, and cancer.

Working together with the Kubota Health Insurance Society, we are working to create appropriate lifestyle habits for preventing lifestyle diseases and cancer, promoting mental health measures, and fully implementing health examinations for early detection and treatment, as well as health guidance. We have also built a health consultation system in partnership with outside organizations, set up workplace environments that are comfortable to work in, promoted the use of annual leave and prevented overwork, and promoted a full range of health activities that are easily accessible for employees.

KPIs (%)

	2019	2020	2021
Ratio of smokers	32.2	31.4	29.7
Ratio of regular exercisers (at least 30 minutes per day)	32.9	33.8	33.7
Ratio of healthy BMIs (BMI between 18.5 and 24.9)	71.6	69.4	70.3

Example of Initiatives

Initiatives for Preventing Lifestyle Disease ◇Health Kubota 21◇

Through Kubota's health building project, "Health Kubota 21," we are taking action on the following priority targets: 1) nutrition and diet, 2) physical exercise, and 3) quitting smoking.

Project leaders at each business location work on innovative ideas to encourage employees to take an interest in building up their health, increasing their health literacy, and work autonomously to improve their health.

- ◆ With regard to nutrition and diet, during the period of health events, business sites came up with innovative ideas, such as setting up pop displays on the cafeteria menu so that employees can make conscious choices to suit their own body, with messages such as "More than 200g of vegetables," "Less than ○ calories," "Less than ○g of salt," "Less than ○g of fat" and so forth, and providing filling yet healthy menus designed by public health nurses, registered nurses, and nutritionists.



- ◆ For physical exercise, among business sites where a large number of employees are continuing to do telework, multiple business sites jointly held online seminars aimed at increasing the number of people who take at least 30 minutes of exercise a day, which is one of the targets of Health Kubota 21.

Employees learned practical skills for exercises that can be continued during small breaks in their schedules during work (for eyes, shoulders, and lower back, as well as yoga, etc.) and tried them out during the session. Participants said that they enjoyed stretching for the first time in a long while, and that they looked forward to trying out stretches that can be done while seated during small gaps in the schedules. Others said that participating online gave them the freedom to stretch out at home. Around 80% of participants who responded to a survey said they were satisfied with the program.

Initiatives for Mental Health ◇Mental Health e-Learning◇

- ◆ Every year, Kubota conducts a mental health status analysis and creates the "Kubota Mental Health Improvement Targets," a plan which lays out the policy, objectives, and initiatives for activities. The plan forms the basis for planning and carrying out activities at each Kubota location. To ensure a uniform level of mental health training can be carried out at every location, we created a five-year plan with themes for every fiscal year for both line-care and self-care and conducted group training. However, in line with infection prevention measures for the long-running COVID-19 infection, some locations have drastically shifted towards telework-centered work styles, and the training style has also changed from group training to e-learning.



Securing a Work-life Balance

In promoting the action plan for general business operators set out in the Act on Promotion of Women's Participation and Advancement in the Workplace, Kubota is eliminating consciousness of gender-based roles in responsibility allocation.

- The gap in the number of years of working experience between men and women is shrinking.
- Over 90% of women are returning to work after taking childcare leave.

In light of the above two points, Kubota proactively encourages its male employees to take childcare leave based on the belief that they should contribute to housework and child-raising so that women may continue to pursue their careers.

For both male and female employees, Kubota promotes the creation of a working environment in which a good work-life balance is ensured.



"Kurumin Mark" for companies with next-generation childcare systems

FOCUS

Kubota Receives the Excellence Prize in the Osaka City Mayor's Awards for Leading Companies in Women's Empowerment

Osaka City certifies companies that actively promote initiatives to create organizations in which motivated women can continue to play active roles, support the securement of a good work-life balance, and support participation by men in child-raising, housework, and community activities, as Leading Companies in Women's Empowerment. Every fiscal year, companies that undertake excellent initiatives are selected from among certified leading companies and awarded. This year, prize winners were selected from among 95 organizations that had acquired the certification from January to December 2016.



Certification of the Excellence Prize

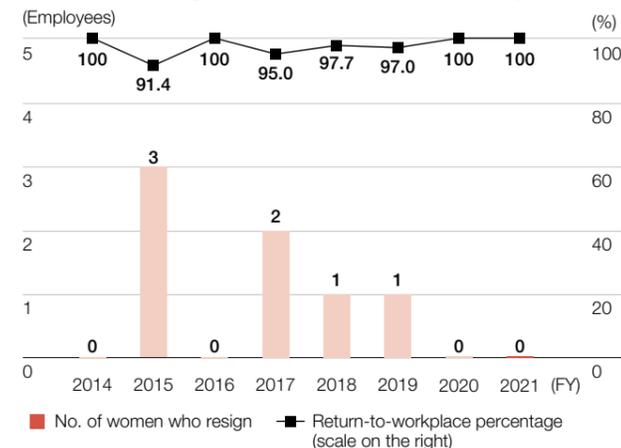
Kubota Corporation acquired the certificate on March 31, 2016. Kubota's efforts of "steadily advancing the promotion of women by consolidating job systems to expand women's job scopes and other means," and "establishing effective systems to support childbirth and childcare, while encouraging male employees to take childcare leave through enhancing training programs, launching campaigns, publishing awareness-raising leaflets, etc. with the aim of eliminating the perception of fixed gender roles" were highly appreciated.

Training for Employees Returning from Childcare Leave

To dispel concerns regarding returning to the workplace after childcare leave, Kubota provides online training for employees who have taken childcare leave, which their supervisors can also attend.

(Kubota emphasizes that taking leave to raise one's children does not mark the end of one's career. Accordingly, we refrain from using the term "holiday leave" and refer to this instead as "childcare leave.")

Trend in the Percentage of Women Who Return to Work After Taking Childcare Leave (Kubota Corp.)

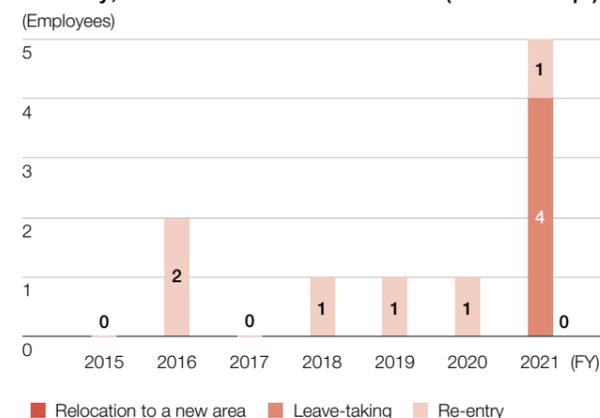


* Tallied from April 1 to March 31 of the following year for each year

System for Leave-taking, Re-entry, Relocating to a New Area

Kubota has put in place a system that allows employees more easily to take leave, re-enter the company, and relocate to new areas. The system is helping prevent as much as possible attrition due to spouse transfers, contributing to employee retention, and supporting employee motivation to continue working.

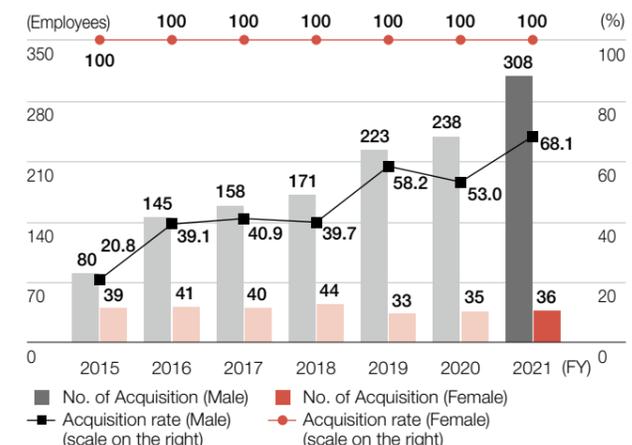
Number of People Using the System for Leave-taking, Re-entry, and Relocation to a New Area (Kubota Corp.)



Encouraging Employees to Take Childcare Leave

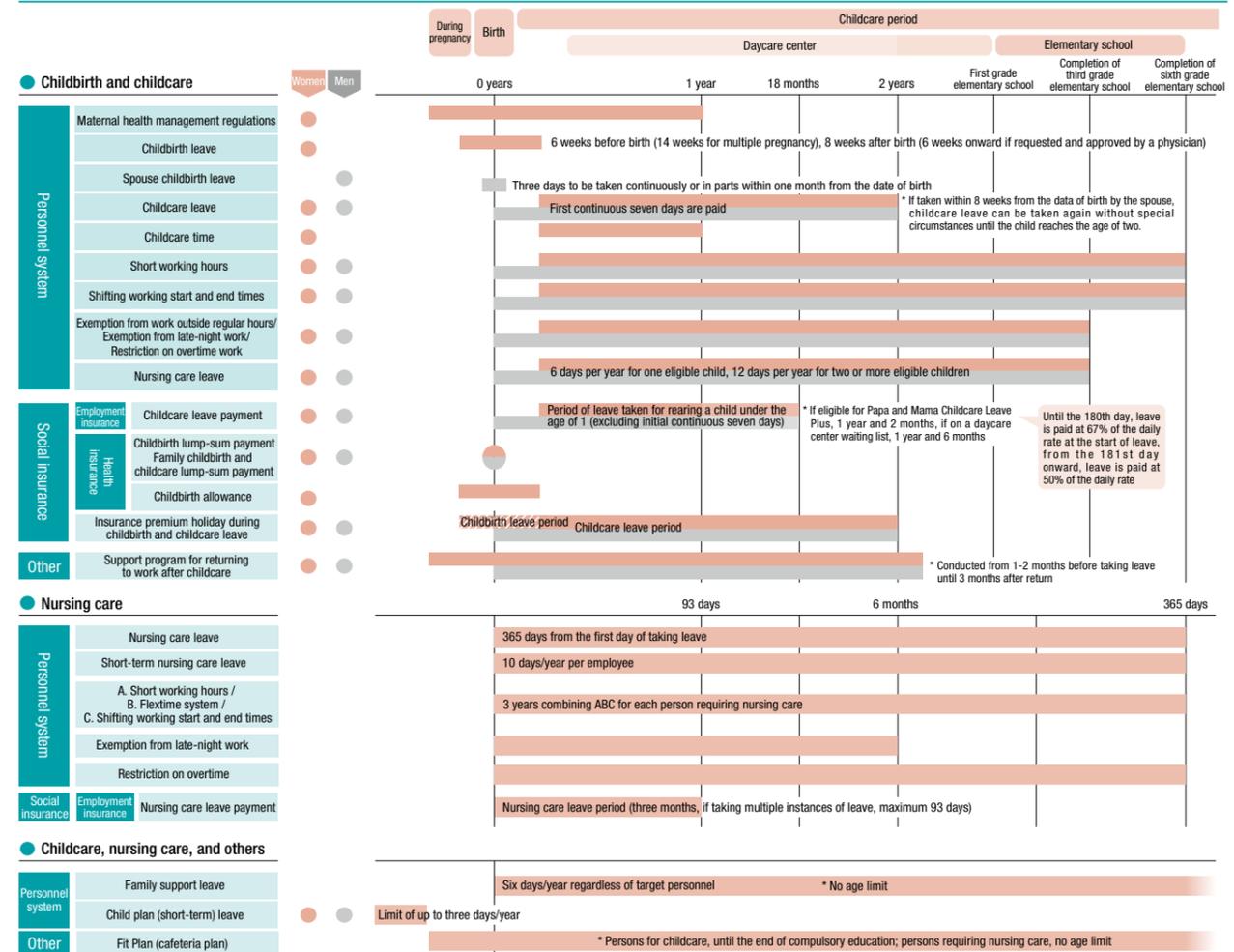
Kubota sets phased targets for the number of male employees taking childcare leave, and actively encourages its use.

No./Percentage using Childcare Leave (Kubota Corp.)



* Tallied from April 1 to March 31 of the following year for each year

Systems Supporting Balancing Work with Family Needs



Promoting the Use of Annual Paid Leave

Kubota encourages employees to use their paid leave days from the standpoint of maintaining their mental and physical health, preventing excessively long working hours, and securing a good work-life balance.

With the promotion policy and specific measures of encouragement shared by labor and management, Kubota encourages the use of paid leave in cooperation with the labor union.

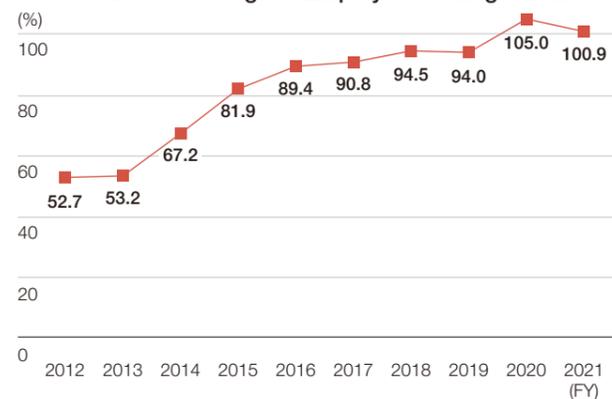
Promotion Policy

1. Recommend that employees take paid leave during labor management negotiations.
2. Create an environment where it is easy to use paid leave.
3. Foster opportunities to rethink the way one works.

Specific Measures of Encouragement

1. Set achievable targets company-wide.
2. Continue and strengthen initiatives unique to each business site, and spread awareness and disseminate information about using annual paid leave.
3. Discuss and implement efficient ways to work, visualize work, and create work manuals to promote communication at each workplace about using paid leave.

Trend in the Percentage of Employees Taking Annual Paid Leave (Kubota Corp.)



* Talled from March 16 to March 15 of the following year for each year up to 2015
 * Talled from December 16 to December 15 of the following year for each year from 2016
 * FY2020 and FY2021 include extraordinary vacation days related to COVID-19.

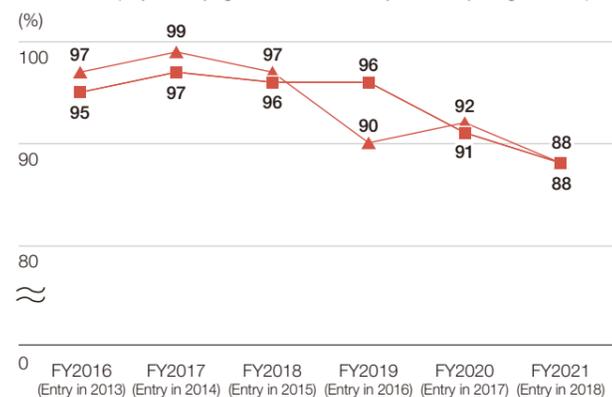
Initiatives to Improve the Retention Rate of New Employees

Every year, many new graduates (from universities, masters courses, and high schools) and mid-career entrants join Kubota.

Kubota endeavors to create an environment that allows new employees to settle in and play active roles by offering training programs before assignment and follow-up support after assignment.

Trend in the Retention Rate of New Employees*1 (Kubota Corp.)

*1 Rate of employees staying for more than three years after joining the Company



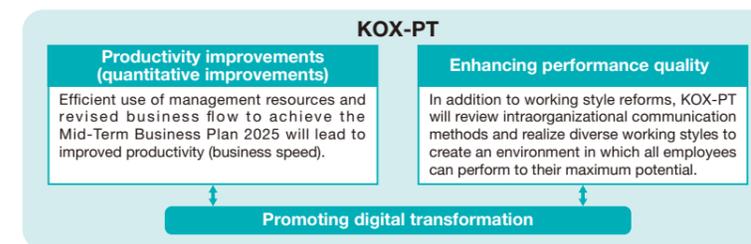
■ Retention rate of new employees (university and masters course graduates)
 ▲ Retention rate of new employees (high school graduates)

Promoting Workstyle Reforms

In July 2020, we launched the Kubota Operation Transforming Project Team (KOX-PT). In addition to assuming the tasks of standardizing back-office operations and making work process improvements which had been carried out since 2017 by the Workstyle Reform Project Team (HK-PT), the new team is working to reinforce Kubota's corporate structure by fully leveraging management resources, particularly human resources, across the entire Group, as well as to boost job satisfaction by building an environment in which individual employees can perform to their maximum potential.

KOX-PT is not simply a part of our working style reforms: The team was launched with the aim of further reinforcing Kubota's corporate competitiveness even in the midst of drastic changes in our business environment. Kubota currently faces the accelerated globalization of our industries, while the entry of newcomers into our markets is having a significant technology impact. This is the climate in which we have to achieve our corporate goals. Thus, KOX-PT's first priority is to improve productivity (business speed) by making efficient use of management resources and revising business flows to achieve our Mid-Term Business Plan 2025.

Since FY2020, Kubota has transitioned to teleworking, primarily for our office-based departments, in response to the COVID-19 crisis. For non-office worksites, we made use of teleworking depending on the work content. Working from home is expected to become standard practice going forward, and Kubota has to evolve its working styles to adapt. We will not only revise various personnel systems, but will also explore the best use of office spaces, both to enable new working styles and also achieve more active internal communication that leads to results under any environment, while realizing diverse working styles for employees.



KOX-PT will actively incorporate digital transformation into various job-related actions to boost work productivity and employee performance.

[Examples of KOX-PT Activities]

1. Promoting digital transformation in internal operations

The team is striving to improve work efficiency and achieve more active internal communication through the use of digital tools.



Active use of online meeting tools

2. Holding working style study workshops

The team is incorporating employee feedback into its planning and implementation of measures to enable new Kubota working styles.



Sharing ideas at a working style study workshop

3. Introduction of 1-on-1 meetings

At Kubota, we are aiming not only for more active communication in the workplace but also seek to create an environment where managers can actively support their staff's growth and help them take on new challenges.



1-on-1 meeting between a manager and staff member



Kubota developed and distributed its own 1-on-1 meeting guidebook

Engagement Survey

Kubota has positioned “employee growth and increase job satisfaction” as one of its materiality issues for promoting K-ESG management. Employees are the main subjects of the Kubota Group’s activities and are particularly important stakeholders. We believe that having positive, motivated employees will generate empathy from other stakeholders.

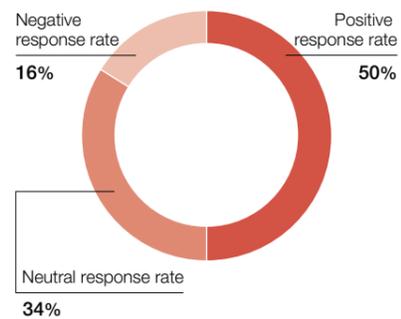
In the engagement survey held in November 2021, the positive response rate on employee engagement was 50%. To increase this score, we will promote initiatives to resolve various organizational issues that were clarified by the survey. During this fiscal year, we will focus in particular on providing growth and development opportunities and stimulating internal communication, as well as conducting career development training, further promoting one-on-one meeting, and expanding town hall meetings.

Going forward we will expand the targets for these initiatives in stages, and use them to increase the level of engagement throughout the entire Kubota Group.

Overview of Engagement Survey

Purpose of the Survey	To further promote K-ESG, ascertain the status of employee engagement and make the Kubota Group a more fulfilling company to work at by tackling the issues that are identified.
Survey Period	November 2021
Subjects	Employees of Kubota Corporation (except technical staff), 6,608 people
Number of respondents, response rate	5,892 people, 89%

Engagement Score



Personnel Measures in Tune with Globalization

Expanding the Overseas Trainee System

From the World to Japan

As overseas businesses are expanding rapidly, it is urgently necessary to develop human resources who are capable of playing a core role in promoting the autonomy of overseas sites.

Under these circumstances, Kubota started an overseas trainee system in 2015 with a view to developing candidates for managers and supervisors, and engineers at overseas sites.

Kubota has accepted a total of 33 trainees so far. While continuing to receive trainees from China, Thailand and Indonesia, the Company will also invite trainees from other areas, thereby promoting human resources development to help foster the autonomy of overseas sites.



I Worked at the Tsukuba Plant as a Trainee from Kubota Engine (Thailand) Co., Ltd. (KET) for About a Year.

I worked at the Tsukuba Plant, the mother plant of KET in Thailand, as a trainee for about a year. At KET, it takes more time than at the Tsukuba Plant to solve the same problem in terms of quality, cost, or productivity. During this training, I learned various problem-solving approaches, such as 4M analysis and the 3-Gen Principle. After returning, I will form a promotion committee concerning quality, cost, and productivity and make KET a strong plant with SEQCD equivalent to the Tsukuba Plant.



Wanthida Taraket
Kubota Engine (Thailand) Co., Ltd.

From Japan to the World

Since 1997, Kubota has dispatched a number of employees to its overseas subsidiaries and affiliated companies each year for training purposes. In 2016, we started sending trainees to learn about cutting-edge agriculture at Wageningen University & Research in the Netherlands; and in 2021, we started sending trainees to learn about the latest precision agriculture at the University of California in the United States. Looking ahead, we will promote these dispatches as the most effective means of cultivating global human resources.



Study at Harvard Business School

As the pace of globalization accelerates, we aim to quickly develop human resources who can compete with the world’s leading companies by increasing the global standards and advanced business skills of our personnel and cultivating a global mindset. To achieve this goal, each year we select two Kubota employees to study at Harvard Business School.



Personnel Policies and HR System (Kubota)

Basic Personnel Policies

Foster a corporate culture full of vigor with emphasis on taking on challenges and creativity.
Find the right person for the right job based on their abilities and ambitions.

Basic idea of personnel system operations

1. Equal opportunity: Each employee can strive to attain any role or position.
2. Right person for the right job: Aim to place the right person in the right job based on their abilities and ambitions.

Overview of Personnel Training, Performance-based Promotion and Compensation

There are three career paths comprising expert positions, staff positions and technical positions for different roles and responsibilities. The personnel system offers personnel training, and performance-based promotion and compensation for each of these career paths.

Employees can change career paths based on their abilities and ambitions.

Career	Expert positions (management class)	Staff positions (administrative and general class)	Technical positions (technical class)
Definition of personnel (main roles)	People who drive the business, solve problems that arise in operations, and exhibit a high level of performance based on their willingness to take on challenges, advanced expertise, abundant knowledge and extensive experience and know-how	People who contribute to the business, take on challenges for their own growth, and take on broad responsibilities, especially work that requires expertise, creativity and experience, while aiming to establish a field of expertise	<ul style="list-style-type: none"> People who are in charge of work responsibilities, supervise and nurture subordinates, and achieve work objectives People who improve work processes based on advanced skills, knowledge and experience, and can perform complicated work
Training and education	<ul style="list-style-type: none"> Department and section head class: management training Upcoming management assistants: selective training 	<ul style="list-style-type: none"> All employees: specialized training for specific objectives that employees can choose on their own from a curriculum of about 140 courses of varying difficulty and subject matter Future management assistants: selective training 	Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the "5-Gen" principles
Evaluations	<ul style="list-style-type: none"> Employees set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress towards these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year. Bosses evaluate their subordinates, including their performance of processes and work behavior. 		<ul style="list-style-type: none"> Executives set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress towards these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year. Non-executives endeavor to achieve the targets set with their bosses. Both executives and non-executives are evaluated comprehensively based not only on the achievements and results, but also on their attitudes, behavior and roles.
Rotation	The work responsibilities of each employee are reviewed periodically, taking into consideration workplace needs and the employee's preferences, to avoid having employees perform the same work for long periods.		
Ranking (Basis upon which compensation is determined)	<ul style="list-style-type: none"> Six rankings (In addition to the above, advanced specialist grades are set on a five-ranking double track) Moves up in the rankings based on contribution to performance 	<ul style="list-style-type: none"> Seven rankings Moves up in the rankings based on contribution to performance (Some require testing) 	<ul style="list-style-type: none"> 11 rankings Moves up in the rankings based on contribution to performance (Some require testing and technical qualifications)
Salaries	Each ranking has upper and lower limits to its monthly salary.		
Bonuses	Bonuses are designed to reflect consolidated performance and individual performance.	Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.	
Retirement benefits	Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.		

Fostering a CSR-based Mindset

Activities for Instilling the Corporate Principles -Instilling a Mindset Capable of Resolving Social Issues

As globalization of the economy and advancement of diversity have enabled the employment of a wide variety of personnel, there is a growing need for all Kubota Group employees around the world to understand and share, across national borders, generations and job ranks, the basic philosophy and concepts that serve as the basis of the Kubota Group's global management. All employees of the Kubota Group are expected to understand and recognize the Group's founding spirit and common values, thereby further enhancing loyalty and advancing the Group-wide promotion of business activities. To this end, the "Kubota Global Identity," global common corporate principles of the Kubota Group, were established on October 1, 2012 and then updated to their current format on July 1, 2016. In order to instill these corporate principles throughout the entire Group, including at overseas bases, Kubota has systematically promoted activities since FY2013.



Attendees at the corporate principles symposium held on February 6, 2020

www.kubota.com/corporate/identity/ Click here for the "Kubota Global Identity."

These activities were conducted annually worldwide under a five-year plan between 2013 and 2017. Since 2018, we have shifted the focus of activities to new employees and we continue to work on instilling the corporate principles among employees so that each person can regularly review their understanding of them mainly by holding conversations about the principles and highlighting the thoughts of employees in company newsletters. Moreover, given that FY2020 marked 130 years since Kubota's establishment, there will be opportunities for employees once again to study the thoughts and words of the company's founder, look back on the history of the Kubota Group, and reconfirm the growing expectations placed on us by the international community to make contributions in the areas of food, water, and the environment. In many aspects, the corporate principles of the Kubota Group are related to the shared global goals of the SDGs, so we will continue to undertake activities through which we consider the connections between the Kubota Group and the SDGs.

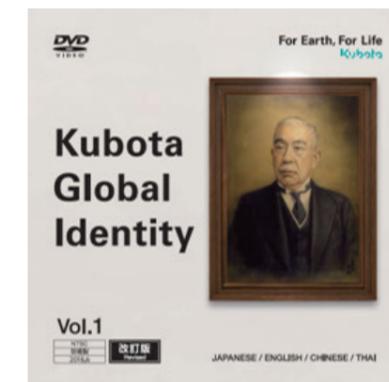
Participation Statistics for Our Corporate Principle Activities (Including Temporary Employees)

Fiscal year	Activity step (five-year plan)	Number of participants	Degree of satisfaction*
FY2013	(1) Acknowledgement	28,969	71%
FY2014	(2) Understanding	35,470	73%
FY2015	(3) Practice and application	35,089	78%
FY2016	(4) Concrete practice	40,855	83%
FY2017	(5) Concrete practice (continued)	41,400	79%

* Numbers reflect the percentage of people responding at least "somewhat satisfied" for degree of satisfaction at lectures held in Japan

Attendee Impressions (new employees)

- I came to understand what it is that Kubota's DNA has accomplished and where the next challenges lie. It prompted me to do my best, no matter how insignificant my actions might be. (new graduate recruit)
- The statement that "challenges at Kubota don't have to be extravagant" left an impression on me. I tend to imagine a challenge as being something enormous, so I came to learn that what I think of as a challenge should be the challenge in its entirety and that the simple act of embracing the challenge is more important than how big or small the challenge actually is. (new graduate recruit)
- Before I joined Kubota I was already aware that it was globally active in the fields of food, water, and the environment—elements essential to human survival—but I now understand why Kubota has been able to deliver solutions in these fields on a global scale. That is, a long history coupled with Kubota people worldwide never giving up even in the face of adversity. I too now want to make the same kind of contributions. (mid-career hire)



The DVD conveying Kubota's corporate principles is distributed overseas as well. It includes chapters on the founder's story, 130 years of Kubota history, and challenges going forward.

FOCUS

Internal and External SDGs Awareness & Publicity Activities

In FY2021, the Kubota Group implemented the following activities.

■ Participation in UN Food Systems Summit

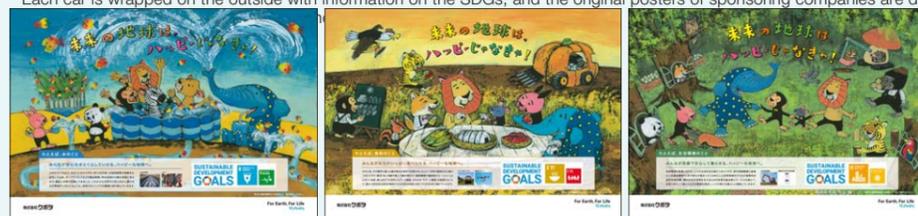
The United Nations Food Systems Summit is attended by not only government representatives, but also various parties, from production to consumption, that have an interest in food systems, such as producers, corporations, and consumers. The summit was held in September 2021 for the purpose of promoting concrete actions with which people can implement in order to build sustainable food systems. Not only did Kubota express its support of the aims of the summit, but in the leadup in June 2021 we submitted a commitment to the Ministry of Agriculture, Forestry and Fisheries of Japan to address carbon neutrality and the realization of a circular food production system by 2050 in order to help promote environmentally sustainable agriculture and more resilient food systems.

■ Presentation at the University of Tokyo Water Forum

The University of Tokyo Water Forum is a platform mechanism centering mainly on university researchers in the field of water, but is also open to the participation of corporate researchers. The topic of the forum's public symposium held in December 2021 was "Sustainable Society and Water." Roughly 200 people participated, including staff and students of the University of Tokyo, government research institutes, and private sector companies. The symposium was held online and Kubota delivered a presentation on the topic of the SDGs and Kubota's style of ESG management. Kubota also participated in, and exchanged opinions at, the panel discussion session during which professors and lecturers wrapped up the discussions of the symposium.

Kubota supports the aims of the "SDGs trains" that started running in September 2020 and has since displayed its own original posters in the train cars in an effort to raise awareness about the SDGs.

* Wrap advertising trains carrying SDGs-related themes operated by Hankyu Railway, Hanshin Electric Railway, and Tokyu Railways. Each car is wrapped on the outside with information on the SDGs, and the original posters of sponsoring companies are displayed on board.



Original posters portraying Kubota's engagement in the areas of food, water, and the environment, using cute animals drawn by illustrated book author Tomonori Taniguchi.

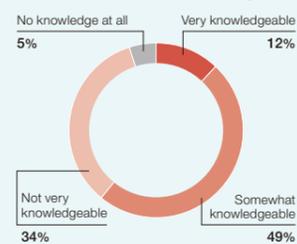
See the following website for more information about the SDGs trains. (only in Japanese)

Hankyu Hanshin Holdings, Inc.
www.hankyu-hanshin.co.jp/yume-machi/sdgstrain/gallery.html

Tokyu Group
www.tokyugroup.jp/sdgs/



SDGs Awareness in the Kubota Group



From a FY2021 K-ESG awareness survey conducted on Kubota Group employees in Japan

ESG Forums for Management-Level Employees and Other Activities

To promote our style of ESG management, as called for in Kubota Group's Long-Term Vision GMB2030, we improved the format of our longstanding CSR Forum and rebranded it the ESG Forum. We held a session of this new forum online in November 2021. Approx. 230 people participated, including the Kubota management team, general managers, presidents of Group companies in Japan, and the heads of CSR/general affairs. A lecture on social issues such as global warming and biodiversity and how the world is working to resolve them, as well as the kind of ESG management currently required in society, was delivered by Ms. Mariko Kawaguchi, an experienced sustainability researcher at the Daiwa Institute of Research and highly esteemed consultant for private sector firms. It was useful advice for Kubota with Ms. Kawaguchi commenting at the end of the forum about what she hoped to see the company achieve going forward.



Ms. Mariko Kawaguchi emphasized the importance of ESG management



A snapshot with the management team

CSR/ESG Forums and Other Activities (Past Eight Years)

Timing	Lecturer	Topic	Participants (including ON-LINE)
Dec. 2014	Lawyer	Adapting to environmental changes and compliance	147
Sep. 2015	Lawyer	Global compliance management	163
Sep. 2016	Professor	Considering sustainable management for the Kubota Group	195
Sep. 2017	Lawyer	The roles of management executives in preventing/responding to corporate scandals	268
May 2018	Professor	Water, food, the environment, and SDGs	233
July 2019	Professor	A manufacturing strategy in the age of digitalization	276
Oct. 2020	Journalist	CSR Dialogue, subject of: Pandemics and the future of CSR/ESG management and the SDGs	Six internal directors, including the Chairman and the President
Nov. 2021	Project Professor	Sustainability as a Strategy, Not as Ethics -ESG Management Required Today	230 (approx.)

Rank-based CSR Training

Since the scope of CSR covers a lot of ground, when employees enter the company or are promoted, not only do we provide detailed information and training about such issues as product quality, the environment, safety, and human rights, but our ESG Promotion Department conducts rank-based training concerning all things related to ESG management, while the Corporate Compliance Department does the same for general compliance topics. These training courses employ tools such as PowerPoint presentations and various pamphlets, and also weaves in case studies, to teach employees about Kubota's approach to CSR management and provide an overview of plans and initiatives for undertaking philanthropic activities and promoting compliance.

FY2021 Statistics (Lecturers from the ESG Promotion Department)

* Some educational events were conducted by video in FY2021 due to concerns about COVID-19.

	Participants	Timing	Length (per session)	Notes
Kubota	Newly appointed section managers	May and October 2021	60 minutes	
	Employees promoted to expert positions	March 2021	60 minutes	
	New staff hires	April and May 2021	60 minutes	Two sessions on separate topics
	New mid-career hires	January to December 2021 (monthly)	40 minutes	Held in the month the employee was hired
	Newly appointed foremen	March 2021	60 minutes	
	Newly appointed supervisors	March and September 2021	45 minutes	Split up into 2 sessions for participants

Employee K-ESG Awareness Survey (Previously CSR Awareness Survey)

From November to December 2021, we conducted a Kubota Group Employee K-ESG Awareness Survey. Kubota employees working abroad were included in the target audience again this time. The survey gauged the understanding and awareness of employees regarding Kubota's corporate principles, Code of Conduct, and K-ESG management and compliance, and also sought to confirm their thoughts about the workplace environment. In the section where employees can freely voice their opinions, many respondents provided honest points of view on how the Kubota Group could be improved. The Company's responses to these opinions and other feedback are communicated to employees through the Company intranet. Feedback on the results of the survey are provided for each business division to each director, and for each Group company to each company.

The K-ESG Awareness Survey is a valuable form of communication between employees and the Company. Its importance was noted in our management policy for FY2022, and we again picked up on the opinions of individual employees, and the president has issued instructions for the Company to work on resolving issues.

We plan to continue conducting it every year as a means of increasing employee awareness and identifying areas for continual improvement as a company.

* K-ESG: Kubota-style ESG
 * Since FY2021, Kubota Corporation has also conducted an Engagement Survey in parallel with the K-ESG Awareness Survey. (See p. 131 for details).

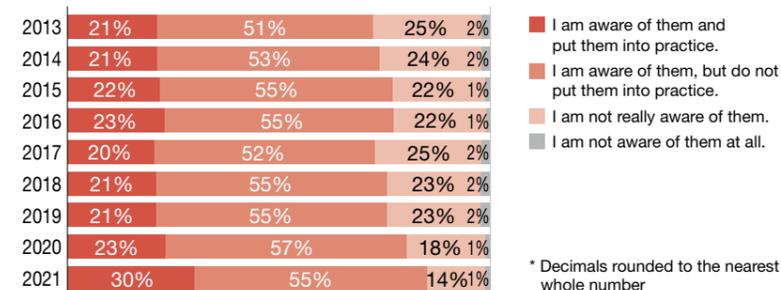
Respondents

Fiscal year	Number of respondents	Percentage of free opinions*
FY2013	6,366	10%
FY2014	7,316	8%
FY2015	7,696	9%
FY2016	8,427	10%
FY2017	11,659	9%
FY2018	12,840	12%
FY2019	13,007	14%
FY2020	15,275	13%
FY2021	15,644	14%

* The percentage of respondents that also provided an opinion

Answers to Key Questions in the Employee K-ESG Awareness Survey

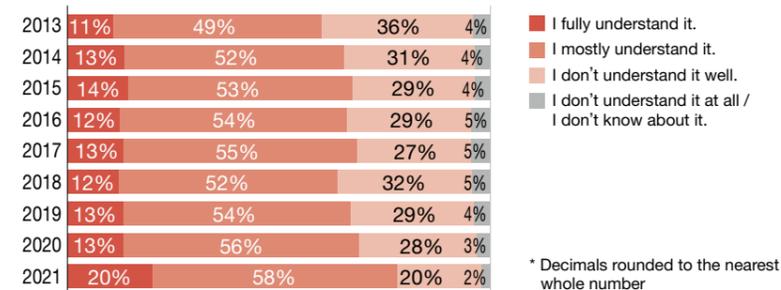
Are you aware of the Kubota Group's mission of helping to solve issues surrounding food, water, and the environment—the elements essential to human survival—as well as our brand statement “For Earth, For Life,” and have you considered what you can do in your position?



* Decimals rounded to the nearest whole number

Since the start of activities to instill awareness of the corporate principles in FY2013, ongoing efforts to communicate information to employees (whether it be activities implemented annually or from time to time) are leading to an entrenched sense of awareness.

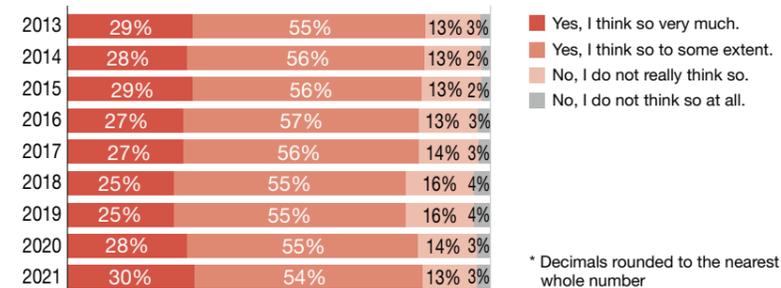
Do you have a good understanding of the Kubota Hotline system?



* Decimals rounded to the nearest whole number

We continue to promote awareness of the Kubota Hotline (internal whistleblowing system), improving understanding of its benefits.

Does your superior listen to you and support you when you are troubled with something?



* Decimals rounded to the nearest whole number

Kubota has repeatedly stressed the importance of managers communicating with their staff and conducting personal face-to-face communication. This helped bring about an improvement in communication even during the COVID-19 crisis.

Involvement with Local Communities

The Kubota Group respects the cultures and customs of each country and region in which it conducts business, and endeavors to establish relationships of trust with local communities. Moreover, Kubota proactively engages in social contribution activities in order to fulfill its responsibilities as a corporate citizen.

The Kubota e-Project

Social Contribution Activities in the Areas of Food, Water, and the Environment

Kubota launched the Kubota e-Project in FY2008 in an effort to contribute to society in the areas of food, water, and the environment.

Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful Earth. Based on this commitment, Kubota seeks the understanding and cooperation of its stakeholders as it contributes to the creation of a sustainable society.

Five Key Points

- Effectively utilize Kubota's managerial resources to
- continuously undertake social contribution activities, including
- the provision of information to external parties, with a view to
- solving social issues
- in the fields of food, water, and the environment.



Basic Policy of the Kubota e-Project

Kubota aims to ensure the survival of the beautiful global environment and help bring about a sustainable society by effectively utilizing its management resources to resolve issues in the fields of food, water, and the environment—elements that are indispensable to people worldwide leading prosperous lives. To that end, we engage in social contribution activities in the following six areas:

- Food**
We contribute to the efficiency in agriculture and stable food production through our business, thereby supporting the sustainable development of agriculture through farm management programs and activities supportive of local farmers.
- Water and the Environment**
We contribute to the reclamation and supply of safe and clean water through our business and undertake initiatives that benefit communities and society mainly by improving water environments and planting trees.
- Educating the Next Generation**
We seek to solve issues in food, water, and the environment. By organizing lectures and workshops in these three areas to support the sound development of the next generation of young people, we contribute to the development of local communities and the realization of a sustainable society.
- Local Communities**
As an active member of the many local communities worldwide where we have a business presence, we contribute to community-driven development projects, such as cleanup work and charitable donations.
- Sports Promotion**
In addition to managing the Kubota Spears Funabashi TOKYO-BAY rugby team, we contribute to the revitalization of local communities mainly by promoting the SDGs through team activities, sponsoring local sports teams, and co-sponsoring sports events.
- Disaster Relief**
Our corporate principle is to support people's prosperous lives, which is why we offer our assistance in various ways to regions around the world stricken by natural disasters. Together with our employees, we continue to help local communities get back on their feet as soon as possible by responding to their need for assistance during times of emergency, recovery, and reconstruction.

Kubota e-Project
www.kubota.com/sustainability/society/community/

Solving Social Issues

e-learning Agricultural Studies (Thailand)

As a way of supporting people suffering from economic hardship during the COVID-19 pandemic, Siam Kubota Corporation Co., Ltd. offered free online agricultural study courses from March to September, 2021 to 3,427 people, most of whom were unemployed or interested in farming.



Bee Project (Netherlands)

Since 2017, bee hives have been a feature of the premises of Kverneland AS. The hives are home to honeybees, which are especially effective in improving pollination and restoring diversity to the local ecosystem.



Selling Local Farm Products “Tsukuba Marché” (Japan)

With the aim of promoting local production for local consumption of agricultural products, supporting farmers during the COVID-19 pandemic, and providing vegetables to our employees at low prices, a market is held once a month on the premises of the Kubota Tsukuba Plant so that the vegetables that the users of Kubota farm machinery produced can be sold.



Donation of Tractors to Batangas (Philippines)

In April 2021, Kubota Philippines, Inc. donated tractors (L4018 model) to the Ibaan region in the city of Batangas in an effort to improve farming productivity there.



Preserving Terraced Rice Fields (Japan)

With the aim of better understanding agriculture so that we can engage in manufacturing from the perspective of our customers, since 2014 the Kubota Utsunomiya Plant has participated in a program to manage “the Ishibatake terraced rice paddies”* in the town of Motegi in Tochigi Prefecture.

* The paddies are listed in the 100 Terraced Rice Fields of Japan, as designated by the Ministry of Agriculture, Forestry and Fisheries.
** Participation in the program was put on hold in 2021 due to COVID-19.



Locally Grown Rice Used at Employee Cafeteria (Japan)

With the aim of promoting local production for local consumption of locally grown rice and enhancing the employee cafeteria menu, the cafeteria on the premises of the Kubota Tsukuba Plant uses rice grown by local users of Kubota farm machinery.



Hydroponics Business Employing Disabled People and Utilizing Idle Farmland (Japan)

To protect the natural environment of rural villages while also creating employment opportunities for people with disabilities, since January 2011, Kubota Sun-Vege Farm Co., Ltd. has produced and sold hydroponic vegetables on unused farmland in the town of Kanan in Osaka Prefecture.

* 17 disabled people are currently employed.



 Kubota Sun-Vege Farm (only in Japanese)
www.kubota-works.co.jp/

Kubota Forest (Japan)

To protect the watershed forests in the upper reaches of the Tama River that are owned and managed by the Tokyo Metropolitan Government’s Bureau of Waterworks, since 2017 we have cooperated with the Bureau by sponsoring 2.89 ha of this area as part of the Tokyo Waterworks Corporate Forest Naming Rights Project. Named the “Kubota Forest,” it is here that new employees come every year to clear the land, cut the grass, and plant trees.

* Kubota Forest activities were suspended in 2021 due to COVID-19.



Educating the Next Generation

Donation of New Rice to Nationwide Children's Cafeteria Program (Japan)

To bring about a sustainable and better society in which "No one will be left behind" and to support the next generation tasked with building a future world, in November 2021, we donated roughly 54 tons of new rice harvested in 2021 to the NPO that runs approximately 560 children's cafeteria locations nationwide under the Kodomo Shokudo program.



Supporting the National FFA Organization (US)

To nurture leaders in agricultural fields, every year Kubota Tractor Corporation sponsors the National FFA (Future Farmers of America) and provides personnel support at its various events.



Donation of Kubota M7 Tractor to Agricultural College (France)

To develop future leaders of agriculture by having them acquire the knowledge of operating and maintaining farm machinery, in February 2021, Kubota Farm Machinery Europe S.A.S donated a Kubota M7 tractor to an agricultural college in the north of France.



Donation of Demonstration Engine to Vocational Training School (Indonesia)

For the purpose of training teachers for vocational training schools, in September 2021, P.T. Kubota Indonesia donated a demonstration engine together with a maintenance training course.



Kubota Active Lab (Japan)

To get more young people interested in science and technology, since 1985 Kubota has sponsored a basic science seminar run by the Asahi Shimbun, one of Japan's leading newspapers. In 2021, approximately 356 junior and senior high school students participated in the event, which was named "the Kubota Active Lab 2021." The topic of focus was "the current and future global environment as seen from Antarctica," with lectures delivered by Asahi Shimbun reporter Yumi Nakayama and Associate Professor Yusuke Suganuma from the National Institute of Polar Research.

* The event was hosted online in 2021 due to COVID-19.



Kubota TERRA-KOYA (Japan)

Since 2007, Kubota has sponsored the Terra-Koya to help children learn about the bountiful blessings of nature and the importance of the global environment. In 2021, the theme of the workshop was about encouraging children to find their own activity in agriculture. A total of 54 elementary school students spanning grades 1 to 6 took part.

* The event was hosted online in 2021 due to COVID-19.



Visiting Lectures (Japan)

At schools and events around the country, Kubota continues to deliver visiting lectures on such topics as the links between the Kubota Group and the SDGs or the future of global and Japanese agriculture.

Six junior high and senior high schools were visited in 2021 (total of 254 attendees)



Genki Agriculture Experience Workshop (Japan)

To raise awareness of agriculture and to promote the aesthetic aspects of the industry by providing opportunities for people to experience rice farming, including rice transplanting, harvesting, and taste testing, Kubota and its domestic farm machinery distribution company have run a farming experience workshop since 2016. Hokkaido-KUBOTA Co., Ltd. hosted an online event for children in 2021 owing to the COVID-19 pandemic.



Community Activities

Donation of Appliances and Water Supply Equipment to Local Medical Institutions (Thailand)

With the aim of halting the spread of COVID-19 infections, in May and June 2021, Kubota Engine (Thailand) Co., Ltd. and Siam Kubota Metal Technology Co., Ltd. donated refrigerators and microwave ovens to a major regional hospital, as well as a reverse osmosis water supply system for treating well water to a local health clinic.



Donation of Books to Nearby Housing Development (China)

To deepen ties with a neighboring housing development, in December 2021, Kubota Agricultural Machinery (Suzhou) Co., Ltd. donated children's books to the local facilities.



Elementary School Drawing Contest (France)

As part of its activities for interacting with the local community, Kubota Farm Machinery Europe S.A.S hosted a drawing contest for the third time for local elementary school children in the town of Bierne in France. The theme of the competition in 2021 was "farm families" and a total of 50 drawings were entered. Prizes were handed out to the winners and participants, bringing smiles to the faces of everyone in attendance.



Donation of Food to a Charity Foundation (Indonesia)

In May 2021, P.T. Kubota Indonesia donated food to a charity foundation for young people, as a way of providing assistance to local regions in need.



Sponsoring of Children's Soccer School (Myanmar)

In order to promote the sport of soccer among children and deaf people in Myanmar, in 2021, Kubota Myanmar Co., Ltd. sponsored the Albirex Niigata Myanmar Soccer School, which was hosted at Dream Train, a youth development center run by the Japanese NGO Japan Heart.



Sponsoring of Leader Development Business (US)

With the aim of nurturing community leaders in its hometown of Salina in Kansas, Great Plains Manufacturing, Inc. sponsored a leader development program that ran from August through November 2021.



Kubota e-Day (Japan)

Since 2008, Kubota and its Group companies in Japan have arranged volunteering opportunities so that employees can voluntarily take part in beautification and cleanup activities as part of Kubota's community activities. To date, a total of around 8,000 employees have volunteered.

* Activities were suspended in 2021 due to COVID-19.



Mainichi Earth Future Prize (Japan)

Kubota has sponsored the Mainichi Earth Future Prize since its initial establishment in 1989 as the Mainichi International Exchange Prize. The prize seeks to extol and publicly commend individuals and groups working on solutions to social issues at the grass-roots level in Japan and overseas in the fields of food, water, and the environment. In the fiscal year that ended March 31, 2021, two organizations were awarded the Grand Prize, two organizations received the Kubota Prize, two organizations were presented with the SDGs Future Prize, and four organizations took home the Encouragement Award.

* The presentation ceremony was held online in 2021 due to COVID-19.



Japan Cup Cycle Road Race (Japan)

Every October, the Japan Cup Cycle Road Race is held in the city of Utsunomiya and as part of their local community-based activities, employees of Kubota Utsunomiya Plant, Kubota ChemiX Tochigi Plant, and Kubota Air Conditioner Tochigi Plant provide marshaling support during the race and help out with the post-race cleanup.

* The race was held online in 2021 due to COVID-19.



Donation of Industrial Humidifier and Air Purifiers to Hospitals, Local Governments, and Schools (Japan)

In order to support frontline workers at hospitals, local governments, and educational institutions, in May 2020, Kubota and KUBOTA KEISO started donating "Pure Washers"—the company's industrial humidifier and air purifier.



Social Contribution Activities through Corporate Sporting Events

Managing the Rugby Union Team Kubota Spears Funabashi TOKYO-BAY, Contributing to the Spread of Rugby and Promotion of SDGs through Rugby

Kubota manages the Kubota Spears Funabashi TOKYO-BAY rugby union team, which competes in the Japan Rugby League One competition. The team's home ground is located on the premises of the Keiyo Plant in Funabashi, Chiba Prefecture. In 2017, the team signed a hometown agreement with Funabashi City and then partnership agreements with Tokyo's Edogawa Ward and Chiba Prefecture's Narita City in 2020, followed by Ichihara City in 2021. Through these tie-ups, the Spears are seeking to use rugby as a way of contributing to neighboring communities. With a team vision of being a "Proud Billboard," the Spears are striving to be a winning team beloved by fans, and to draw on this position to build up the sport of rugby by offering rugby tryout days and coaching, as well as engaging in activities to address community issues and promote the SDGs.



Working together with the Board of Education, a visiting lecture was conducted at a neighboring elementary school (coaching tag rugby)



Rugby Academy teaches rugby to junior high school students and girl players



A team of under 14s was picked from the host region to form the Junior Spears team and play an exhibition match.



Rugby tryout events have also been held for children interested in taking up the sport.



A memorial rugby match at Kamaishi Unosumai Stadium in eastern Japan, which also worked to support regional reconstruction efforts.



A Pure Washer unit (industrial air purifier) manufactured and sold by the Kubota Group was presented to the former school of one of the team members.

 Kubota Spears Funabashi TOKYO-BAY Official Website (only in Japanese)
www.kubota-spears.com/



Promoting SDG activities with Edogawa Ward

In October 2021, the Kubota Spears Funabashi TOKYO-BAY rugby union team signed a partnership agreement to promote the SDGs with Tokyo's Edogawa Ward, the location of the team's host stadium. This marked the first-ever time a League One team has signed a partnership agreement with a local government solely for the purpose of promoting the SDGs.



[SDG activities implemented with Edogawa Ward]

- March 6, 2021 : Clothes recycling at a regular-season game
- March 23, 2021 : Donation of food supplies to a children's cafeteria in Edogawa Ward
- July 9, 2021 : Donation of food supplies to a disability care facility
- November 7, 2021 : Cleanup of washed-up rubbish on the east beach of Kasai Marine Park



 Rugby team Kubota Spears Funabashi TOKYO-BAY Official Website (only in Japanese)
www.kubota-spears.com/

Promoting Sports and Contributing to the Community through the Kubota Spears Volleyball Team

Kubota's volleyball team, the Kubota Spears, was promoted to the V.League in 2019 and competed in division 3 in the 2020–2021 season. For that reason, the team's name was aligned with the Spears rugby team. The Spears moved into division 2 to face even tougher opponents in the 2021–2022 season, which kicked off in November 2021.

Volleyball is a universal sport enjoyed by all generations and by participating in the V.League, the Spears are deepening relationships with people in the community through such events as regular games and volleyball clinics.

To get the ball rolling, a partnership agreement with Osaka City, where the team is based, was concluded for the purpose of contributing to the development of the local community. Since signing the agreement in June 2020, we have endeavored to enhance all of the activities undertaken in various fields, including sports promotion, education, and public relations. The team is also actively promoting regional partnerships and related activities.



 Volleyball team Kubota Spears' Official Website (only in Japanese)
www.kubota-spears.com/volleyball/

Disaster Recovery

Donation of Kubota Products to Tornado Victims to Assist Recovery Work (US)

To aid the victims of a tornado that swept through Kentucky, in December 2021, Kubota Tractor Corporation donated Kubota products to local dealers in the afflicted areas.



Donation of Food to Earthquake Victims (Indonesia)

To provide assistance to earthquake victims, in January 2021, P.T. Kubota Indonesia donated food to 20 afflicted households in the regency of Majene in West Sulawesi Province on the west side of Sulawesi Island in central Indonesia.



Support for Growth after the Disaster through Sustainable Agriculture —Supporting Student Learning at Agricultural High School (Japan)

To assist the recovery from the Great East Japan Earthquake, Kubota supports the younger generation underpinning the future of agriculture in Japan. Again in 2021, Kubota provided practical rice growing training with its iron-coated seed technology* at Miyagi Agricultural High School. By teaching students how to operate farm machinery equipped with the latest technology and providing them with information about digital farm management tools, Kubota aims to contribute to the development of human resources capable of engaging in sustainable agriculture.

* Iron-coated seed technology: As opposed to the conventional method of growing rice from seedlings, this cultivation technology involves directly planting rice seeds coated with iron powder in the field.



Donation and Distribution of Survival Kits to Flood Victims (Thailand)

To provide support to flood victims, from October through December 2021, Siam Kubota Leasing Co., Ltd. donated and distributed survival kits to afflicted people in five provinces.



Response to Asbestos Issues

Kubota takes very seriously the fact that some residents living in proximity of the former Kanzaki Plant and employees working at the plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

Regarding the residents living nearby, without particular regard for individual cause-and-effect relationships, from the standpoint of our social responsibility as a company that previously handled asbestos, Kubota established the Regulations for Payment of Relief Funds to Sufferers of Asbestos-related Diseases and their Families Living in Proximity of the Former Kanzaki Plant. This is in addition to the Act on Asbestos Health Damage Relief, which was enacted by the Japanese government and provides relief funds in order to alleviate, even marginally, the hardships and mental burden of the people receiving treatment and their families.



For more information (only in Japanese)
www.kubota.co.jp/related/

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GOVERNANCE

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Governance Report

<SDGs related to this section>



Corporate Governance

In order to speed up its response to management conditions and increase transparency in its management, Kubota has been committed to enhancing its corporate governance structure. Moreover, by building an internal control system and implementing steady yet continuous improvements during its business activities, Kubota not only enforces the observance of laws and regulations, but also reduces risks.

Basic Policy

The Company has designated “long-term and stable growth of corporate value” as its highest management priority. To realize this aim, the Company considers enhancement of the satisfaction of all the Company’s stakeholders and improvement of overall corporate value, while balancing economic value and social value, to be important. Especially, in order to achieve the long-term objectives of building “Global Major Brand Kubota” on the basis of its corporate philosophy “Kubota Global Identity,” the Company must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

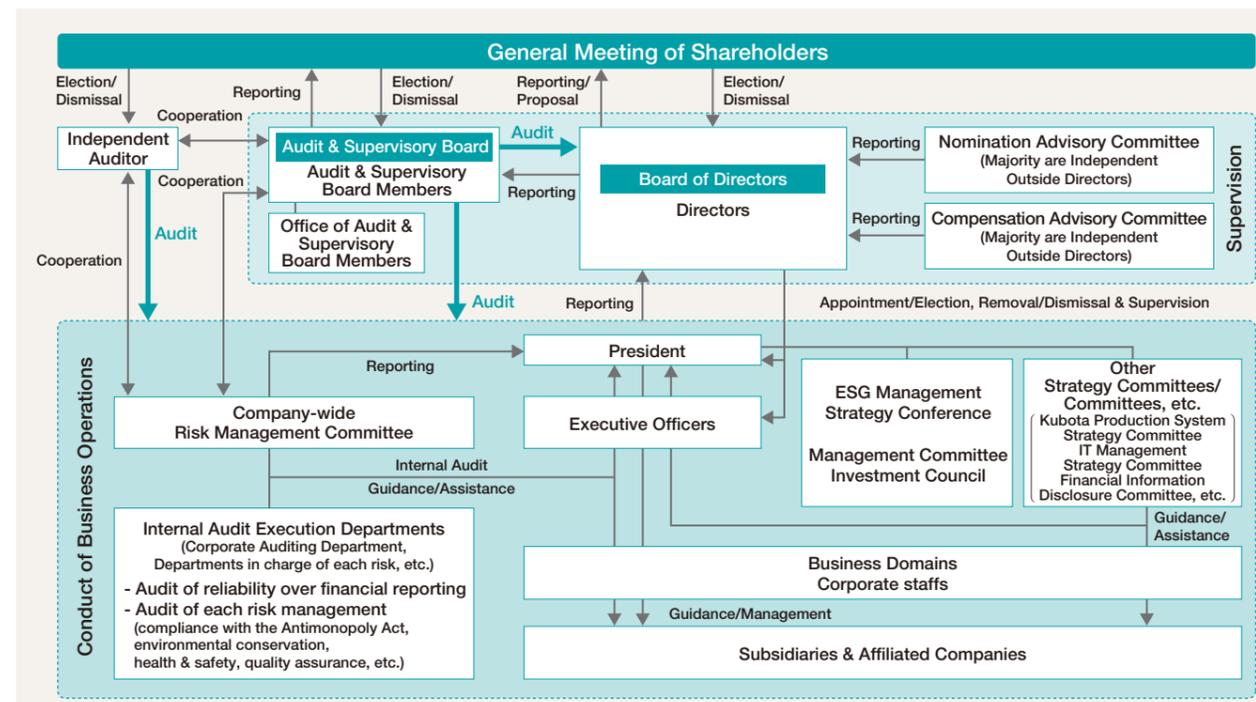
Corporate Governance System

Organization Structure

Policy of Organization Structure

The Company is basically a company with an Audit & Supervisory Board but also has a voluntary Nomination Advisory Committee and Compensation Advisory Committee. The Company has a wide range of business domains that include the areas of food, water, and the environment. Considering the scope of these domains, the Company believes that the most appropriate governance structure is one in which the Board of Directors makes decisions on major fundamental management policies, based on the perspectives of internal Directors with in-depth experience and knowledge in particular areas of the Company’s businesses as well as the objective viewpoints and broad knowledge of Outside Directors. The Board of Directors also supervises and oversees the Executive Officers’ conduct of business. On the other hand, the Audit & Supervisory Board Members, who are legally independent from the Board of Directors, provide a monitoring function through the highly effective, independent audit function. The Company believes having the voluntary Nomination Advisory Committee and Compensation Advisory Committee, where the majority of members are Outside Directors, enables it to attain sustainable growth and increase its corporate value in the medium to long term while securing sound, efficient, and effective management.

Corporate Governance Structures



Board of Directors

The Board of Directors makes strategic decisions and oversees the execution of duties by the Executive Officers. In addition to its regular monthly board meetings, it also meets as and when required to discuss and make decisions relating to management planning, financial planning, investment, business restructuring, and other important management issues.

Moreover, the Board of Directors holds a meeting once a year to report the results of risk management activities. This is done in order to verify that there are no inadequacies in the internal control system that could have a serious impact on corporate management with regards to the organization and operation of the management system for key risks identified by the Company.

Audit & Supervisory Board

Kubota has the Audit & Supervisory Board independently, which oversees and audits the execution of duties by the Directors.

In addition to its regular monthly Audit & Supervisory Board Meetings, it also meets as and when required to discuss and make decisions on auditing policy, audit reports, and other matters.

Nomination Advisory Committee and Compensation Advisory Committee

The Company has a voluntary Nomination Advisory Committee and Compensation Advisory Committee in place as the advisory body of the Board of Directors.

To incorporate the independent and objective standpoint, Outside Directors account for more than half of constituent members of both committees, and an Independent Outside Director serves as chairperson of the committees.

The Nomination Advisory Committee met four times during the fiscal year for the purpose of deliberating the nomination of candidates for Director and the nomination of Advisors. The committee is also looking at the composition and diversity of the Board of Directors using the skills matrix. Starting in fiscal 2022, the committee will add matters related to electing as well as dismissing a president along with succession planning to its agenda and actively discuss the qualities and abilities required of the Company’s top management in addition to training methods.

Activity Report of the Nomination Advisory Committee (Period: January 1, 2021 - December 31, 2021)

1	19-Mar-21	Deliberation on the operation of the Nomination Advisory Committee for fiscal 2021
2	21-Oct-21	Deliberation on the candidates for Director and Advisor
3	1-Dec-21	Deliberation (in writing) on the candidates for Advisor, etc.
4	15-Dec-21	Deliberation on revising the roles of the Nomination Advisory Committee Discussion on the qualifications of candidates for President and his/her training policy

The Compensation Advisory Committee met eight times during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors, Executive Officers, and Advisors, and the adequacy of the stock compensation system. The committee decided to establish a new remuneration plan to be applied from fiscal 2022 in order to realize the Company’s Long-Term Vision as set forth in “GMB2030,” set competitive remuneration levels appropriate for GMB, and introduce an evaluation system that is strongly linked to growth over the short, medium and long term.

Activity Report of the Compensation Advisory Committee (Period: January 1, 2021 - December 31, 2021)

1	9-Feb-21	Deliberation (in writing) on the annual bonus and stock compensation for the Directors and Executive Officers
2	19-Mar-21	Deliberation on the pros and cons of revising the remuneration plan
3	20-Apr-21	Deliberation on the remuneration plan for fiscal 2022 and onward
4	16-Jun-21	Deliberation on the concept of the new remuneration plan
5	5-Aug-21	Deliberation on the remuneration levels
6	16-Sep-21	Deliberation on the design of the new remuneration plan
7	5-Nov-21	Deliberation on the design of the new remuneration plan
8	8-Dec-21	Deliberation on the design of the new remuneration plan

Composition of Members (as of March 18, 2022)

Those in brackets [] indicate percentage of attendance in fiscal 2021.

			Nomination Advisory Committee	Compensation Advisory Committee
Outside Director	Yuzuru Matsuda	[100%]	●*1	●*1
Outside Director	Koichi Ina	[100%]	●	●
Outside Director	Yutaro Shintaku	[100%]	●	●
Outside Director	Kumi Arakane	[100%]	●	●
Chairman and Representative Director	Masatoshi Kimata	[100%]	●	
President and Representative Director	Yuichi Kitao	[100%]	●	
Executive Vice President and Representative Director	Masato Yoshikawa	[100%]	●	●
Senior Managing Executive Officer	Kazuhiro Kimura	[100%]		●
Outside Audit & Supervisory Board Member	Yuichi Yamada	[—]		▲*2

*1 Chairperson

*2 Observer (appointment on March 18, 2022)

ESG Management Strategy Meeting, Management Committee and Investment Council

The Company has established the ESG Management Strategy Meeting, the Management Committee and the Investment Council to make decisions and deliberate on specific important issues. The ESG Management Strategy Meeting formulates policies and evaluates major measures for the realization of the Long-Term Vision of the Company, GMB2030, and the creation of medium- to long-term corporate value. The Management Committee deliberates and make decisions on important management issues, such as investments and loans, in accordance with the Mid-Term Business Plan 2025. Of the management issues deliberated by the Management Committee, important issues are reported to the Board of Directors. The Investment Council serves as an advisory body to the President on issues that require authorization of the President and certain special issues, excluding items discussed by the Management Committee.

Officers (as of March 18, 2022)

Directors and Audit & Supervisory Board Members



	Name	Position and Responsibility at Kubota Corporation and Important Concurrent Positions		Name	Position and Responsibility at Kubota Corporation and Important Concurrent Positions
1	Masatoshi Kimata	Chairman and Representative Director, Director of Nippon Telegraph and Telephone West Corporation	9	Yutaro Shintaku	Outside Director, Director of Santen Pharmaceutical Co., Ltd., Director of J-Oil Mills, Inc., Executive Trustee of Tonen International Scholarship Foundation, Special Professor of Hitotsubashi University Business School, Director of KOZO KEIKAKU ENGINEERING Inc.
2	Yuichi Kitao	President and Representative Director	10	Kumi Arakane	Outside Director, Director of Kagome Co., Ltd., Director of TODA CORPORATION
3	Masato Yoshikawa	Executive Vice President and Representative Director, General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters	11	Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)
4	Toshihiko Kurosawa	Director	12	Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)
5	Dai Watanabe	Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center	13	Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)
6	Hiroto Kimura	Director and Managing Executive Officer, General Manager of Research and Development Headquarters, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Dept.	14	Yuichi Yamada	Outside Audit & Supervisory Board Member, Audit & Supervisory Board Member of Japan Finance Corporation, Representative of Yuichi Yamada Certified Public Accountant Firm
7	Yuzuru Matsuda	Outside Director, Director of JSR Corporation, Director Emeritus of Kato Memorial Bioscience Foundation	15	Yuri Furusawa	Outside Audit & Supervisory Board Member
8	Koichi Ina	Outside Director, Director of Sansha Electric Manufacturing Co., Ltd. Chairman of Central Japan Industries Association	16	Keijiro Kimura	Outside Audit & Supervisory Board Member, Representative Partner of Kyoei Law Office

Executive Officer

Senior Managing Executive Officer	Managing Executive Officer	Senior Executive Officer	Executive Officer
Yuji Tomiyama	Yasuo Nakata	Yoshimitsu Ishibashi	Koichiro Kan
Kazuhiro Kimura	Takao Shomura	Yasukazu Kamada	Hirohiko Arai
Eiji Yoshioka	Kazunari Shimokawa	Katsuhiko Yukawa	Shinichi Fukuhara
Nikhil Nanda	Mutsuo Uchida	Ryoji Kuroda	Tomohiro Iitsuka
	Nobuyuki Ishii	Muneji Okamoto	Hideki Mori
	Kazuhiro Shinabe	Koichi Yamamoto	Kazushi Ito
	Ryuichi Minami	Shingo Hanada	Junji Ota
			Mampe Yamamoto
			Takanobu Azuma
			Toshiyuki Taneda
			Shiro Watanabe
			Todd Stucke
			Hideo Takigawa
			Hiroyuki Araki
			Yoshifumi Makino
			Tadahito Suzui
			Koichi Nakagawa
			Kazunori Tani
			Yuji Kambara
			Shinya Tsuruda

Directors and Audit & Supervisory Board Members

Policies and Procedures in the Election, Nomination and Dismissal of Directors and Audit & Supervisory Board Members

1. Policies in the election and nomination

(1) Candidates for Director

In its wide-ranging business domains encompassing the areas of food, water, and the environment, the Company aims to bring about sustainable growth and increase corporate value on a Group-wide basis, thereby engaging in appropriate decision-making and supervising operations. To such ends and in accordance with its rules governing the Board of Directors (requirements for nominating candidates for Director), the Company appoints persons from inside the Company who have a wide perspective and extensive experience relating to the Company's business management, and appoints persons from outside the Company who have a practical and objective perspective along with deep knowledge, having satisfied requirements for an independent officer as stipulated by the Tokyo Stock Exchange (hereinafter, the "TSE") and requirements of the independence criteria set forth by the Company (four of the ten Directors are Outside Directors).

[Independence Criteria for Outside Directors]

The Company has established the Independence Criteria for Outside Directors, considering laws and regulations, and provisions of the TSE, among other regulations, to ensure transparency and objectivity in the governance of the Company. The Company shall deem that an Outside Director does not satisfy independence from the Company if any of the following items applies to that person.

- A person who is an executive* of the Company, or who was such an executive within the 10-year period prior to the appointment as Outside Director.
* The term "executive" herein refers to an executive defined as a person who executes business in Article 2, paragraph 3, item 6 of the Regulation for Enforcement of the Companies Act. It includes executive director, executive officer (shikkoyakuin) and employee who execute business, but it does not include audit & supervisory board member.
- A person who is an Audit & Supervisory Board Member of the Company (excluding Outside Audit & Supervisory Board Member) or who was such an Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member) for the past ten years before his/her appointment.
- A major business partner of the Company*, or an executive of such an organization.
* The term "major business partner of the Company" herein refers to a business partner such as a major purchaser of the Company's goods and services in the recent three fiscal years, whose amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the Company for the same fiscal year.
- An organization whose major business partner is the Company*, or an executive of such an organization.
* The term "organization whose major business partner is the Company" herein refers to an organization of which the Company is a business partner such as a major purchaser of its goods and services (e.g. a supplier to the Company) in the recent three fiscal years, and the amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the organization for the same fiscal year.
- A major lender to the Company*, or an executive of such an organization.
* The term "major lender to the Company" herein refers to a financial institution from whom the Company has obtained loans in the recent three fiscal years, and the outstanding amount of the loans from the lender at the end of that fiscal year exceeded 2% of the consolidated total assets of the Company thereat.
- A consultant, accounting professional or legal professional who has received economic benefits for services exceeding ¥10 million annually other than remuneration as an officer from the Company in the recent three fiscal years (or, in the case where the receiver of such benefits was an organization such as a corporation or partnership, a person affiliated with such an organization).
- A major shareholder of the Company*, or if the major shareholder is a corporation, an executive of such a corporation.
* The term "major shareholder of the Company" herein refers to a shareholder who holds more than 10% of the Company's shares on a voting-right ownership basis at the end of the relevant fiscal year, regardless of whether the shares are held in the shareholder's own name or in another name.
- A director, audit & supervisory board member, accounting advisor, executive officer (shikkoyaku) or executive officer (shikkoyakuin) of a corporation with a relationship with the Company concerning mutual outside director appointments.
- A receiver of endowments of economic benefits exceeding ¥10 million annually from the Company in the recent three fiscal years (or, in the case where the receiver of such endowments was an organization such as a corporation or partnership, an executive of such an organization).
- A spouse or a relative within two degrees of kinship of a person (limited to persons of important position*) set forth in above items 1 to 9.
* The term "person of important position" herein refers to a director, executive officer (shikkoyaku), executive officer (shikkoyakuin) or any person holding a position equivalent thereto.

(2) Candidates for Audit & Supervisory Board Member

To adequately facilitate auditing and monitoring of management, the Company appoints persons who have diverse experience, knowledge, expertise and insight in accordance with the Standards for Auditing by Audit & Supervisory Board Members (the policy for selecting candidates for Audit & Supervisory Board Member). The Company appoints half or more of the candidates from among persons who satisfy requirements for an independent officer as stipulated by the TSE, of which the Company appoints one person (certified public accountant, etc.) who has a high degree of expert knowledge and experience relating to accounting and finance (three of the six Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members).

2. Procedures in the election, nomination and dismissal

(1) Procedures in the election, nomination and dismissal of Directors

Appointment of Directors is implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors, following deliberation by the Nomination Advisory Committee (four out of seven of whose members are Outside Directors). The Nomination Advisory Committee conducts deliberation with appropriate involvement and advice from the Outside Directors from the perspectives of each candidate's eligibility (such as experience, abilities, expertise, and internationality) and diversity of the Board of Directors.

Should reason for dismissal arise, dismissal procedures are implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors in accordance with the rules governing the Board of Directors.

(2) Procedures in the election, nomination and dismissal of Audit & Supervisory Board Members

To elect the Audit & Supervisory Board Members, the candidates for Audit & Supervisory Board Member are determined from among the candidates who are selected in accordance with the Standards for Auditing by Audit & Supervisory Board Members (the policy for selecting candidates for Audit & Supervisory Board Member) after approval of the Audit & Supervisory Board. The candidates are elected by resolution of the General Meeting of Shareholders. Dismissal of Audit & Supervisory Board Members is implemented by special resolution of the General Meeting of Shareholders in accordance with the Companies Act.

Reasons for Appointment of Outside Directors and Outside Audit & Supervisory Board Members (as of March 18, 2022)

Outside Directors

Name	Designation as Independent Director	Reasons for Appointment
Yuzuru Matsuda	○	Mr. Matsuda has extensive experience in managing a comprehensive manufacturer of biotechnology and offers a wide perspective on matters. He also has experience as an outside director of other companies. Therefore, the Company judged that he has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Koichi Ina	○	Mr. Ina has extensive experience in managing an automotive manufacturer and offers a wide perspective on matters. He also has deep knowledge in the field of manufacturing as an engineer and from having been engaged in various management positions in plant operations. Therefore, the Company judged that he has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Yutaro Shintaku	○	Mr. Shintaku has experience and a record of accomplishments at having actively promoted global strategy acting as management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. Therefore, the Company judged that he has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Kumi Arakane	○	Ms. Arakane's career at a cosmetics company provided her with the experience of being involved in corporate management as a Director, as well as being in charge of various areas of business including product development, research, quality control and purchasing. Therefore, the Company judged that she has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since she satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.

Outside Audit & Supervisory Board Members

Name	Designation as Independent Audit & Supervisory Board Member	Reasons for Appointment
Yuichi Yamada	○	Mr. Yamada has considerable knowledge relating to accounting and financial matters as a certified public accountant. He has gained extensive experience and record of accomplishments in corporate auditing while serving at a major audit firm, and possesses extensive expertise on auditing in general, such as through working as outside audit & supervisory board member for other companies. Therefore, despite not having been directly involved in corporate management, the Company judged that he can contribute to further enhancing its auditing processes through his expert viewpoints and from an independent standpoint. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Yuri Furusawa	○	Ms. Furusawa has experience in Japan and overseas in various roles working for central governmental agencies and possesses a broad perspective and extensive knowledge. Furthermore, she gained global experience through being involved in overseas business development at a company, and she was involved in reforming work styles and promoting the empowerment of women and diversity at the center of the government. Therefore, despite not having been directly involved in corporate management, the Company judged that she can contribute to further enhancing its auditing processes with her wide range of experience, through her expert viewpoints and from an independent standpoint. Moreover, since she satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Keijiro Kimura	○	Mr. Kimura possesses a wealth of knowledge in legal affairs. He also has an extensive record of practice in corporate legal affairs at law offices and considerable experience and knowledge acquired by assuming office as an outside auditor for several companies. Therefore, despite not having been directly involved in corporate management, the Company judged that he can contribute to further enhancing its auditing processes through his expert viewpoints and from an independent standpoint. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.

Composition of the Board of Directors and the Audit & Supervisory Board (as of March 18, 2022)

Skills Matrix

	Name	Position	Out-side	Areas of expectation / Specialization										Experience in corporate management	Attendance at the Meetings of the Board of Directors	Attendance at the Meetings of the Audit & Supervisory Board	Tenure as Director of Audit & Supervisory Board Member
				Priority items related to medium- to long-term strategies						Fundamental items for management							
				Manufacturing /Quality control	Global Management	Innovations/ R&D/DX	E (Resolution of environmental issues)	S (Contributing to society/ Empathy and participation of stakeholders)	G (Building Governance)	Finance/ Accounting	Legal affairs/ Compliance						
Board of Directors	Masatoshi Kimata	Chairman and Representative Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	9 years and 9 months	
	Yuichi Kitao	President and Representative Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	7 years and 9 months	
	Masato Yoshikawa	Executive Vice President and Representative Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	5 years	
	Toshihiko Kurosawa	Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	3 years	
	Dai Watanabe	Director and Senior Managing Executive Officer		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	3 years	
	Hiroto Kimura	Director and Managing Executive Officer		●	●	●	●	●	●	●	●	●	●	—	—	—	
	Yuzuru Matsuda	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	7 years and 9 months	
	Koichi Ina	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	6 years and 9 months	
	Yutaro Shintaku	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	4 years	
	Kumi Arakane	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (3 of 3)	1 year	
Audit & Supervisory Board	Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (14 of 14)	7 years and 9 months	
	Yasuhiro Hiyama	Audit & Supervisory Board Member (Full-time)		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (14 of 14)	4 years	
	Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)		●	●	●	●	●	●	●	●	●	●	—	—	—	
	Yuichi Yamada	Audit & Supervisory Board Member	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (14 of 14)	2 years	
	Yuri Furusawa	Audit & Supervisory Board Member	●	●	●	●	●	●	●	●	●	●	●	100% (11 of 11)	100% (11 of 11)	1 year	
	Keijiro Kimura	Audit & Supervisory Board Member	●	●	●	●	●	●	●	●	●	●	—	—	—		

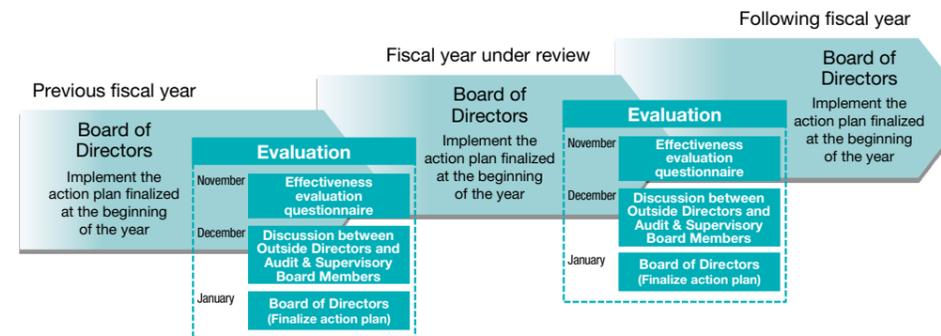
(Notes) 1. Experience in corporate management among the items of the list above refers to experience as president at a company listed on the first section of a stock market.
 2. The attendance of the Meetings of the Board of Directors and the Audit & Supervisory Board held during fiscal 2021.
 3. Ms. Kumi Arakane resigned from her position as Audit & Supervisory Board Member and assumed office as Director on March 19, 2021. She attended all 13 meetings of the Board of Directors as Director or Audit & Supervisory Board Member and all three Audit & Supervisory Board Meetings held during fiscal 2021 until her resignation as Audit & Supervisory Board Member.
 4. Ms. Yuri Furusawa attended all 11 meetings of the Board of Directors and all 11 Audit & Supervisory Board Meetings held after her appointment on March 19, 2021.
 5. Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agendas in order to improve the effectiveness of the Board.

Efforts for Making the Board of Directors More Effective

Evaluation of the Board of Directors' Effectiveness

In order to maintain and improve the function of the Board of Directors, the Company employs a continuous cycle for improvement, wherein it evaluates the Board of Directors' effectiveness at the end of each fiscal year, identifies issues in light of the evaluation findings, and develops an action plan to address them, and this plan is then implemented by the Board of Directors the following year.

The evaluation of the Board of Directors' effectiveness for fiscal 2021 was conducted, and the report is as follows.



1. Evaluation method

(1) Effectiveness evaluation questionnaire

The questionnaire based on questions compiled by a third-party organization was given to all Directors and Audit & Supervisory Board Members (total of 14 persons).

Evaluation major items: Composition of the Board of Directors/ Operations of the Board of Directors/ Role and Contribution of Members/ Leadership of Chair/ Setting of Corporate Strategy and Direction/ Risk Management/ Monitoring of Management Resources (Personnel, Goods, Funds)/ Creation of Synergies/ Response to Stakeholders/ Monitoring of Execution and Performance/ Analysis of Management Decisions/ Sound Decision-making/ Culture of the Board/ Effectiveness of Committees on Nominations and Remuneration/ Oversight of Successor Planning and Election and Dismissal of Directors/ Oversight of Remuneration Plan/ Utilization of Effectiveness Evaluation/ Own Contribution to the Board of Directors

(2) Discussion between Outside Directors and Audit & Supervisory Board Members

Four Outside Directors and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) analyzed the results of the questionnaire and discussed issues.

(3) Discussion at Board of Directors Meeting

The issues identified in (1) and (2) were shared, and all the Directors and Audit & Supervisory Board Members discussed the future action plans.

2. Evaluation results

The results of the questionnaire and discussions indicate that Kubota's Board of Directors is functioning effectively, sufficiently exercising both its decision-making function and supervisory function. The overview of the evaluation results is as follows:

- As a result of the following initiatives in fiscal 2021 that respond to major issues extracted from the evaluation of effectiveness in fiscal 2020, Kubota improved the quality of discussions and strengthened its monitoring functions for management, which contributed to the improvement of effectiveness.

Task: Creating more opportunities to have discussions from a medium- to long-term perspective

Initiative details: Starting quarterly Value Up Discussion Meetings to provide members of the Board with opportunities to discuss topics related to increasing corporate value. Major themes for 2021 included carbon neutrality and K-ESG management.

- Reviewing and identifying requirements to be resolved by the Board of Directors to establish an environment where medium- and long-term issues can be reported on and discussed in a preferential manner.

- Briefing Outside Directors on matters to be discussed by the Board of Directors prior to board meetings in order to stimulate discussions.

Task: Strengthening the monitoring function for the progress of important projects

Initiative details: Building a management system in which matters discussed at the Board of Directors meetings that require follow-up are listed and shared with the secretariat of the Board of Directors and the members of the Board to ensure timely reporting on their progress.

Task: Ensure diversity

Initiative details: Elect a female Director and promote discussions from various perspectives.

- The following opinions have been expressed for the further improvement of effectiveness.
 - Clarifying the correlation between each agenda item and Kubota's business strategy will stimulate discussions from a medium- to long-term perspective.
 - Even more vigorous discussion regarding risk management is necessary for a more robust monitoring function.
 - We should have broader discussions on creating further synergies in Kubota's business areas of food, water, and the environment with an eye to realizing the Long-Term Vision "GMB2030."

3. Action plan to enhance effectiveness in fiscal 2022

In response to the above remarks, Kubota will primarily formulate and implement the following action plan for fiscal 2022 to further enhance discussions and improve the effectiveness of the Board of Directors.

- Identify points of discussion and materials that clarify the correlation between each issue and the Kubota's business strategy in order to further enhance discussions from a medium- to long-term perspective.
- Develop a system for ensuring timely reporting on the progress of important matters related to improving corporate value.
- Establish a Group-wide management system from a risk-based perspective.
- Create opportunities to discuss the creation of further synergies in Kubota's business areas of food, water, and the environment.

Value Up Discussion Meetings

The Company started quarterly Value Up Discussion Meetings to provide members of the Board with opportunities to discuss topics bringing about sustainable growth and increasing corporate value.

The purpose of the meeting is to exchange opinions and share information, and the contents of discussions are communicated to the executive as necessary.

Contents of Discussion

- July 2021 “Carbon Neutrality”
[Main Contents of Discussion]
 - Attitude toward carbon neutrality
 - Efforts to reduce GHG emissions and develop negative emissions technologies
- October 2021 “K-ESG management”
[Main Contents of Discussion]
 - Definition of K-ESG management
 - Materiality for K-ESG management
- January 2021 “Constructive Dialogue with Shareholders”
[Main Contents of Discussion]
 - Approach to realizing growth strategies and accountability
 - IR and SR activities for institutional and individual investors

Remuneration

Remuneration for the Year Ended December 31, 2021

Basic policy regarding remuneration

The Company aims to have a remuneration plan that achieves sustainable and stable growth in the business areas of food, water, and the environment and sharing value with shareholders. In order to increase fairness and transparency, this policy is determined at the meetings of the Board of Directors after it has been deliberated by the Compensation Advisory Committee.

The Compensation Advisory Committee is composed of Outside Directors, the Director in charge of secretarial affairs, and the Director in charge of financial affairs. In order to ensure fairness and transparency, a majority of members of the committee are Outside Directors and a chairman is also appointed from the Outside Directors. One Outside Advisory & Supervisory Board Member attends the committee as an observer.

Composition of remuneration and composition ratio thereof for Directors

The remuneration for the Directors, excluding Outside Directors, consists of “basic remuneration,” which is set by corporate rank, “performance-linked remuneration (bonuses for Directors),” which is a short-term incentive linked to performance in a single fiscal year, and “restricted stock compensation,” which is regarded as a medium- to long-term incentive. The remuneration for the Outside Directors consists solely of “basic remuneration” considering the roles they play and the need to preserve their independence.

Directors, excluding Outside Directors, receive “basic remuneration,” “performance-linked remuneration” and “restricted stock compensation” amounting to approximately 45%, 40% and 15% of the total remuneration, respectively.

Basic remuneration

In addition to the “basic remuneration” set by corporate rank, the Company pays an additional allowance for the Directors and the Representative Directors (eligible persons only). The basic remuneration is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders, in consideration of operating results and other factors. The individual basic remuneration is determined in March, and if a Director is promoted or demoted during a term of office, the basic remuneration for such Director is increased or decreased according to their corporate rank. The Company has adopted an annual pay scheme from April every year to March of the following year. The annual amount is divided by 12 according to the payment calculation period for employees and paid on the same date as the payment date for employee salaries every month.

Performance-linked remuneration (bonuses for Directors) for a single fiscal year

The Company does not fix the ratio of performance-linked remuneration, and it is designed so that the ratio of performance-linked remuneration to total remuneration for the Directors, excluding Outside Directors, increases as profit for the year increases, with the higher the corporate rank, the higher the ratio of performance-linked remuneration.

Performance-linked remuneration is decided by determining a bonus table for each corporate rank in conjunction with “profit attributable to owner of the parent,” which is the indicator representing results of business activities and constitutes the source of funds for shareholder return, taking into consideration the degree of performance achievement in organizations of which the individual is in charge. The individual performance-linked remuneration is determined and paid in March after the total amount is approved at the Ordinary General Meeting of Shareholders.

Restricted stock compensation

The Company has adopted the restricted stock compensation plan as an incentive for the Directors, excluding the Outside Directors, to continuously increase corporate value and to further promote shared value with shareholders. The restricted stock is granted by the payment date following the resolution at the Board of Directors’ meeting held in March to allocate the stock, and the transfer restriction period is from the payment date of the monetary compensation claims to the retirement date of the eligible Director from the position of Director or Executive Officer of the Company. Under the restricted stock compensation plan, restricted stock is also granted to the Senior Managing Executive Officers and Managing Executive Officers who are not Directors.

Procedure for determining the amount of remuneration

In order to ensure fairness and transparency, the amount of remuneration of the Directors is decided at the meeting of the Board of Directors in light of the recommendation by the Compensation Advisory Committee. The Compensation Advisory Committee met eight times during the fiscal year and deliberated on the consistency of levels of compensation paid to the Directors, Executive Officers, and Advisers, and the adequacy of the stock compensation system. The adequacy of compensation levels is verified by the Compensation Advisory Committee, based on the management compensation database of major Japanese companies by an external specialized institution.

Individual remuneration

Regarding the remuneration paid to each Director, the determination of the specific amounts is delegated to the President and Representative Director based on a resolution of the Board of Directors in order to reflect a comprehensive evaluation of the business conditions. In addition, since the President and Representative Director determines the amounts within the range for total remuneration, etc. approved at the General Meeting of Shareholders and based on the standards deliberated by the Compensation Advisory Committee, the details of the remuneration, etc. paid to individual Directors are in accordance with the policy for determining remuneration, etc.

Maximum remuneration amount of the Directors

The maximum aggregate amount of cash remuneration for the Directors was set at ¥510 million or less per year (¥80 million or less per year for the Outside Directors) at the 131st General Meeting of Shareholders held on March 19, 2021. The maximum aggregate amount of stock remuneration for the Directors was set at ¥300 million or less per year.

Remuneration of Audit & Supervisory Board Members

The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members. The remuneration for the Audit & Supervisory Board Members consists solely of “basic remuneration” considering the roles they play and the need to preserve their independence. The maximum aggregate amount of remuneration for the Audit & Supervisory Board Members is set at ¥144 million or less per year at the 119th General Meeting of Shareholders held on June 19, 2009.

Compensation by Position

The aggregate compensation paid by Kubota Corporation for the year ended December 31, 2021, to the Directors and the Audit & Supervisory Board Members was as follows:

Position	Number of persons	Total amount of compensation (millions of yen)	Total amount by type (millions of yen)		
			Remuneration	Bonuses	Restricted stock compensation
Directors (excluding Outside Directors)	6	¥738	¥328	¥306	¥103
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	78	78	—	—
Outside Directors	4	63	63	—	—
Outside Audit & Supervisory Board Members	4	43	43	—	—

(Notes) The above includes compensation for a Director who has retired and an Outside Audit & Supervisory Board Member who has resigned at the conclusion of the 131st General Meeting of Shareholders held on March 19, 2021.

Review of the Remuneration Plan (as of 2022)

Currently, the Company is committed to shift to business operations with ESG positioned at the core of management under the Long-Term Vision “GMB2030,” with the aim of further strengthening the supervisory function of the Board of Directors (i.e. enhancing corporate governance). Under these circumstances, Kubota Corporation reviewed the remuneration plan for the Directors as responsibilities and expectations of the Directors are increasing. Following is the policy for determination of remuneration, etc. and its calculation method for the Directors and Executive Officers.

Basic policy for determination of remuneration, etc. for the Directors

- a) The purpose of the remuneration for the Directors, excluding Outside Directors, is to encourage the Directors, excluding Outside Directors, to take the lead for sustainable growth while fulfilling social responsibilities as a company aiming to become a GMB.
 - Motivate the Directors to achieve performance targets by reflecting in their remuneration quantitative and objective evaluation results based on financial performance indicators.
 - Accelerate K-ESG management initiatives by reflecting evaluation results of the progress of the K-ESG in remuneration of the Directors.
 - Encourage the Directors to hold shares of Kubota Corporation during their tenure and make them strongly aware of the need to sustainably improve corporate value through a remuneration system that is closely linked to shareholder value.
 - Set the levels of remuneration and performance linkage so that the Directors may receive remuneration that is equivalent to or greater than the standard remuneration at other GMB companies defined by Kubota Corporation, in line with the achievement of the performance targets and K-ESG, and improvement of corporate value.
- b) To achieve the purpose of the remuneration, transparency and objectivity must be ensured in the administration of the remuneration plan.
 - Decisions on the development and administration of remuneration policies shall be reviewed by the Compensation Advisory Committee, where a majority of members are Outside Directors, before being determined by the Board of Directors’ resolution.
 - In order to fulfill accountability for shareholders precisely, disclosure shall be made not limited to the scope required by laws and regulations, but also to facilitate shareholders’ understanding and dialogue with them.

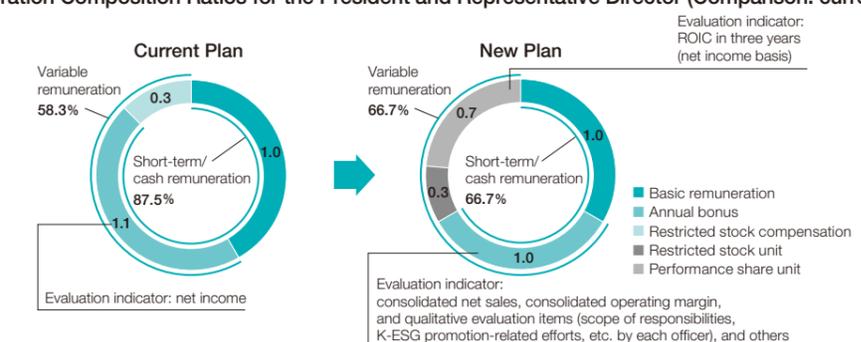
Remuneration structure

The remuneration for the Directors, excluding Outside Directors, consists of basic remuneration, which is fixed, and performance-linked remuneration.

The composition ratio of basic remuneration to performance-linked remuneration for the President and Representative Director is generally set at 1:2, to secure a high level of performance linkage suitable for a competitive remuneration level. As for the remuneration structure for the Directors other than the President and Representative Director, the Directors at a higher corporate rank earn a greater portion of performance-linked remuneration, given the size of their duties, etc. of each corporate rank. The performance-linked remuneration consists of annual bonuses intended to encourage the Directors to achieve the business size and profitability targets of each fiscal year, and stock compensation (restricted stock unit and performance share unit) intended to share shareholder value and promote the maximization of medium- to long-term corporate value. The ratio of annual bonuses to stock compensation is generally set at 1:1.

The only remuneration for the Outside Directors is basic remuneration, which is a fixed remuneration, since the Outside Directors are expected to supervise the Board of Directors and give objective advice on management from positions independent from the conduct of business.

Image of Remuneration Composition Ratios for the President and Representative Director (Comparison: current plan vs. new plan)



Elements of Remuneration

Type of remuneration	Overview
Basic remuneration	[Fixed remuneration set in proportion to the size of duties by corporate rank, etc.] - The individual amount of basic remuneration shall be decided at the meeting of the Board of Directors based on the details of confirmation and deliberation by the Compensation Advisory Committee: the amount of total basic remuneration divided by 12 is paid monthly on the same pay day as employees' salaries.
Annual bonus	[Cash remuneration intended to encourage the achievement of business size and profitability-related performance targets set for each fiscal year and accelerate the K-ESG management efforts] - Consists of a portion linked to company-wide performance (50-70% of the bonus based on corporate rank), a portion of individual evaluation (10-30%), and portion of K-ESG evaluation (20%). - The portion linked to company-wide performance varies between 0% and 200% of the base amount in proportion to the degree of achievement in the targeted consolidated revenue and operating profit margin, which are key indicators under the Mid-Term Business Plan 2025. - The portion of individual evaluation varies between 0% and 200% of the base amount in proportion to the degree of achievement in strategic company-wide targets, specific targets in the efforts under the Mid-Term Business Plan 2025, financial targets for the area(s) the person is in charge of, etc. that are set at the beginning of the fiscal year based on individual responsibilities/jurisdiction. - The portion of K-ESG evaluation varies between 0% and 200% of the base amount in proportion to the degree of achievement in K-ESG promotion targets set at the beginning of the fiscal year. - The target setting in and the evaluation result of each evaluation category shall be decided at the meeting of the Board of Directors based on the details of confirmation and deliberation by the Compensation Advisory Committee: paid annually in March, in principle.
Restricted stock unit	[Stock compensation intended to encourage continued shareholding while in service / office, through which the sharing of and improvements in shareholder value are promoted] - The number of restricted stocks specified for each corporate rank shall be issued generally after the closing of each fiscal year, from the trust that sets Kubota Corporation as the entruster. In principle, the transfer restriction of issued share shall be lifted at the time of retirement (which means the point of time when they are no longer Directors or Executive Officers of Kubota Corporation; the same applies hereinafter).
Performance share unit	[Stock compensation for the purpose of improving the shareholder value by achieving the medium- to long-term performance target] - Restricted stocks are generally issued after the end of each performance evaluation period from the trust that sets Kubota Corporation as the entruster, in accordance with the results of the financial evaluation of the three-year performance evaluation period. In principle, the transfer restriction of issued shares shall be lifted when Directors, etc. retire. - Return on invested capital (ROIC) on a net income basis is used as a financial evaluation indicator to encourage the maximization of corporate value over the medium to long term through efficient profit generation on invested capital. The number of shares to be issued in proportion to the degree of achievement varies between 0% and 200%.

(Note) In accordance with the resolution of the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022, Kubota Corporation introduced a performance-linked stock compensation plan using a trust. This plan is a stock compensation plan by which a trust, established through the contribution of monies by Kubota Corporation, acquires Company shares, and the number of Company shares corresponding to the number of points to be granted by Kubota Corporation to each Director is delivered to each Director through the Trust. Consequently, Kubota Corporation has discontinued restricted stock compensation and granting restricted stocks under the previous plan.

• Remuneration level

In order to properly secure competitiveness in terms of compensation suitable for a GMB company, Kubota Corporation appropriately sets the level of remuneration for the Directors, excluding Outside Directors, based on their corporate ranks and duties, by using data on objective executive remuneration surveys conducted by an external specialized institution, etc. to identify a group of companies whose size, profitability, type of business, overseas networks, etc. are comparable to those of Kubota Corporation as a benchmark for comparison.

• Shareholding guideline

For the purpose of deepening the level of shared value with its shareholders, Kubota Corporation encourages the Directors, excluding Outside Directors, to hold Kubota Corporation's stock basically as follows:

President and Representative Director: stock worth three times the basic remuneration by five years from taking office

Other Directors: stock worth 2.4 to 2.7 times the basic remuneration by five years from taking office

• Clawback / recovery of remuneration, etc. (malus and clawback clauses)

The Company has compensation clawback clauses (i.e. malus and clawback clauses) for the restricted stock unit and the performance share unit to be granted to the Directors. If an incident of misconduct, etc. involving the Directors (including those retired) of Kubota Corporation arises or such a fact comes to light, the Company may claim the return, etc. of pre-issue points to receive shares, and all or part of the issued restricted stock and shares after the transfer restriction is lifted. The decision on claims for return, etc. and their details shall be reviewed by the Compensation Advisory Committee before being determined by the Board of Directors' resolution.

• Remuneration determination process

The Company's policy on the decision of the details of remuneration for the Directors and the details of individual remuneration, etc. shall be decided by resolution of the Board of Directors based on the result of objective deliberation by the Compensation Advisory Committee, a majority of whose members are Outside Directors.

The review by the Compensation Advisory Committee shall be attended or observed by a compensation advisor, an external specialized institution, where necessary, for the purpose of providing an objective point of view as well as expert knowledge and information concerning compensation plans

• Maximum remuneration amount of the Directors

In accordance with the resolution of the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022, maximum amount of monetary remuneration payable to the Directors is ¥900 million or less for the basic remuneration (¥160 million or less for the Outside Directors) and ¥1,060 million or less for the annual bonus. The maximum aggregate amount of stock remuneration for the Directors was set at ¥900 million or less per year.

• Remuneration of Audit & Supervisory Board Members

The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members. The remuneration for the Audit & Supervisory Board Members consists solely of "basic remuneration" considering the roles they play and the need to preserve their independence. The maximum aggregate amount of remuneration for the Audit & Supervisory Board Members is set at ¥250 million or less per year at the 132nd General Meeting of Shareholders held on March 18, 2022.

Training for Executives

The Company conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. For newly appointed Outside Directors and Outside Audit & Supervisory Board Members, the Company explains the corporate spirit, business strategies, business portfolio and other information when they assume office and proactively provides them with opportunities to conduct inspections of our main factories and on-site inspections overseas.

Following their appointment, the Company holds multiple annual executive forums related to ESG, human rights, health and safety, the environment, quality, public relations, legal, DX, compliance, etc. for all of its Directors, Audit & Supervisory Board Members and Executive Officers. Based on the format of inviting external lectures, those in attendance were provided with opportunities to acquire and update knowledge necessary for company management by also using online distribution. Moreover, the Company conducts inspections and engages in discussions with on-site executives at its overseas affiliates, and at the regional offices in Japan, so that those in attendance, including Outside Directors and Outside Audit & Supervisory Board Members, can gain a deeper understanding of the Group's business activities and make appropriate management decisions.



Corporate Governance Report
www.kubota.com/ir/news/data/cgre.pdf

Policy for Constructive Dialogue with Shareholders

Kubota, recognizing that constructive dialogue with shareholders and investors contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value, regularly stays abreast of the shareholder composition, makes timely and appropriate disclosure of a wide range of information ranging from financial information to non-financial information and promotes constructive dialogue with shareholders and investors. The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors. Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

The General Manager of Planning & Control Headquarters is in overall charge of directing and promoting IR. The department in charge of IR plays a central role in developing its IR activities through organic coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Secretary and Public Relations Dept., ESG Promotion Dept., General Affairs Dept. and Legal Dept.

(3) Feedback to management

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers' Meeting, and relevant departments by the President and General Manager of Planning & Control Headquarters as necessary.

(4) Dialogue with institutional investors and analysts

The Company holds individual and group meetings, product exhibitions and briefings on business operations, and results briefings with institutional investors and analysts. In addition, the Company discloses the results materials and the results briefing materials in both English and Japanese at the same time, and regularly holds tours and briefings on business operations in Japan and overseas.

(5) Dialogue with individual shareholders and investors

The Company aims to promote lively communication through hosting of various events for individual shareholders.

Also, in addition to holding company information sessions for individual investors to provide an opportunity for the management and individual investors to directly engage in dialogue, the Company also works on public relations to improve understanding of the Company's business activities.

(6) Policy for insider information management when engaging in dialogue

Insider information, such as any undisclosed material facts, is not conveyed at the meetings with investors. The following section describes the structure and procedures regarding the timely disclosure of the Company information.

1. Financial Information Disclosure Committee

The Company has established the Financial Information Disclosure Committee so as to monitor and control financial information disclosure and, thereby, ensure its fairness, correctness, timeliness, and comprehensiveness. The committee consists of a committee chairperson, who is General Manager of Planning & Control Headquarters; committee members, who are General Manager or Deputy General Manager of Corporate Compliance and Risk Management Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Secretary and Public Relations Dept., General Manager of Accounting Dept., and General Manager of Corporate Auditing Dept.; and, as observers, one full-time Audit & Supervisory Board Member and one Audit & Supervisory Board Member specializing in finance. The committee meets periodically in order to draft and assess the Annual Securities Reports ("Yukashoken Hokokusho") and the Quarterly Reports ("Shihanki Hokokusho") pursuant to the Financial Instruments and Exchange Act. And the committee also meets in response to extraordinary events such as important decisions and material facts that must be disclosed immediately.

In accordance with the intent and meaning of fair disclosure rules set out in the Financial Instruments and Exchange Act, the Company takes all reasonable care to avoid selective disclosure of information, such as by simultaneously releasing Japanese and English versions of results briefing materials with attached explanations and the minutes of question-and-answer sessions via the corporate website, and by working to enhance the timely and fair disclosure of information in order to promote proactive dialogue with investors.

2. Company regulations for information disclosure

The Company has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has stipulated "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to promote awareness and ensure thorough efforts in regard to the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.



Information for investors
www.kubota.com/ir/

Internal Control

Internal Control System

For Kubota Group, its internal control system serves as the mechanism for clearly providing the rules that should be abided by as to the performance of business, and for checking whether or not business has been managed according to those rules. This system consists of the business operation on one hand, which entails the performance of business based on rules, and risk management on the other hand, which entails the management of major business risks.

“Business operation” refers to the notion that basic action items necessary for operating businesses should be set out as “business rules.” The notion also requires that each department should conduct its day-to-day checks in accordance with the “business rules.” “Business rules” consists of general business rules (basic rules) on one hand and functional business rules on the other hand.

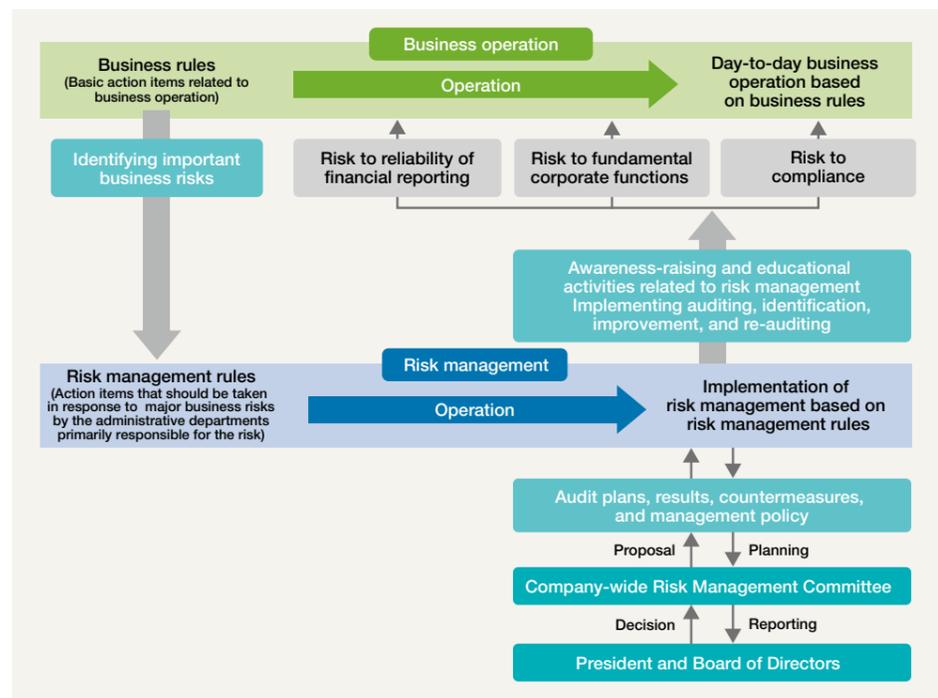
Risk management refers to the notion that “risk management rules” should set out appropriate operational action items that all administrative departments should implement, to the extent that the administrative departments are primarily responsible for some risks. The notion also requires that those departments should identify promotional action items to manage the risks. The notion further requires that auditing should be conducted on appropriate business departments to verify the effectiveness thereof.

In the internal control system, major risks in Kubota’s business are classified into the following three categories:

1. Internal control over reliability of financial reporting
2. Internal control over the fundamental functions of the Company, such as fair trade, environmental conservation, and health and safety
3. Internal control over compliance, such as compliance with laws and regulations related to equipment, and import and export control

To avoid those risks, all administrative departments primarily responsible for some risks should implement promotional action items and conduct audits on the appropriate business departments. The outcomes of implementation and auditing should be reported to the President and the Board of Directors, together with the action items for the next fiscal year. Thus, the PDCA cycle for risk management is implemented in a manner outlined above.

Internal Control System Overview



Internal Control System Operation Activities (Risk Management Activities)

Kubota considers its risk management activities as part of its business activities. Based on its understanding that risk management is the foundation of business activities, Kubota is willing to exert its efforts to manage risks appropriately through continuous steady improvement via “immediate corrective actions upon any perception of inadequacies,” by identifying risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting. At the same time, while accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

Number of Audits and Contents of Risk Management

Risk management items		Risk to be avoided	Number of audited items for FY2021*1
Internal control over reliability of financial reporting	Financial reporting	• Risk to reliability of financial reporting	12,144
	Fair trade	• Bid-rigging and price fixing • Unfair trading concerning trading with distributors, etc. • Non-compliance with the Subcontract Act	87
Internal control over the fundamental functions of the Company	Environmental conservation	• Non-compliance with laws and regulations • Environmental accidents • Past environmental debt	12,687
	Health and Safety	• Occurrence of serious accidents • Occupational illnesses • Investigations and litigations	1,202
	Quality assurance	• Occurrence of quality problems detrimental to the Kubota brand, etc.	263
	Labor management	• Breach of duties of care as to safety of employees • Improper management of working conditions • Improper management of part-time employees, contractors and agency employees • Occurrence of labor problems outside Japan	7,306
	Information security	• Computer virus infection • Information leakage • Information system failure	2,303
	Intellectual property	• Infringement of other companies’ intellectual property	796
Internal control over compliance	Compliance with laws and regulations related to equipment	• Non-compliance with laws and regulations of the Building Standards Act, the Fire Service Act, and the Industrial Safety and Health Act, etc. in connection with assets and facilities owned by Kubota	580
	Earthquake and other disaster response management	• Important managerial losses including danger to human lives due to earthquakes and other disasters, damage to equipment, and destruction of the information system	103
	Compliance with the Construction Business Act	• Non-compliance with the Construction Business Act	538
	Human rights advancement*2	• Occurrence of human rights violation issues	—
	Safe driving management	• Accidents arising from non-compliance with traffic laws and regulations and violating acts	140
	Prevention of improper payments	• Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Improper payments to foreign public officials	19
	Classified information management	• The leakage of classified information including a development plan for a new product and sales plan	347
	Protection of personal information	• Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information	327
	Import and export control	• Non-compliance with laws and regulations related to importing and exporting, including the Customs Act, the Foreign Exchange and Foreign Trade Control Law, the Basel Convention, and laws related to chemical substances	44
	Compliance with laws and regulations related to logistics	• Non-compliance with the three major road laws, including the Road Traffic Act; and with the laws and regulations related to logistics activities, including the Labor Standards Act, etc.	602

*1 Number of audited items is the sum of the number of items audited in each of the divisions subject to audit.

*2 Activities for human rights advancement focused mainly on training, the release of information, and the follow-up of survey results.

Kubota Hotline (whistleblowing system)

As a framework to supplement its risk management, Kubota operates a whistleblowing system. This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture. Aside from this system, Kubota also operates a supplier hotline for our outside business partners.

[Types of contact points and matters handled]

- Corporate Compliance Department: Compliance issues other than human rights (anonymous reporting acceptable)
 - Human Rights Advancement Department: Human rights issues (anonymous reporting acceptable)
 - Outside lawyers: Compliance in general including human rights issues (anonymous reporting acceptable)
- * Human Rights Advancement Consultation Office has been established at each group company and business site so that people can more easily seek consultation.

[Available to]

Full-time, part-time, temporary and agency employees of Kubota and its Group companies in Japan

- * In line with the legislative change, the system will also be made available to officers and retired employees (within one year).
- * Each overseas base handles whistleblowing reports individually and notifies the Kubota head office of any significant ones.
- * Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.
- * We also plan on operating a global hotline focusing on certain significant risks.

[Protection of whistleblower]

The Whistleblowing System Operation Rules clearly state:

- “no one may be disadvantaged as a result of his/her whistleblowing report.”
- “excluding cases where the consent of the whistleblower has been obtained, the content of the reported issue, personal information obtained during investigations, and any other information may not be misappropriated or leaked.”

[Activities to raise awareness of the system]

Various measures have been taken to ease the whistleblower's potential concern, which is often caused through insufficient understanding on the system.

The Company newsletter and website provide information on:

- The number of reports received for each content category, and past cases (outline)
- The flow of processes of whistleblowing system
- The objective of the system, protection of whistleblowers, handling of anonymity, etc.

[Number of cases reported (in Japan)]

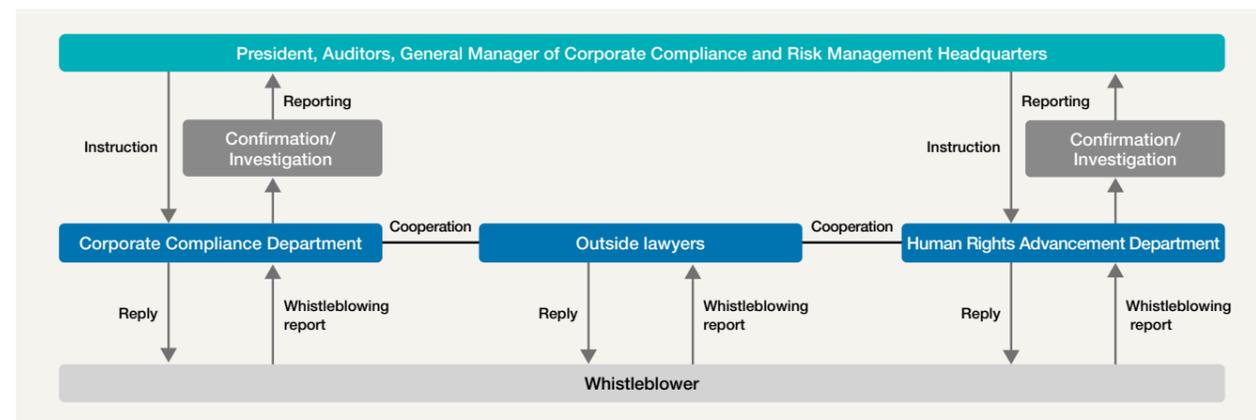
Period	Number of cases	Period	Number of cases
Jan.–Dec. 2016	30	Jan.–Dec. 2019	59
Jan.–Dec. 2017	52	Jan.–Dec. 2020	74
Jan.–Dec. 2018	71	Jan.–Dec. 2021	122

* Including enquiries and matters that were found not to be problematic as a result of investigation

[Other]

Moreover, a write-in column is available for every employee to make comments freely, if any, in the Kubota Group Employee K-ESG Awareness Survey (the former CSR Awareness Survey), which is answered anonymously. It is an opportunity for employees to give their frank reports and opinions, enabling the Company to develop an open corporate culture.

Flowchart of Kubota Hotline



Securing Reliability of Financial Reporting

Kubota has established and operates an internal control system in order to confirm the reliability of financial reporting for the entire Kubota Group, including its overseas subsidiaries.

Also to confirm the effectiveness of the system, the Corporate Auditing Department and the auditing divisions of the subsidiaries conduct internal audits regularly.

Kubota has also created a system for evaluating the effectiveness of internal controls on a consolidated basis. This assessment is based on the abovementioned auditing results, and conforms to the internal control reporting system related to financial reporting stipulated by the Financial Instruments and Exchange Act of Japan (J-SOX) and other ordinances.

Appropriate Tax Payment and Management

The Kubota Group's basic principle is to comply with the tax laws and regulations of each country, as well as with the relevant international tax standards (OECD Guidelines, etc.) and to enhance our corporate value by paying the appropriate amount of taxes. We believe tax payments are part of a company's key social responsibilities; therefore, we provide training and educational opportunities to our employees. We also disclose important tax-related matters to our stakeholders in a timely manner. We strive to establish trust with tax authorities by providing appropriate information in a timely manner and engaging with authorities openly and transparently. The Kubota Group made global tax payments of ¥53.1 billion during the fiscal year ended December 2021.

Compliance with the Anti-Monopoly Act/Competition Law

We realize that full implementation of compliance is key to establishing Kubota as a Global Major Brand. The Kubota Group therefore engages in the risk management activities set out below to ensure advance prevention of any infringement of antimonopoly or competition law.

Education and Enlightenment Activities

Kubota continuously offers training programs on the Anti-Monopoly Act/Competition Law at its business divisions as well as its Group companies, for enlightenment and awareness-raising to ensure compliance. Legal training programs, which cover a broad range of legal matters including competition laws, are also provided for employees who are to be dispatched to overseas Group companies as managers.

Auditing and Risk Management Surveys

Kubota continuously conducts audits under the Anti-Monopoly Act/Competition Law, including on-site inspection, targeting its business divisions and Group companies in Japan. For overseas Group companies as well, Kubota gauges the status of risk management through document audits, email, and communication through online meetings and other venues.

Maintaining and Expanding the Consultation System

On matters related to business activities of Kubota and its Group companies that require examination under the Anti-Monopoly Act, Kubota implements necessary measures including facilitating advance consultation with lawyers and other external experts, based upon close communication with relevant business departments and Group companies.

Compliance with the Act against Delay in Payment to Subcontractors

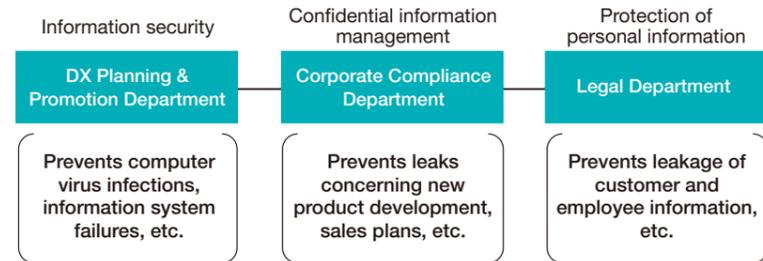
Kubota conducts on-site audits and written surveys targeting each of its business divisions and Group companies in Japan on a periodic basis. Kubota also offers periodic training programs to promote understanding of the Act against Delay in Payment to Subcontractors at each business site and Group company. In addition, we are developing voluntary risk management systems by holding ongoing discussions on risk with related departments regarding practices related to the Subcontract Act.

Information Management

As cyberattacks yearly grow more sophisticated and more complex, Kubota is aware that the appropriate protection and management of the personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

Information Management System

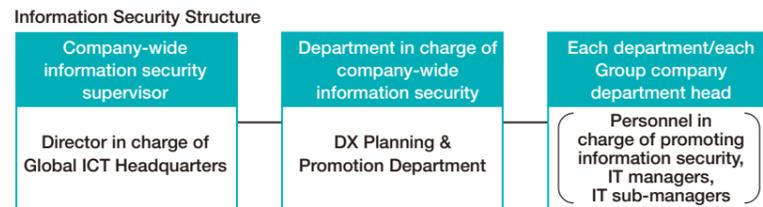
Depending on the type of information, Kubota appoints main divisions to conduct ongoing activities such as revising rules, auditing, and awareness-raising at their respective locations. These activities are also conducted at overseas bases. When necessary, these divisions cooperate with each other in risk management.



Information Security Initiatives

Under a Group-wide framework directed by the Company-wide information security supervisor, we assign personnel in charge of promoting information security (IT Managers) at each department/each Group company and implement Group-wide security measures based on the policies formulated by the department in charge.

We have also established Kubota-CSIRT, an organization for managing information security-related incidents/accidents. In the case of such incidents or accidents in the Group, we promptly share information, responding rapidly and taking measures to minimize damage.



System Response and Monitoring

To guard against computer viruses, unauthorized intrusion into systems and networks from the outside, or other threats, we have implemented and are centrally managing multilayered security measures worldwide, including the use of antivirus software and robust authentication mechanisms.

Information Security Education

We recognize that each employee also plays a vital role in dealing with information security threats. For this reason, we mandate periodic information security education for employees who handle information. We seek to gain greater understanding of measures each employee must observe, including how to deal with suspicious emails.

Information Security Audits

To raise the level of the information security response across the entire Kubota Group, we have established a common Group information security policy and conduct information security audits every year to ascertain compliance status.

Reinforcing Measures against New Threats

In dealing with the COVID-19 pandemic, the Kubota Group adopted more flexible working styles not restricted by time or place, such as working from home. We have worked to implement and reinforce the security infrastructure needed to support such working styles.

Prevention of Illegal Payments

The Kubota Group has placed particular focus on preventing bribery among risk management activities on the preventing of illegal payment, and will work to achieve SDGs Target 16.5: Substantially reduce corruption and bribery in all their forms.

Amid increasing international moves to anti-bribery, we marked December 9 – designated by the United Nations as International Anti-Corruption Day – by broadcasting a President's Message to all Kubota Group officers and employees every year. In the message, our top management made a clear commitment by declaring that 'KUBOTA Group never allows business based on unfair practices such as bribery.'

As a focused initiative to educate officers and employees on prevention of bribery, the Kubota Group operates a program of training sessions in Japan and overseas. In FY2021, we carried out web-based training and e-learning programs. In the web-based training, information on bribery-related legislation and enforcement conditions in each country is presented as well as case studies of bribery. The e-learning was prepared to have an impact on viewers

by introducing a video message from the President of Kubota Corporation at the beginning, as well as incorporating video and comprehension testing into the program. Through ongoing training sessions, the Kubota Group seeks to disseminate the latest information and promote awareness of bribery prevention. We also conducted compliance training targeting executive officers. The training drew 35 participants in Japan, who heard a lecture by an outside lawyer on global governance and leadership (lecture materials were distributed to officers overseas).

Additionally, we have put together a Kubota Group Handbook for Anti-Bribery which outlines our Anti-Bribery Policy and the main points of our Anti-Bribery Guidelines. The Handbook is issued in a global version with universal content available in Japanese, English and French, and in individual country versions that supplement the universal content with more detailed information on the points to be noted and actions to be taken in the particular country or region. These are available for China, Thailand, Korea, Indonesia, Myanmar, the Philippines, Vietnam, and Mexico.

Meanwhile, as an initiative directed outside the company, a 'Request to Suppliers' was posted on the Kubota website in the name of the General Manager of the Corporate Compliance and Risk Management Headquarters. The text outlined to suppliers the Kubota Group's approach to bribery prevention and asked for their understanding and cooperation in bribery prevention activities.

To verify these risk management activities, the Kubota Group has established the Committee on Prevention of Illegal Payments. In FY2021, document surveys were conducted at 12 companies in Japan and 47 overseas bases to investigate whether preventive frameworks were in place and sufficiently functioning, as well as whether there were any illegal payments.

The policies for these risk management activities and the results of the activities are periodically reported to the President, the Board of Directors, and the Audit & Supervisory Board through the company-wide Risk Management Committee, composed mainly of Directors, and based on their feedback, the contents of activities are occasionally revised, thereby improving the level of the activities.



Message from Mr. Kitao, President, Kubota Corporation (Screenshot of Thomson Reuters e-learning)

The Kubota Group Anti-Bribery Policy (Excerpt)

As specified in the Kubota Group Charter for Action, we commit ourselves to “conducting corporate activities based on compliance with legal regulations and ethical principles.” As such, Kubota Group never allows business based on unfair practices such as bribery.

The Group also strictly prohibits all of its companies, officers and employees from being involved in bribery.

President, Kubota Corporation

“Kubota Group Charter for Action & Code of Conduct”

All the employees working for the Kubota Group, including those overseas, are required at the time of joining the Group to submit a written “Confirmation Statement” that they will comply with the Kubota Group Charter for Action & Code of Conduct, and the corporate principles, the Kubota Global Identity.

Furthermore, various tools for education and awareness-raising are prepared with the aim of fostering a mindset based on compliance and the corporate principles.

“Kubota Group Charter for Action & Code of Conduct” (Itemized)

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|--|--|

 See here for the “Kubota Group Charter for Action & Code of Conduct”
www.kubota.com/sustainability/employee/conduct/

* Kubota makes adjustments to its “Kubota Group Charter for Action & Code of Conduct” as and when necessary in response to changes in the social environment as well as applicable laws, and partial revisions were made on January 1, 2019. Of particular note is the addition of “contractual obligations” to “We comply with all applicable legal regulations, specifications, standards, and contractual obligations with our customers and business partners” in “1. Winning Customer Satisfaction” in our “Code of Conduct.” We also clarified that guaranteeing safety for our customers is our utmost priority. These revisions were part of efforts to prevent recurrence of inappropriate actions regarding inspection reports, announced in FY2018.

Tools for Awareness-building

“Kubota Group Code of Conduct Guide”

A guide describing the “Kubota Group Charter for Action & Code of Conduct” in a straightforward way using illustrations and explanations. In September 2019, the guide was revised and issued to all domestic Kubota Group employees. It was then used in group reading sessions held at each workplace. The reading out of the “Kubota Group Charter for Action & Code of Conduct” continued at Group companies in Japan in 2020 (done remotely due to concerns about COVID-19).

“Compliance Support Courier”

A document that uses illustrations and Q&As to encourage employees to think about common compliance issues. Distributed monthly by e-mail.

Learning from hotline cases

This is a feature appearing in the Company newsletter, which is issued every other month. Using examples from the Kubota Hotline for whistleblowers, readily relatable cases that could occur at any workplace are presented as a way of improving individual commitment to and awareness of compliance and preventing recurrence. Following an outline of the real-life example in the form of a *manga* cartoon, its main points are discussed.

Third-Party Comments



Katsuhiko Kokubu
Professor
Graduate School of Business
Administration, Kobe University

Integration of overall approach and specific activities

Quality and quantity of activities provided by Kubota against social and environmental issues have been recognized as these of the highest public esteem among Japanese companies. Based on that solid footing, the Kubota Group formulated “GMB2030,” as its Long-Term Vision, last year and is currently promoting “K-ESG” as its own brand of unique ESG management measures. The overarching theme of “K-ESG” shall be the integration between the vision for group-wide ESG management measures and specific activities provided up to today. In this sense, and from a group-wide perspective, I believe it is reputable for Kubota to identify 12 items of materiality across 4 different categories and it shall be a significant step forward.

From materiality within the company to one in a society

Many companies analyze issues of materiality, but the majority of them is actually limited so far as to look at the items that affect the company itself. However, the original meaning of materiality as a basis for corporate social responsibility pertains to issues in society. Issues are thought as a serious problem to a company, because those are thought as a serious problem to a society, which is why this order must not be reversed. Accordingly, the challenge going forward for Kubota will be to specify KPIs for each of its 12 items of materiality, but when it does, it will also need to assess how those items impact society.

Social and environmental activities, with a challenging mind and strong ties to communities

Kubota has a long history of undertaking social and environmental activities and always sets itself challenging goals. Not only that, but it also develops roadmaps in an effort to pursue effective measures. By reviewing its unique Environmental Vision, on the areas of food, water, and the environment, Kubota’s proposals, especially for smart agriculture and urban farming solution, which are its effort in innovation of reducing not only its own CO₂ emissions, but also emissions in the broader community, are generating considerable expectations. And, through its relationships with local communities, Kubota, which emphasizes “solutions to social issues in each community,” also undertakes social contribution activities on a global scale. I commend the activities that are having a significantly positive impact in the “agricultural sector,” where Kubota is focusing its energy on nurturing, training, and supporting the next generation of farmers in Japan and worldwide and their endeavors to build a future for everybody.

Enhanced disclosure of governance information

In complying with Japan’s Corporate Governance Code, Kubota has improved disclosure in a highly open and transparent manner in this report. To be more specific, the Company has sufficiently disclosed information about initiatives aimed at enhancing the independence and diversity of its board of directors, changes to its new compensation system, and initiatives for enhancing the effectiveness of the board. However, because the disclosure of information about governance has a tendency to become perfunctory information, going forward I would like to see Kubota’s directors take a close look at environmental and social issues and demonstrate their leadership by disclosing qualitative information.

In Response to the Third-party Comments

I would express our deep gratitude for Professor Kokubu’s valued opinions again this year.

Since the time of its founding, the Kubota Group has continued to provide society with useful products and services that help solve social issues. In fiscal 2021, the first year of our Long-Term Vision “GMB2030” and our “Mid-Term Business Plan 2025,” we posted record-high sales and profit despite the impacts of the COVID-19 pandemic and a multitude of other external factors. Not only do we recognize once again that we are carrying on an “essential business” to the community, but it is very encouraging to know that Professor Kokubu views the activities we implemented in the past year in a favorable light.

Meanwhile, as pointed out by Professor Kokubu, we will continue to address the overarching theme of fusing together the Kubota Group’s unique “K-ESG management” policies with every specific activity carried out since the Company’s establishment in the areas of food, water, and the environment. We are cognizant of the fact that progress on this very issue is key to the realization of our Long-Term Vision.

As part of that initiative in fiscal 2021, we broke down the following 4 areas and identified 12 key items of materiality in our K-ESG management: (1) solving environmental and social issues through business; (2) accelerating innovation to solve problems; (3) stakeholder empathy and participation; and (4) building governance to enhance sustainability. This fiscal year we intend to establish and assess KPIs for each item of materiality and engage in dialogue with Professor Kokubu and many other stakeholders with the aim of reviewing and evaluating our KPIs from the perspective of the impacts our business operations have on society.

As a corporation befitting of an “essentials innovator for supporting life” as called for in the Kubota Group’s “GMB2030” Long-Term Vision, we are intent on building a sustainable governance structure and solving issues in society by providing total solutions. We will devote ourselves to this purpose with an “on-your-side” approach so that we may earn the favorable consent and cooperation of all our stakeholders.



Kazuhiro Kimura
Senior Managing Executive Officer,
General Manager of Corporate Compliance
and Risk Management Headquarters,
General Manager of Human Resources
and General Affairs Headquarters,
In charge of ESG Promotion,
General Manager of Head Office,
General Manager of
Kubota Technical Training Center,
Kubota Corporation

Corporate Information

Corporate Data (as of December 31, 2021)

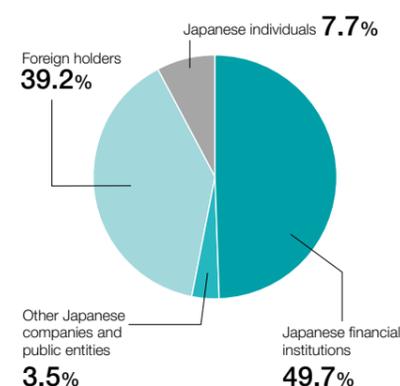
Corporate name:	Kubota Corporation	Head Office
Established:	1890	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan
Capital:	¥84.1 billion	Tel. +81-6-6648-2111
Total number of shares issued:	1,200,246,846	
Number of shareholders:	52,675	Tokyo Head Office
Revenue (consolidated):	¥2,196.8 billion	1-3, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8307 Japan
Employees (consolidated):	43,293	Tel. +81-3-3245-3111
Global network:	Over 120 countries	
Overseas revenue ratio:	72.6%	

Share & Shareholder Information (as of December 31, 2021)

Basic share information

Fiscal year	January 1 to December 31
General Meeting of Shareholders	Held each March
Record date	General Meeting of Shareholders: December 31 Year-end dividend: December 31 Interim dividend: June 30
No. of shares constituting one share unit	100 shares
Shareholder register agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Contact details	Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063 Tel. 0120-782-031 (toll-free)
Agent helpdesks	Sumitomo Mitsui Trust Bank, Limited head office or branches throughout Japan
Reporting method	Kubota website
Stock exchange	Tokyo Stock Exchange

Shareholder Categorized Distribution



10 Largest Shareholders

	Shareholders	Number of shares held (thousand)	Percentage of issued shares (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	190,314	15.86
2	Nippon Life Insurance Company	62,542	5.21
3	Meiji Yasuda Life Insurance Company	59,929	4.99
4	Custody Bank of Japan, Ltd. (Trust Account)	58,870	4.90
5	Sumitomo Mitsui Banking Corporation	36,006	3.00
6	Mizuho Bank, Ltd.	31,506	2.62
7	Moxley and Co LLC (standing proxy: Sumitomo Mitsui Banking Corporation)	31,230	2.60
8	MUFG Bank, Ltd.	18,156	1.51
9	Custody Bank of Japan, Ltd., Sumitomo Mitsui Trust Bank Retirement benefit trust account	17,872	1.49
10	Bnym Treaty Dtt 15 (standing proxy: MUFG Bank, Ltd.)	17,470	1.46

(Note) Percentage of issued shares is calculated excluding treasury stock.

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408-1	Operations and suppliers at significant risk for incidents of child labor	n/a	—
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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	n/a	—
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GRI 418: Customer Privacy 2016			
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ISO 26000 Comparison Table

Kubota initiatives that correspond to each of the 7 core subjects of ISO 26000, and each theme

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