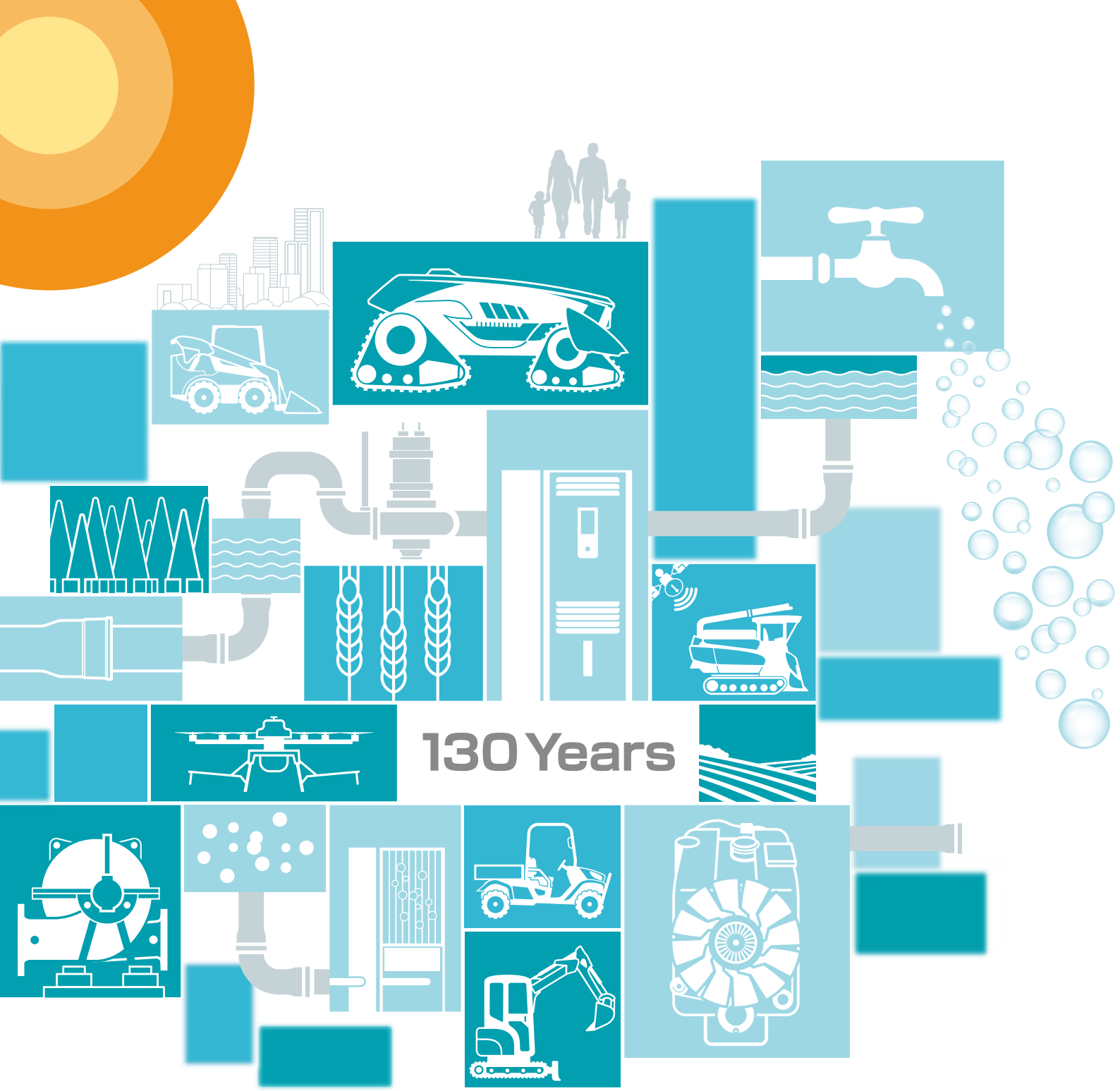


KUBOTA REPORT 2020

<Full Version>

For Earth, For Life

Kubota

CONTENTS [KUBOTA REPORT 2020 <Full Version>]

Editorial Note

The objective of this report is to provide our stakeholders with an overview of the business and CSR activities of the Kubota Group from a global viewpoint in an easy-to-understand manner.

The Kubota Group is taking on the challenge of solving global issues through business activities, in view of the concepts of SDGs, the goals for world sustainable development.

For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website.
www.un.org/sustainabledevelopment/

Relationship between the Digest Version and the Full Version

Digest Version (PDF download)

We have compiled a concise and clear summary, focusing on visual presentation to make the entire picture of the Kubota Group easier to understand.

Full Version (PDF download)

In addition to the content of the Digest Version, we issue more detailed information in a PDF format.

Period covered by the KUBOTA REPORT 2020

From January 2019 to December 2019.

*** Matters outside the above period are partially included.**

Boundary of the KUBOTA REPORT 2020

In principle, the entire Kubota Group is covered.

*** Some statements may refer to the non-consolidated Kubota.**

Guidelines consulted

- *GRI Sustainability Reporting Standards*, 2016, Global Reporting Initiative

GRI content index can be found on p. 170.

- ISO 26000, guidance on social responsibility

A comparison chart for the guidelines above can be found on p. 178

- *Environmental Reporting Guidelines 2018*, Ministry of the Environment

Financial Report

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 187 affiliates (174 subsidiaries and 13 equity method affiliates)

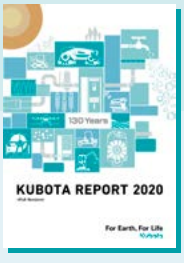
Environmental Report

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).

Social Report / Others

The Social Report covers social activities carried out by Kubota Corporation and some of its affiliates.

About the Cover

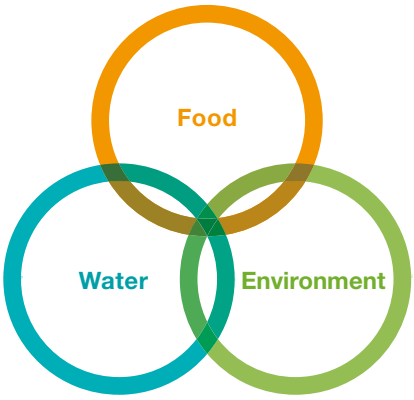


The cover picture represents the continued desire of the Kubota Group over 130 years since its founding to be involved at every stage in the water cycle, supporting the lives of people on earth.

The cover was designed by the Design Center at Kubota’s Research and Development Headquarters.

The Kubota Group contributes to the world in the areas of food, water and the environment.

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 to the abundant and stable production of food, the supply and restoration of water, and the creation of a comfortable living environment through its superior products, technologies and services.



Kubota Global Loop

Basic Policy for CSR Management

All Kubota Group employees share their corporate principles—the Kubota Global Identity—and will contribute to their stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, they are aiming for the ongoing synergistic development of the Kubota Group and society.

The Kubota Group Mission

As the coronavirus pandemic sweeps the world, the most fundamental way to prevent the spread of infections is to wash one's hands. In Japan, this can be practiced thanks to a nearly 100% water supply coverage.
Some 130 years ago when Japan was rapidly modernizing, Kubota's founder Gonshiro Kubota became the first person in the country to domestically produce water pipes in order to save people's lives from the spread of cholera.

Kubota iron pipe shipping site around 1905

Ever since the company was founde
by society. Going forward, we will co
the environment—all of which are es

Founded in **1890** — **Business foundation** ①②③

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

- Food
- Water
- Environment

1893
Initiated the production of the first cast iron pipes for water supply in Japan

① Kubota iron pipe shipping site around 1905

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

② First cultivator

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

③ A ride-on upland farming tractor

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.

d, we have always done everything in our power to help solve the challenges faced
ntinue to contribute to the international community in the areas of food, water, and
sential for people's livelihoods.

Together with the development of society → **Becoming a global corporation** → **Aiming to achieve the SDGs** → **2030**

④ ⑤ ⑥ ⑦ ⑧ ⑨

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

④ Night soil treatment plant in Miyoshi, Hiroshima, the first project after the Division was formed

1968
Mass produced the original model of the modern rice transplanter

⑤ The original model for modern rice transplanters

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

⑥ Fully revolving small hydraulic shovel, the base model for subsequent Kubota mini excavators

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

⑦ An engine conforming to stage 4 emission standards

2014
Established a large upland farming tractor manufacturing company in France

⑧ Large tractor for use in expansive farmland

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

⑨ Water purification plant constructed in Thilawa Industrial Park

The Kubota Group's business areas | **SDGs related to specific businesses**

See pages 12–13 (**global environment topics**).

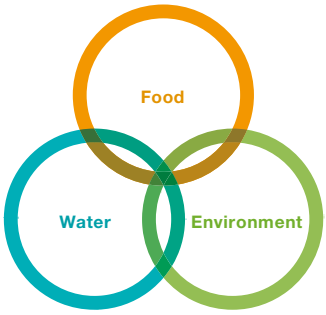
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

Brand Statement

For Earth, For Life
Kubota

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.

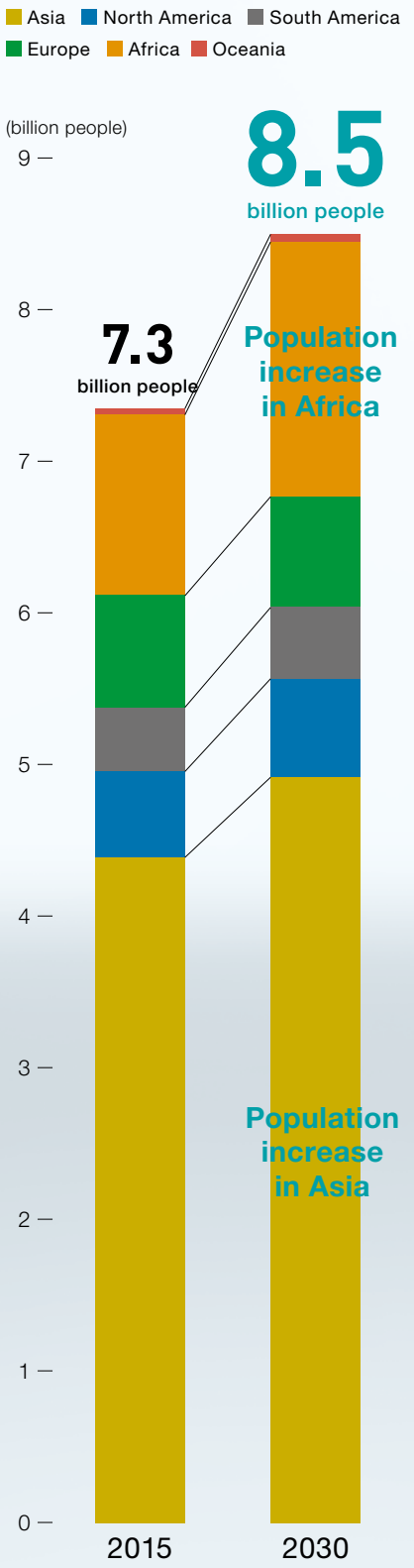


Kubota Global Loop

The Kubota Group—Tackling Issues the World Over

The globalization of companies is currently facing a turning point due to the cor
More so than ever before, the Kubota Group intends to expand community-based

Population Trends by Region



Source: Kubota Corporation, based on data from the Ministry of Internal Affairs and Communications

MIDDLE EAST

Oman
Sewage treatment using submerged membrane units to shut out E. coli and other harmful bacteria

Abu Dhabi
Water pipes to supply water to people in the desert

I aspire to make Kubota a
are glad to have in their to

AFRICA

South Africa
Fuel-efficient and highly durable tractors to meet the needs of orchard farmers

Kenya
Tractors that achieve low fuel consumption—the key to growth in the farming sector

OCEANIA

Australia
Multipurpose utility vehicles for mainly farm work, construction projects, and leisure

onavirus pandemic.
business operations to get a better idea of local issues and needs.

EUROPE

France
Large upland farming tractors for France, the largest farming country in the EU

France
Engines that swiftly meet global emission standards and power various types of industrial machinery

Germany
Mini excavators for narrow residential streets that remain unchanged since medieval times

NORTH AMERICA

US
Meeting the needs of the upland farming market by creating synergies between tractors and implements

US
Meeting various construction demands as a general manufacturer of small construction machinery

ASIA

NORTH AMERICA

company that local residents
wns.

OCEANIA

SOUTH AMERICA

Peru
Combine harvesters that greatly contribute to the harvesting of rice, one of Peru's staple foods

SOUTH AMERICA

ASIA

India
Powerful and highly durable multipurpose tractors that can withstand heavy-duty use

Singapore
Compact-body mini excavators for urban construction sites

China
Combine harvesters that meet the performance and after-sales customer support needs of specialist harvesting subcontractors

Thailand
Tractors finely attuned to the history of rice growing, from traditional farming methods through to mechanization

Vietnam
Johkasou to meet rapidly growing demand for water environmental conservation in Southeast Asia

The Kubota Group in Numbers

Group companies

188

Overseas group companies 128

Consolidated employees

41,027

Business footprint

120+ countries

Revenue

¥1,920.0 billion

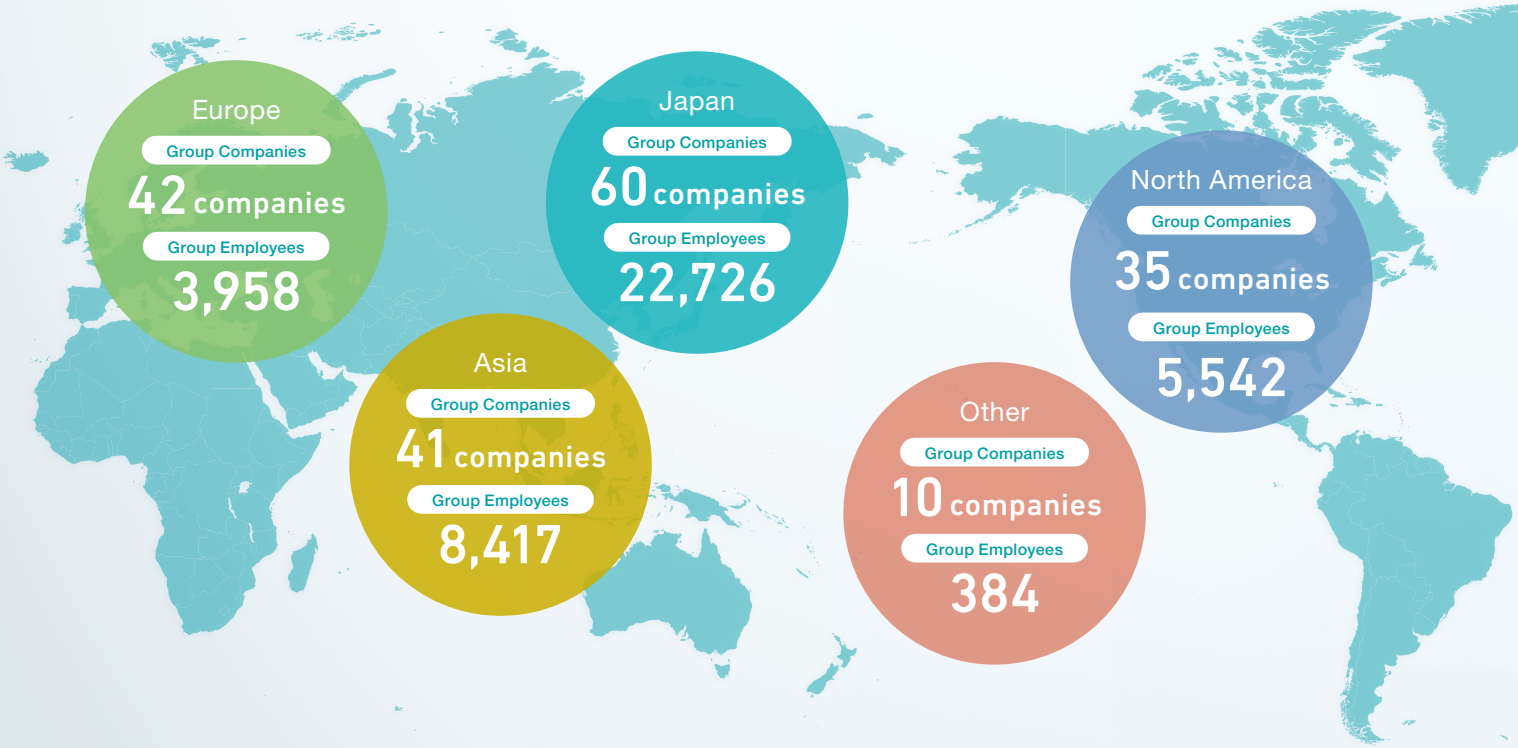
Overseas revenue ¥1,294.7 billion

Overseas revenue ratio

2000	2010	2019
18.7%	46.1%	67.4%

Operating profit (Operating margin)

¥201.7 billion (10.5%)



(As of December 31, 2019)

Total tractor production volume

More than
four million
units worldwide (cumulative)

Kubota tractors are used in agricultural settings throughout the world, where they contribute to food production.

Total engine production volume

More than
30
million units worldwide (cumulative)

Kubota engines support global industry with characteristic high-efficiency, energy- and labor-saving performance.

Share of Thailand Tractor Market / Share of Asian Combine Harvester Market

No.1

Refined on the front lines of Japanese rice cultivation, Kubota agricultural machinery has an excellent reputation in Asia's leading rice growing countries.

Engine Line-up

Approximately
2,000
models

Kubota produces an abundant lineup of engines to meet every kind of customer need.

European Emissions Regulations

Stage V
compliant

Kubota also has made engines that meet Europe's rigorous emissions regulations. We support local industry while considering the environment.

Sales Volume of Mini Excavators

Global **No.1**
for 18 consecutive years

Kubota pioneered the mini excavator, and has been quick to expand into overseas markets. These machines have earned high praise on building sites around the world.

* Since 2002, from "Off-highway research 2019."

Global Supply Record of Ductile Iron Pipes

Over **70**
countries

Kubota water pipes are world renowned for durability and performance. They are currently used in the water infrastructure of over 70 countries.

Submerged membrane unit deliveries

More than
6,000
worldwide

Kubota's submerged membrane units—which decontaminate sewage and industrial wastewater—help solve wastewater treatment issues worldwide.

Adoption Rate of Kubota Facilities for High-purity Water Treatment Facilities in Japan

Approximately
80%

* Based on activated charcoal-treated water volume

Products supported by Kubota's advanced water treatment technologies are used in many water purification facilities in Japan.

Top Message

Through further innovation, we will contribute to the world in the fields of food, water, and the environment, looking ahead to the post-COVID-19 society.

The Kubota Group marked its 130th founding anniversary in February 2020.

Since its foundation in 1890, the Group has delivered various products into the world that contribute to life and society, including modern water piping upgrades with iron water pipes and agricultural machinery that increases food production while saving labor.

Today, the world faces an unprecedented crisis in the form of novel coronavirus disease (COVID-19).

At this time, we believe the Kubota Group's mission is to solve social issues through excellent products, technologies and services, and provide ongoing support the future of the Earth and humanity, treating "food, water, and the environment" as a single system.

The Kubota Group aims to realize the concept of "Global Major Brand Kubota" (GMB Kubota), trusted by a maximum number of customers and capable of making a maximum contribution to society. We will constantly envisage and predict the future from the perspective of the world, staying one step ahead and identifying issues in advance, which we will solve as we promote further innovation in the spirit of "On Your Side," with the entire Kubota Group uniting together and working as a team.

The Kubota Group's Vision

Transforming ourselves from a provider of individual products to a provider of total solutions

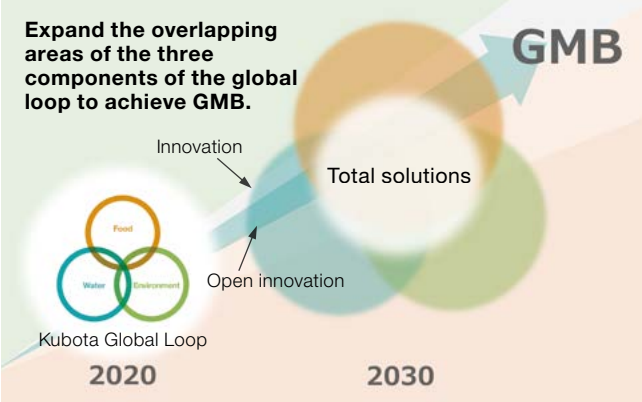
The global economy is on the cusp of a major upheaval. Looking out over the coming 10 years in the Kubota Group's business fields of food, water, and the environment, we expect significant changes in the business environment. The Group will not be able to survive simply by selling products and services as it has done in the past.

I believe that innovation is the key to future growth in this environment. Right now, most of our product development targets a two to three year horizon. Going forward, we will need to project changes coming in 10 or 20 years' time in our product development, and also create new services and businesses. To lay the foundation for a R&D structure to carry out this work, we are looking to establish a new development base for advanced technologies in Sakai City, Osaka Prefecture. As we move forward, our concept is to strengthen the connections between our development bases around the world, centered on this new base, and to develop a structure that can ride the waves of environmental change. We will also expand the Innovation Center globally, focusing our efforts to create new products, technologies, services, and businesses through open innovation with external partners such as start-ups, companies in other industries, universities, and research institutions.

I also want the Company to aim to develop the capability to bring all of these together to provide total solutions. To take Japanese farming villages as an example, these villages are facing a host of issues such as population aging, depopulation, and associated shortages of agricultural workers. The Kubota Group is already providing the Kubota Smart Agri System (KSAS) service (see page 15), a farm support system that provides various digital information needed for agriculture to enable even inexperienced people to run agricultural operations smoothly. The system already provides information such as yields for each farm, fertilizer application, and machinery operation status and location, and in future we aim to build an agri-platform that includes various information such as agricultural machinery sharing and harvest sales data. Going further, by adding technologies and products from the water and environment business, we will be able to provide a range of total solutions for the whole area. I believe we can also propose systems for automatically managing the water volume in rice paddies (see page 17) and agricultural operations that utilize energy generated using methane fermentation technologies.

Another strength of the Kubota Group is that it is developing these wide ranging business not only in Japan but globally. In

our vision for Kubota, each of the three components of the Kubota Global Loop: food, water, and the environment, will expand their overlapping domains as closely connected themes until they ultimately become one. We will build a structure that can create new businesses in coordination with any sector, and proceed to pioneer businesses and technologies that facilitate Kubota's original social contributions.



Contribution to the SDGs (1)

Developing businesses closely aligned with local issues and needs

To accelerate our contribution to solutions for global food and water issues through our business activities, I believe we must also take up challenges in new areas geographically.

In our initiatives for the SDG "Zero hunger," we will also focus on India and Africa, where advances in mechanization of agriculture are needed. In Africa, for example, targets have been established for doubling rice production by 2030 and increasing the self-sufficiency ratio. The Kubota Group has started with the popularization of cultivators. Recently, the demand for tractors and combine harvesters has grown in response to the increased operating efficiency and reduced harvest losses brought about by mechanization. By selling these products and helping to popularize them, we hope to contribute to increased food production.

In addition, for the SDG of "Clean water and sanitation," we will contribute to upgrading water supply and sewage infrastructure in areas where it is needed by providing products, technology and services related to pipe systems and water treatment facilities.

Contribution to the SDGs (2)

Ambitious Approach to Climate Action

Climate change poses a significant risk to the Kubota Group because of the changes in agricultural format arising from the shift of arable land due to temperature increases. In January 2020, the Group announced its agreement with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD)*. Up to now, we have been developing and manufacturing clean engines that pass rigorous emission gas regulations. Going forward, we will make a concerted effort to develop products that have even lower CO_2 emissions, while also conducting research and development on electrification of agricultural and construction machinery, along with products that run on hydrogen and other fuels. In the water and environment business, there is a possibility that global agriculture can be transformed into an industry that is highly resilient against climate change and natural disasters. Low penetration rates of irrigation mean that crop yields are heavily affected by phenomena such as droughts or heavy rains. With the impact of climate change going forward, agricultural areas are expected to see increasing desertification, and contributing to water management in agricultural areas is to become one of the Kubota Group's missions going forward.

* A recommendation for companies to voluntarily disclose information on the status of their response to climate change, the impacts on their business, and so forth.

A Message to Our Stakeholders

Kubota Continues to Tackle Social Issues Going Forward as it Did When it Was Founded

The history of the Kubota Group began in Japan's era of modernization in the middle of the Meiji-period, when founder Gonshiro Kubota sought to save people from cholera, which was rampant at the time. He succeeded in creating Japan's first domestically produced water pipes, and commenced mass production. In the 130 years since then, we have contributed to our modern water supply system and developed motors, agricultural machinery, and environmental treatment technologies. In this way, by always directly tackling the issues of society in each era, we have continued to serve society as a "platform provider supporting life."

As I mentioned above, the world is currently facing an unprecedented crisis in the form of COVID-19. The Kubota Group is committed to playing the role of a "platform provider supporting life" in the face of crises such as these by driving further innovation. We will contribute by focusing our comprehensive capabilities in the areas that underpin humanity: "food, water, and the environment." We aim to achieve resilient management that can respond agilely to this global paradigm shift.

Furthermore, as we go forward it will be necessary to have a strong awareness on Environment, Social, and Governance (ESG) perspectives in order for the Kubota Group to continue being seen as a sincere company that provides necessary products, technologies, services and solutions. We will therefore bolster our CSR management while working to realize GMB Kubota.

I ask for your continued support for the Kubota Group going forward.

May 2020

Yuichi Kitao
President and Representative Director,
Kubota Corporation

Kubota's Unique Sustainability as a Platform Provider Supporting Life

The Earth is based on a cycle of water moving through the sea, the air, and the land. In the sea and the air, Both of these issues are caused by human activities on land. As a platform provider sustaining life, the Kubota the cycle of a beautiful Earth and increase its resilience.

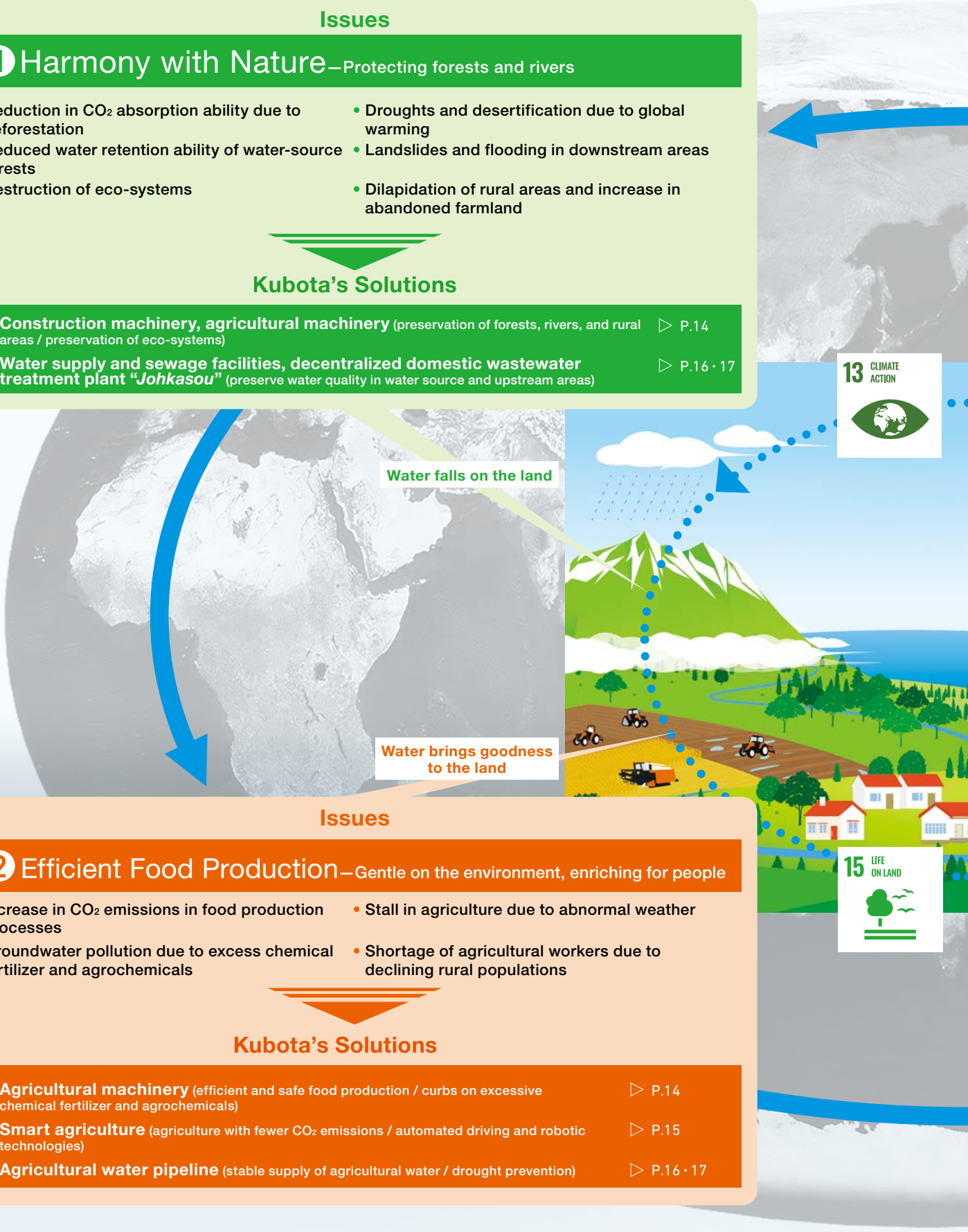
Issues

❶ Harmony with Nature—Protecting forests and rivers

- Reduction in CO_2 absorption ability due to deforestation
- Reduced water retention ability of water-source forests
- Destruction of eco-systems
- Droughts and desertification due to global warming
- Landslides and flooding in downstream areas
- Dilapidation of rural areas and increase in abandoned farmland

Kubota's Solutions

- ▶ **Construction machinery, agricultural machinery** (preservation of forests, rivers, and rural areas / preservation of eco-systems) ▷ P.14
- ▶ **Water supply and sewage facilities, decentralized domestic wastewater treatment plant "*Johkasou*"** (preserve water quality in water source and upstream areas) ▷ P.16・17



Issues

❷ Efficient Food Production—Gentle on the environment, enriching for people

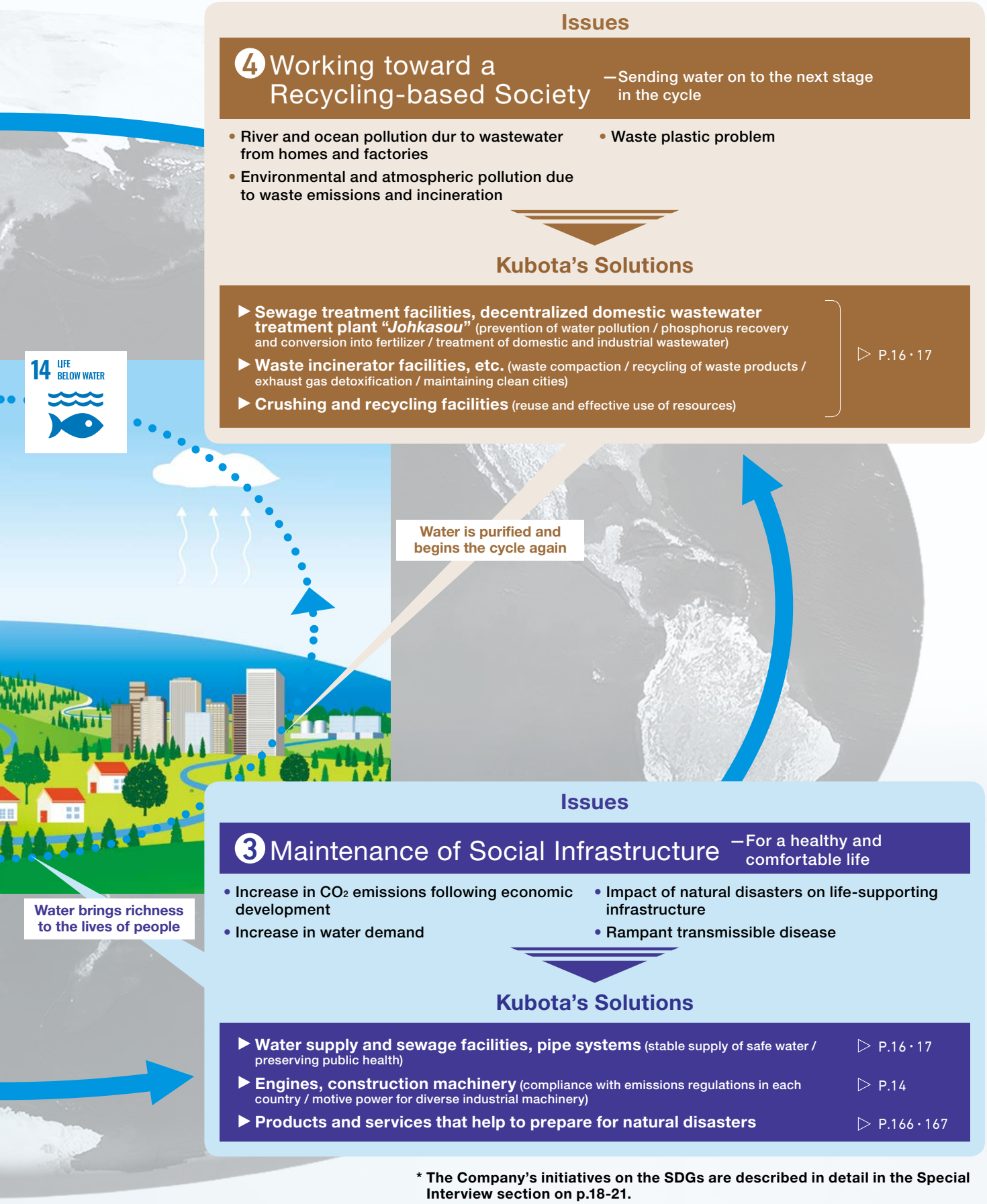
- Increase in CO_2 emissions in food production processes
- Groundwater pollution due to excess chemical fertilizer and agrochemicals
- Stall in agriculture due to abnormal weather
- Shortage of agricultural workers due to declining rural populations

Kubota's Solutions

- ▶ **Agricultural machinery** (efficient and safe food production / curbs on excessive chemical fertilizer and agrochemicals) ▷ P.14
- ▶ **Smart agriculture** (agriculture with fewer CO_2 emissions / automated driving and robotic technologies) ▷ P.15
- ▶ **Agricultural water pipeline** (stable supply of agricultural water / drought prevention) ▷ P.16・17

For Earth, For Life

pollution of the oceans and the climate change are problems that will soon become irreversible. Kubota Group will work to enrich people's lives while tackling various issues at every stage on the Earth to restore



Issues

④ Working toward a Recycling-based Society —Sending water on to the next stage in the cycle

- River and ocean pollution dur to wastewater from homes and factories
- Environmental and atmospheric pollution due to waste emissions and incineration
- Waste plastic problem

Kubota's Solutions

- ▶ **Sewage treatment facilities, decentralized domestic wastewater treatment plant "*Johkasou*"** (prevention of water pollution / phosphorus recovery and conversion into fertilizer / treatment of domestic and industrial wastewater)
- ▶ **Waste incinerator facilities, etc.** (waste compaction / recycling of waste products / exhaust gas detoxification / maintaining clean cities)
- ▶ **Crushing and recycling facilities** (reuse and effective use of resources)

▷ P.16・17

Issues

③ Maintenance of Social Infrastructure —For a healthy and comfortable life

- Increase in CO_2 emissions following economic development
- Increase in water demand
- Impact of natural disasters on life-supporting infrastructure
- Rampant transmissible disease

Kubota's Solutions

- ▶ **Water supply and sewage facilities, pipe systems** (stable supply of safe water / preserving public health) ▷ P.16・17
- ▶ **Engines, construction machinery** (compliance with emissions regulations in each country / motive power for diverse industrial machinery) ▷ P.14
- ▶ **Products and services that help to prepare for natural disasters** ▷ P.166・167

*** The Company's initiatives on the SDGs are described in detail in the Special Interview section on p.18-21.**
For information about environment-friendly "Eco-Products" see p.62

The Kubota Group's Products and Services

Farm & Industrial Machinery

Agricultural Machinery and Agricultural-related Products

As a world-leading manufacturer of agricultural machinery for both dry- and wet-field farming, we will continue to contribute to stable food production in each country and region.

Tractors:
used mainly in agricultural operations, including tillage, leveling and transportation.

Implements:
connected to tractors and used for a variety of tasks.

Combine harvesters:
used for simultaneous harvesting and threshing of crops such as rice, wheat and pulses.

Rice transplanters:
used to transplant rice seedlings to rice paddies, contributing significantly to labor saving.

Utility vehicles:
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.

Construction Machinery

As a dedicated manufacturer of mini excavators, we will continue to pursue the realization of productive living environments around the world whilst meeting demand for use in various settings, such as infrastructure development.

Mini excavators:
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.

① Skid steer loaders: ② Wheel loaders: ③ Compact track loaders:
used mainly for transporting and stacking tasks (at construction sites, farms, etc.).

Engines

As a global leader in compact industrial engines, we will continue to support industrial development around the world and contribute to environmental conservation.

Diesel

Gasoline, LPG, natural gas

Kubota has an extensive lineup of engines to satisfy the diverse demands for application, horsepower and fuel type. Our range also covers regional differences in exhaust gas regulations and usage environments.

The Kubota Group's

ICT×IoT Agricultural Machinery

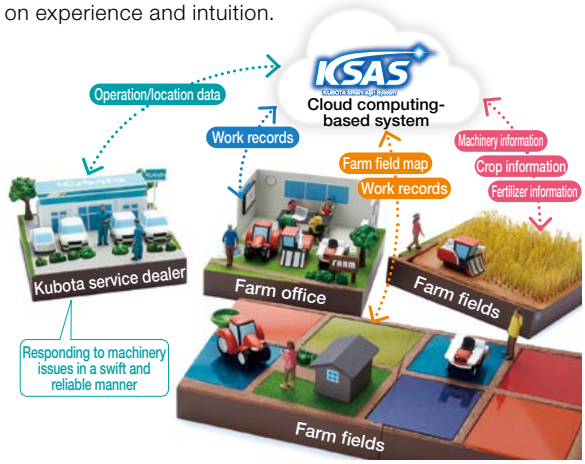
Kubota Aims for Smart Agriculture

As the farming population is aging and the scale of farms is expanding, it is globally crucial to grow agricultural produce efficiently with higher yield and quality.

By promptly introducing ICT (information and communication technology) and robotic technology in agriculture, Kubota will realize smart agriculture that reduces labor and increases precision, contributing to the abundant and stable production of food.

Kubota Smart Agri System (KSAS)

A system to support farm operations by integrating advanced technologies with ICT. KSAS visualizes agricultural data, enabling efficient farm operations with no need to rely on experience and intuition.



Kubota Agricultural Machinery with GPS

Using GPS (global positioning system), Kubota has developed an autonomous tractor capable of performing unmanned automatic operations under manned monitoring, as well a combine harvester that carries a human operator while performing autonomous operations, and a rice transplanter able to self-steer to keep a straight line of travel.

Agri Robo Tractor capable of performing unmanned automatic operations

Agri Robo Combine harvester with automated driving assist function

Rice transplanter with keeping straight function

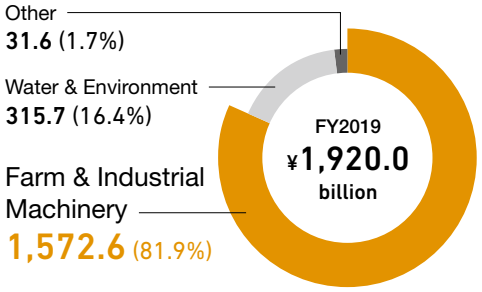
Business Overview (Farm & Industrial Machinery)

Results of FY2019

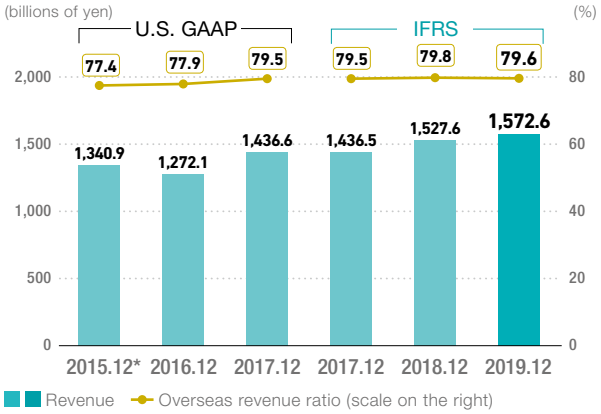
Revenue in this segment increased by 2.9% from the prior year to ¥1,572.6 billion, and accounted for 81.9% of consolidated revenue. Domestic revenue increased by 3.8% from the prior year to ¥320.6 billion, and overseas revenue increased by 2.7% from the prior year to ¥1,252.0 billion.

Operating profit in this segment increased by 1.8% from the prior year to ¥204.5 billion due to some positive effects mainly from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States, which compensated for some negative effects from increased fixed costs and the yen appreciation.

Revenue by Reportable Segment (billions of yen)

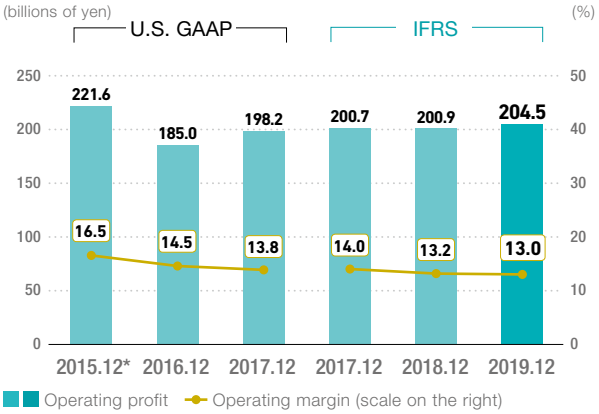


Revenue and Overseas Revenue Ratio



*12 months, reference data

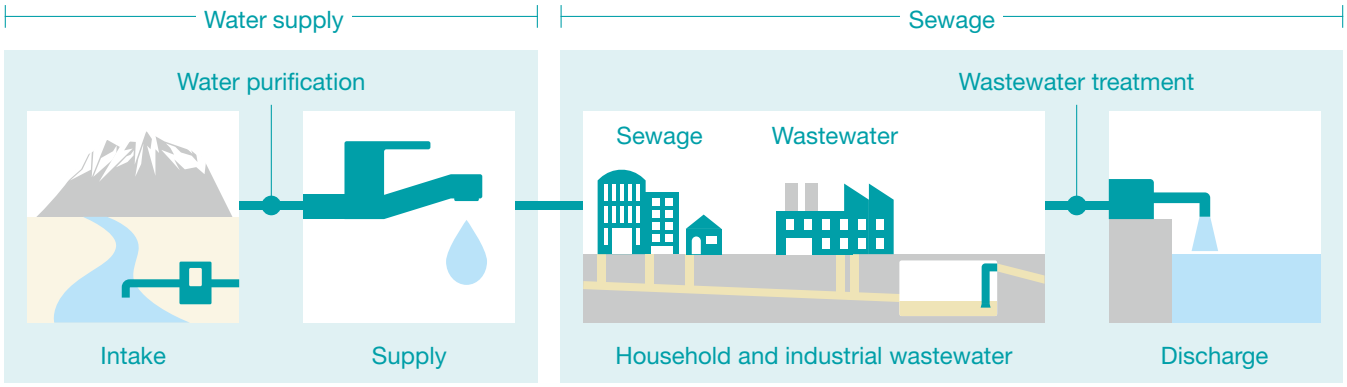
Operating Profit and Operating Margin



Water & Environment

Pipe Systems and Water Treatment Facilities

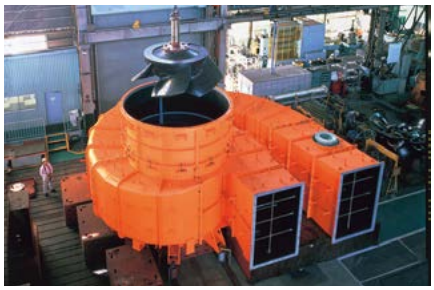
Once again, water is growing increasingly important due to the spread of the coronavirus pandemic. The Kubota Group will continue to enrich people's lives as a world-class general manufacturer of water and environmental hygiene-related equipment for both water supply and sewerage systems.



Ductile iron pipes:
used in infrastructure, including water, sewage and agricultural water pipelines.

Plastic pipes:
used in infrastructure, including water and sewage lines, and gas piping.

Submerged membranes:
used to purify wastewater, including industrial and domestic sewage.



Pumps:
used to pump water in water and sewage lines, agriculture and forestry, and in the rainwater market.

Valves:
used to control the flow of fluids or gases in water, sewage, agriculture, etc.

Johkasou:
used to treat wastewater in areas where there are no sewage lines.

Incinerating, melting, crushing, and recycling waste

We will continue to help build a recycling-oriented society whilst contributing to global environmental protection.

Waste incinerator plants and ash and melting furnace plants:
used to incinerate and reduce the volume of municipal waste, as well as to contribute to decarbonization of society by using the large quantity of waste heat to generate electricity.

Crushing and recycling plants:
used to crush and sort recyclable garbage to enhance its resource value so that it can be reused or turned into raw materials or fuel.

The Kubota Group's

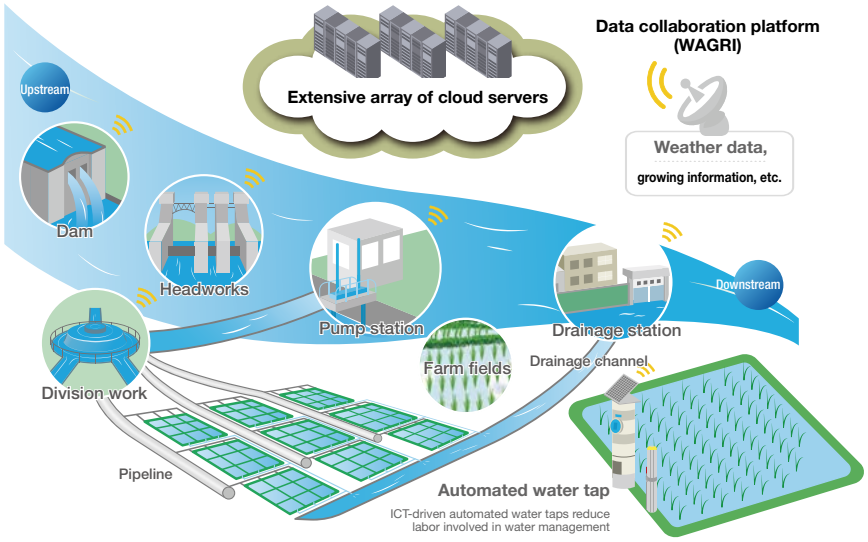
ICT×IoT

Water & Environment

Kubota aims for IoT-monitored water and environment infrastructure

Kubota has developed the Kubota Smart Infrastructure System (KSIS), a new service utilizing IoT in the water and environment field. At present, R&D projects in partnership with the NTT Group, including facility diagnosis using AI, are under way, and planned to be released as a practical service.

KSIS offers comprehensive solutions covering everything from individual products and plant devices to systems and after-sales services, thereby helping customers inside and outside Japan solve their problems.



Farm Water Management System WATARAS

WATARAS is a farm water management system developed by Japan's National Agriculture and Food Research Organization (NARO) that allows users to remotely and automatically control water flowing in and out of rice paddies whilst monitoring water levels on a smartphone or PC.

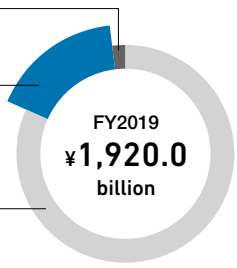
Business Overview (Water & Environment)

Results of FY2019

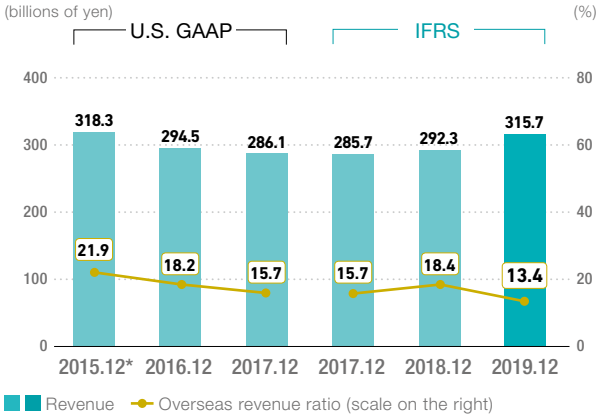
Revenue in this segment increased by 8.0% from the prior year to ¥315.7 billion, and accounted for 16.4% of consolidated revenue. Domestic revenue increased by 14.7% from the prior year to ¥273.5 billion, and overseas revenue decreased by 21.6% from the prior year to ¥42.3 billion.

Operating profit in this segment increased by 34.5% from the prior year to ¥26.7 billion mainly due to significantly increased sales in the domestic markets.

Revenue by Reportable Segment (billions of yen)

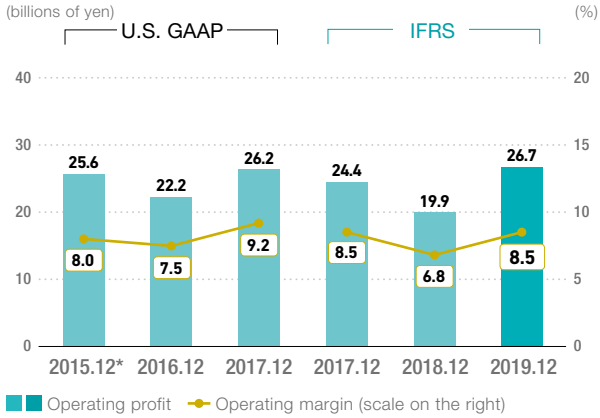


Revenue and Overseas Revenue Ratio



*12 months, reference data

Operating Profit and Operating Margin



Special 130th Founding Anniversary Interview

Contributing to the SDGs through Innovation

Journalist
Hiroko Kuniya

Chairman and Representative Director, Kubota Corporation
Masatoshi Kimata

Over the 130 years since its foundation in 1890, the Kubota Group has contributed to the world in the areas of food, water and the environment. As we continue to support the future of the earth and humanity by solving social issues through superior products, technologies and services, our mission is to remain aligned with the sustainable development goals (SDGs) of the United Nations.

As we mark our 130th founding anniversary, we have invited journalist Hiroko Kuniya, who has been active in reporting on the SDGs and awareness raising activities, to take part in a dialogue with Chairman Kimata about the Kubota Group's initiatives for achieving SDGs.

Hiroko Kuniya
A project professor at Keio University's Graduate School of Media and Governance. Following her career as an anchor, she is currently active as a trustee (special mission) at the Tokyo University of the Arts, a board member at the non-profit think tank, Renewable Energy Institute, and has also been appointed as a National Goodwill Ambassador for Japan by The Food and Agriculture Organization of the United Nations (FAO).

Solving SDG Issues through Global Open Innovation

Kuniya After seeing the KUBOTA REPORT 2019, I felt that the Company is actively promoting management from environmental, social, and governance (ESG) perspectives. Could you tell me about the meaning of the title of last year's Top Message, "Setting SDGs as a compass, we are driving forward at full speed toward the realization of the 'Global Major Brand Kubota'."

Kimata This is a message that I myself also find inspiring. The Kubota Group is promoting management with an emphasis on the fields of food, water and the environment, but I believe that its contribution to the SDGs is not as good as it might be. For example, in the field of food, we provide customers with agricultural machinery, but this does not contribute to the overall food production system including agriculture, and this will be a major theme for us going forward.

“What should Kubota do going forward? I think it should contribute to the overall food production system.”

Kuniya Our current food production system has an extremely high environmental load, doesn’t it? For example, the CO_2 emissions related to the production, processing, transportation, and so forth of discarded food are said to account for around 8% of CO_2 emitted by humanity overall; and with the global population projected to reach 9.7 billion in 2050, food security is also becoming a significant issue. So while there are many types of environmental load that need to be greatly reduced in the fields of food and agriculture, would you agree that there are also significant business opportunities for Kubota?

Kimata That’s right. If we can improve on food losses, then the form of the agriculture sector itself may also need to be changed. So I tell our employees to have a sense of crisis. On the other hand, this will also help to reduce the environmental load, so I think that a key point for the Kubota Group’s survival will be to move from providing agricultural machinery to contributing to the construction of food production systems that curb food and energy losses, reduce CO_2 emissions, and help to save labor and personnel.

Kuniya That is an important perspective, I agree. Also, the forests that absorb that CO_2 are decreasing, so we face major challenges such as how to prevent the area of agricultural land from expanding further, how to avoid the use of large quantities of chemical fertilizers and protect biodiversity, while improving the balance of nitrogen and phosphorus and ensuring that people have food to eat.

Kimata The Kubota Group is engaged in the service water purification and sewage treatment business, so for example as a water environment solution in the field of water we are promoting an initiative to use fertilizer components such as phosphorous recovered during the sewage treatment process for agriculture. Also, I believe that the uptake of robotics technologies that do not require labor or human work and of smart agriculture that utilizes ICT, IoT, and AI is absolutely essential for developing environmentally friendly agriculture into strong, attractive business.

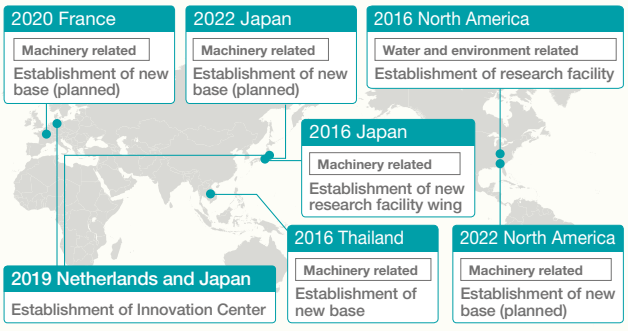
A concept tractor of the future developed to commemorate Kubota’s 130th anniversary. The tractor operates completely autonomously without a human driver thanks to AI and electrification technologies, presenting Kubota’s vision for the future of farming.

Kuniya So rather than applying new fertilizer, you are reusing the recovered phosphorous and so forth.

Kimata That’s right. Our research is already under way.

Kuniya To return to the topic of agriculture, I’ve heard that researchers in Japan are looking at devising new methods for cultivating rice in a way that will reduce methane emissions that occur with the traditional method if flooding the paddies when planting.

Kimata There are also research results showing that methane production can be reduced by extending the drying period for cultivated paddy fields. The Kubota Group is also proposing a change in the method of agriculture to wet direct seeing, where seed rice coated with iron powder is sown directly in a flooded paddy field, or dry direct seeding into a dry field. These methods require less labor time than the convention method of raising and planting seedlings, saving energy and labor. We will focus on providing total solutions for this kind of agriculture with a global perspective, particularly in Asia. An important part of promoting this kind of initiative is alliances with outside partners such as venture companies, companies from other industries, universities, and research institutions. In 2019, Kubota established Innovation Centers in Japan and Europe. Our policy is to create new value through open innovation.



Status and Future Plans for New Establishment of R&D Bases and Innovation Centers

Kubota aims to create new value by promoting open innovation through investment in outside partners and joint research.

Kuniya They say that the various technologies needed for achieving the SDGs can be found in Japanese companies. The problem is in how to liaise with diverse stakeholders and create a new business model using technology. I think it is very significant that you have established open innovation spaces.

The Road to Achieving SDGs Expected by the Next Generation

Kuniya The message of SDGs on social change is “transforming our world.” I am very interested in how companies respond to this message, or how it is received by top management. What do you think about his point?

Kimata I really want to leave it up to the younger generation who will be responsible for society going forward. In terms of businesses that contribute to the fields of food, water and the environment, and that align with the 17 SDGs, I think it is important that the younger generation should be the ones doing the thinking, rather than following what corporate officers or top management have to say. Thankfully, the Kubota Group is beginning to be recognized externally as a company that seeks to contribute to the SDGs. I'm delighted to see that this is also leading to an increase in people seeking to join the Company who are interested in contributing to society through business.

Kuniya That sounds ideal. And have you yourself felt that awareness of the SDGs and sustainability is spreading throughout the Company?

Kimata I have felt that it is spreading, particularly among young employees. Our employee awareness survey from last year indicates that around 60% of them consider it their own personal issue. By looking to the younger generation for their ideas, we might see a major shift in thinking, such as creating zero-emission agricultural machinery, or creating something that actively utilizes and absorbs CO_2. I expect to see a new environmental business that goes beyond simply reducing CO_2.

Kuniya In the field of water, where there are concerns over chronic worldwide shortages, we might see ideas for development of products that generate water on site, for example, rather than the traditional concept of carrying water through pipes. No doubt Kubota has engaged in various activities to raise awareness around the SDGs and sustainability. What is the principle or approach that you would most like all employees to share?

Kimata First, I'd like to ask them to recognize anew that the Kubota Group's business itself contributes to society. In addition, I want them to aspire to make Kubota a company that local residents are glad to have in their towns. If this concept grows, then I think that people around the world may say they are glad to have Kubota in it. By setting the SDGs as our compass, I think that each employee now thinks individually as they engage in business about whether each new product development or investment aligns with our goal of bringing joy to society. I believe that this standard for determination was established through the SDGs. Moreover, I hope to find sympathy and agreement for this way of thinking not only among the Kubota Group, but by many of our suppliers, and that we can work together as one to solve issues.

Kubota's Challenges and Mission for Achieving the SDGs

Kuniya What do you see as the Company's strengths and weakness and its opportunities and risks in realizing the SDGs?

Kimata First of all, I think that the Kubota Group's strengths are the fields of food, water and the environment, which are its priority fields. Moreover, we need to reduce CO_2 emissions as we grow going forward, and by taking this as an opportunity, our first priority is to clear the most stringent regulations. In addition, we must not shy from investing in R&D to develop electric tractors, electric small-scale construction machinery, hybrids, and others that can dramatically reduce CO_2 emissions. The risks are from flood damage due to climate change. The typhoons of 2019 not only hammered agriculture, but also had a significant impact on our supply chains. Naturally we must strengthen management of risks to business, but I am keenly aware that Kubuta has an increasingly important contribution to make through all of its business activities to increasing the resilience of villages and urban infrastructure.

Mini excavators and tractors under development. Kubota will focus its efforts on development of engines that have reduced CO_2 emissions while also conducting R&D on products that are electrified or fueled by hydrogen, etc.

Kuniya Among the SDGs, No. 13 Climate Change presents both a risk and a target area where Kubota can leverage its strengths. How about weaknesses?

Kimata I think we still have issues to address in creating workplaces where diverse people can participate actively.

Kuniya It is certainly difficult to drive innovation without a diverse workforce. Kubota's ratio of female managers was 3.0% in FY2019, which is a very low level. I hope that the Company actively work to promote participation by women.

"A diverse workforce is essential for driving innovation. I hope that the Company actively work to promote participation by women."

“We will strive to conduct sincere corporate operations so that local people are glad to have Kubota in their districts and towns.”

Kimata Thank you for your valuable opinion. I think that we must make the Company an attractive place for women to work as well. In particular, increasing the number of female managers and the female hiring rate for new recruits are indicators that we should manage as a Company, and I aim to see steady progress on these going forward.

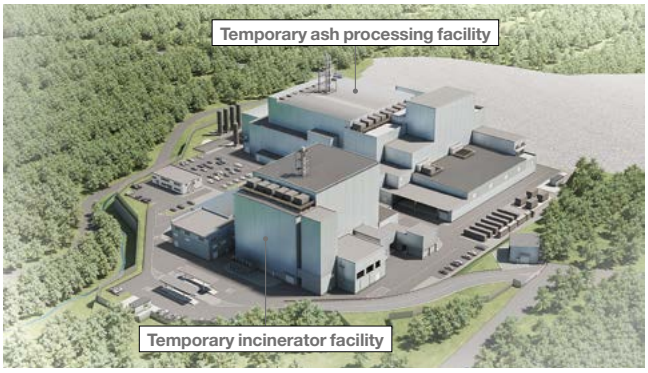
Kuniya The number of women entering agriculture appears to be increasing as well, so it will be important to pay attention to female opinions in and outside the Company in promoting smart agriculture going forward. Furthermore, on the environmental front, Kubota has already announced Long Term Environmental Conservation Targets 2030, which I think is very progressive. However, don’t you think it would be good for the Company to set even further reaching, more ambitious targets going forward?

Kimata 2020 is our 130th founding anniversary, and we are currently drafting our vision for 10 years from now, “GMB2030.” In this vision, we will discuss issues along the lines you have suggested, so I hope you will look forward to seeing the results.

Kuniya Nowadays, a sustainable global environment is seen as the foundation of the economy. Every company is called upon to consider how far it can reduce the impact of business on the environment. This is indeed what is required under TCFD*1.

Kimata The Kubota Group also announced its agreement with TCFD in January 2020. Going forward, I would like us to not only take protective measures, but as a progressive company, also add one or two initiatives that can solve various environmental issues. In fact, one the initiatives that the Kubota Group is working on in its Water & Environment business is radioactive waste treatment services*2 in Futaba-Machi, Fukushima Prefecture. In this project we are using industrial waste treatment technology*3 that we applied in the past in Teshima, Kagawa Prefecture. At the time, we didn’t imagine that the technology would be used later on in the project in Futaba-Machi, but we developed the current technology after being advised by experienced external scholars that we met on the Teshima project that the technology might be effective for reducing the volume of waste containing radioactive substances.

Kuniya It appears that among the technologies of Japanese companies, there are many more that can help solve social issues. I remember covering the Teshima project in a program in the past, so I know it well.



Computer-generated image of the completed facility for reducing the volume of radioactive substances in Futaba-Machi, Fukushima Prefecture. This project utilizes original technologies developed by the Kubota Group through its involvement in a previous industrial waste treatment project in Teshima, Kagawa Prefecture*3.

Kimata Thank you for covering our project even though it was not well known.

Kuniya The program covered Kubota’s earthquake-resistant water pipes, as well as its problem involving asbestos. Looking at the Group’s website, I see that it has continued to make payments of Relief Funds and donations to medical research funds. What kind of lasting impact do you think this experience had on Kubota’s management?

Kimata I think that the management team has really been filled with an awareness of the need to operate and manage the Company honestly. As I mentioned before, we aim to make all of our stakeholders glad that Kubota exists, in our environmental initiatives, in our community contributions, and in our recruitment activities. In addition, we hope that this response will be heard from local towns throughout the world, and that each small pocket of support will spread, enabling us to help make the world a little better.

(January 2020)

*1 The Financial Stability Board (FSB) announced Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for voluntary ascertainment and disclosure by companies and other organizations of the risks and opportunities arising from climate change, and its financial impact.
*2 Operations treating waste material contaminated by radioactive substances.
*3 An operation over 14 years starting in 2003, in which Kubota carried out processing of illegally dumped waste at an intermediate processing facility, including a proprietary rotating melting furnace.

Social Problems to be Addressed by the Kubota Group and

Social problems to be addressed by the Kubota Group	Approach to creating value (Approach to promoting SDGs)
• **World** production of major grains* in FY2027 is expected to increase by 12.2% compared to FY2017.*1 * Major grains: Rice, wheat, soy beans, maize, sugar cane • World grain harvest area in 2027 (700 million ha) will be largely the same as the average for 2014-2016.*2 • World population in 2027 is expected to increase by 10.4% compared to 2017.*3 • The net increase in world population in 2027 will be in urban populations, and there will be no increase in rural populations.*3 **Against a backdrop of a farming population and a grain harvest area that will not be increasing, yield per unit area will have to be further improved. Higher productivity through promotion of agriculture mechanization and smart agriculture is expected.**	Food: Contribute to the abundant and stable production of food by the streamlining of agriculture.
In developing countries, as of 2015: • 2.1 billion have no access to "safely managed" water.*4 • 840 million have still not received basic water supply.*4 • 4.5 billion have no access to "safely managed" sanitary facilities.*4 **Development of safe water, sewage and sanitary facilities is expected.** **In Japan**, there are problems such as deterioration of water/sewage pipelines and facilities, and securing manpower and passing on techniques, due to the aging of workers: **Efficient operation of water and sewage projects are expected.**	Water: Contribute to the supply and restoration of reliable water by enhancing water infrastructures.
• **The world's urban** population ratio is expected to rise from 55% in 2017 to 60% in 2030.*3 • The number of cities with a population of 10 million or more (megacities) will increase from 33 in 2018 to 43 in 2030.*5 **Further development due to the social infrastructure accompanying urbanization is also expected.** • There are more frequent climate-related disasters (rainstorms, flooding, water shortages, etc.) due to global warming and there is a rising risk of natural disasters such as typhoons, earthquakes, and tsunamis. **Greater disaster preparation, and measures to ensure prompt recovery after a disaster are expected.**	Environment: Contribute to creating and preserving a comfortable living environment by enhancing social infrastructures.
• Goals for solving the 17 global items indicated in SDGs **The corporate staff departments will take the helm, and promote this as a company-wide activity.**	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.

Work for the development of society by drawing on all of our capabilities and know-how to offer superior products, technologies and services

Sources: *1 FAOSTAT, Food and Agriculture Organization of the United Nations
*2 *World food supply and demand projections to 2027*, Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries (March 2018)
*3 *World Population Prospects 2017*, United Nations
*4 Progress on Drinking Water, Sanitation and Hygiene 2017, WHO/UNICEF
*5 *2018 Revision of World Urbanization Prospects*, United Nations
*6 Design-Build system, in which a private business contracts out both design and construction to a single private business
*7 Design-Build-Operate system, in which everything from design and construction to operation and maintenance are all contracted out to a single private business

Contributions to SDGs

Main related SDGs	The Kubota Group's SDGs KPI	Examples of main initiatives for achieving KPIs in fiscal 2019
2 ZERO HUNGER 1 NO POVERTY	• **Contribution to food production through further spread of agricultural machinery** • Promotion of smart agriculture using IoT and robot technologies (Kubota Smart Agri System (KSAS))	• Launch of automated driving agricultural machine "Agri Robo Rice Transplanter NW8SA" to succeed tractors and combine harvesters. Advancement towards realizing fully integrated agricultural business systems • Started providing agricultural machinery operating rate management service for visualizing positional information and operation information using a smartphone • Held a demonstration exhibition of automated driving tractors for people outside the Company at Kubota Farm in Thailand. • Announced electric powered tractor under development
6 CLEAN WATER AND SANITATION 3 GOOD HEALTH AND WELL-BEING	• **Contribution to the development of sustainable water infrastructure by offering more products, technologies, and services relating to water, sewage and water treatment facilities.**	• Received a contract for water supply system expansion project in Kampong Thom province, Cambodia (design and construction of water treatment plant and water supply system, and operation, maintenance, and management of the water treatment plant) • Received the Minister of Land, Infrastructure, Transport and Tourism Award at the 3rd Infrastructure Maintenance Awards for "Efficient survey technology for sulfuric acid corrosion sites in pressurized sewers"
	• 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 (pipeline orders under the DB*6 system, water treatment orders under the DBO*7 system, the Kubota Smart Infrastructure System (KSIS), etc.)	• Received a contract for Mt. Myoken water pipeline upgrade project at Naruto City, Tokushima Prefecture, under DB system. • Participated in "Sakane Water Treatment Plant and Mitsuishi Daiichi Pressure Pump Station Upgrade Project," a facility project including water treatment plant and an operation and management project for all municipal water supply facilities in Bizen City, Okayama Prefecture, by the DBO system • Delivered submerged membranes and *Johkasou* to improve the water environment in China and Southeast Asia
11 SUSTAINABLE CITIES AND COMMUNITIES 7 AFFORDABLE AND CLEAN ENERGY	• **Contribution to the development of environment-friendly, sustainable urban infrastructure** 1. (Construction machinery) Further spread of eco-friendly construction machinery 2. (Engines) Development of large engines with low fuel consumption (improved output per displacement) 3. (Engines) Development of micro-hybrid engines	• Announced electric powered small-scale construction machinery under development –Conducting a feasibility study in Europe where the needs of diesel engines are shifting, and aiming to commercialization • Proceeding with development of large-scale industrial diesel engines –The 200 HP range, it is Kubota's largest class • Currently proceeding with development of micro hybrid engine
	• Contribution to development of sustainable, resilient urban infrastructure that is resistant to disasters	• Installation of earthquake-resistant ductile iron pipes for water main pipelines and water distribution mains in Los Angeles City.
Common points for food, water and the environment: Expansion of eco-products (sales ratio of eco-products)		Sales ratio of eco-products for fiscal 2019: 66.3%
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	(Quality Assurance) Number of recalls (Environment) CO_2 emissions from domestic sites (Procurement) Promotion of CSR procurement (Safety) Class-A incidents (Personnel) Percentage of employees with disabilities, percentage of employees taking childcare leave, attainment of Health KUBOTA 21 targets	(Quality Assurance) Number of recalls: 5 cases (Environment) CO_2 emissions from domestic sites: 20.2% reduction compared to RY2014 (Procurement) Promotion of CSR procurement: CSR procurement questionnaire survey conducted at 171 suppliers; response to the regulations of conflict minerals (Safety) No class-A incidents: Not achieved (Personnel) Percentage of employees with disabilities: 2.41% Percentage of employees taking childcare leave: 55.6% (male)/100% (female) Attainment of Health KUBOTA 21 targets: promoting activities toward 2022 targets

For more information on the 17 SDGs, see:
https://www.un.org/sustainabledevelopment/sustainable-development-goals/

Financial and Non-financial Highlights

Summary of the results of operations for the year ended December 31, 2019

For the year ended December 31, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥69.7 billion [3.8%] from the prior year to ¥1,920.0 billion. Domestic revenue increased by ¥48.0 billion [8.3%] from the prior year to ¥625.4 billion because revenue in Water & Environment, whose businesses are mainly related to public works projects, increased mainly due to significantly increased sales of environment-related products and strong sales of ductile iron pipes. In addition, revenue in Farm & Industrial Machinery also increased mainly due to solid sales of farm equipment and engines. Overseas revenue increased by ¥21.7 billion [1.7%] from the prior year to ¥1,294.7 billion mainly due to strong sales of tractors and construction machinery along with gradual economic expansion in the United States while there were some negative impacts mainly of the yen appreciation and inclement weather.

Operating profit increased by ¥12.3 billion [6.5%] from the prior year to ¥201.7 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States. These positive effects compensated for some negative effects such as increased fixed costs and the yen appreciation. Profit before income taxes increased by ¥11.8 billion [6.0%] from the prior year to ¥209.0 billion because operating profit increased. Income tax expenses were ¥53.0 billion. Share of profits of investments accounted for using the equity method was ¥3.1 billion. Profit for the year increased by ¥8.9 billion [6.0%] from the prior year to ¥159.1 billion. Profit attributable to owners of the parent increased by ¥10.5 billion [7.6%] from the prior year to ¥149.1 billion.

Five-year Summary of Key Financial Data

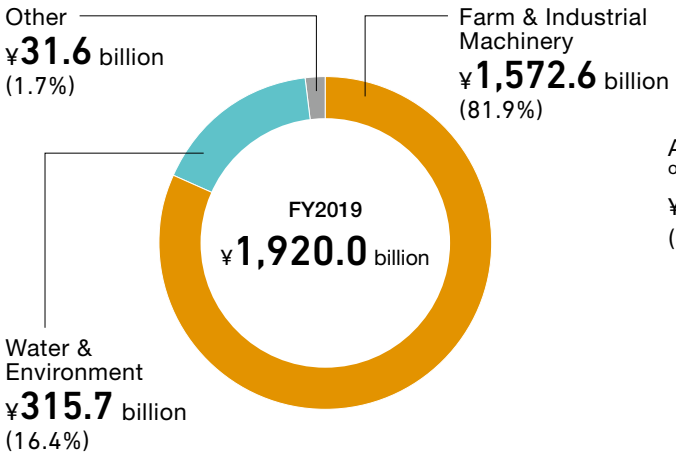
* Terminologies, which differ between U.S. GAAP and IFRS, are presented together in the format, "U.S. GAAP / IFRS."
* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, some indicators for a 12-month period (January 1 to December 31, 2015) are provided for reference.

	U.S. GAAP			IFRS			U.S. GAAP
	2015.12 (9 months)	2016.12	2017.12	2017.12	2018.12	2019.12	2015.12*6
Operating results for fiscal year (billions of yen)							
Revenues / Revenue	¥ 1,244.8	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,688.6
Operating income / Operating profit	166.9	188.8	198.8	200.0	189.3	201.7	222.9
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	169.5	197.0	212.9	214.0	197.2	209.0	224.0
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	110.1	132.5	136.4	134.2	138.6	149.1	149.4
Capital expenditures*1	35.3	65.4	52.2	52.2	64.1	86.7	53.9
Depreciation and amortization*1	31.2	43.4	45.3	45.1	49.6	48.9	41.4
R&D expenses	29.6	43.0	48.1	43.4	53.8	53.1	39.4
Net cash provided by operating activities	197.0	185.0	222.3	137.2	89.1	82.4	205.9
As of fiscal year-end (billions of yen)							
Total assets	¥ 2,532.9	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 2,532.9
Shareholders' equity / Equity attributable to owners of the parent	1,140.3	1,198.8	1,301.3	1,291.1	1,339.9	1,442.8	1,140.3
Interest-bearing debt / Interest-bearing liabilities	768.7	818.0	836.6	834.1	839.3	903.0	768.7
Per share data (yen)							
Earnings per share (EPS)	¥ 88.47	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 119.93
Book-value per share (BPS)	916.28	966.19	1,054.86	1,046.55	1,087.44	1,182.72	916.28
Annual cash dividend	28	30	32	32	34	36	—
Financial indicators							
Operating margin (%)	13.4	11.8	11.4	11.4	10.2	10.5	13.2
ROA*2 (%)	—	7.6	7.7	7.8	6.9	6.9	9.0
ROE*3 (%)	—	11.3	10.9	10.8	10.5	10.7	13.5
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	45.0	44.9	45.6	45.6	46.3	46.0	45.0
Payout ratio (%)	31.6	28.1	29.0	29.5	30.2	29.6	—
Shareholder return ratio*4 (%)	33.9	32.7	38.6	39.3	32.3	42.7	—
Net debt equity ratio*5 (times)	0.55	0.54	0.47	0.47	0.46	0.49	0.55

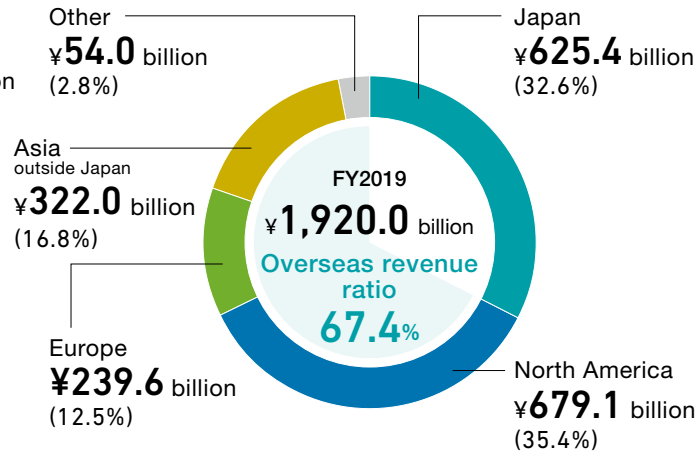
*1 Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 *Leases* are not included.
*2 ROA:
[U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
[IFRS] Profit 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
*6 12 months, reference data

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

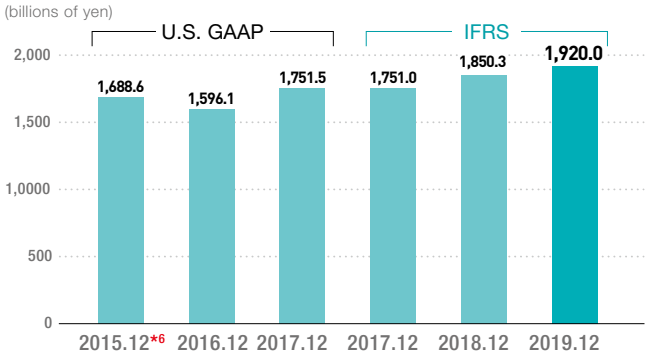
Revenue by Reportable Segment



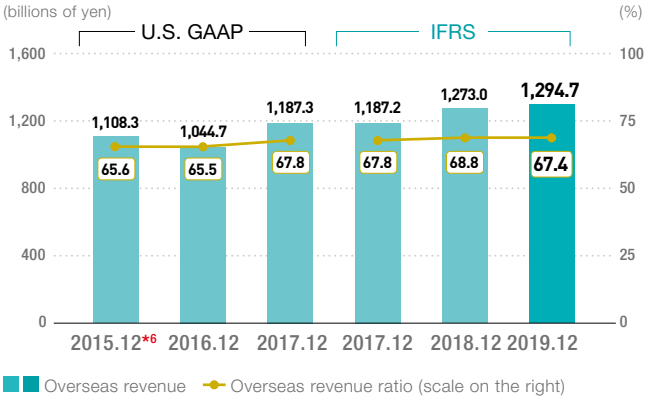
Revenue by Region



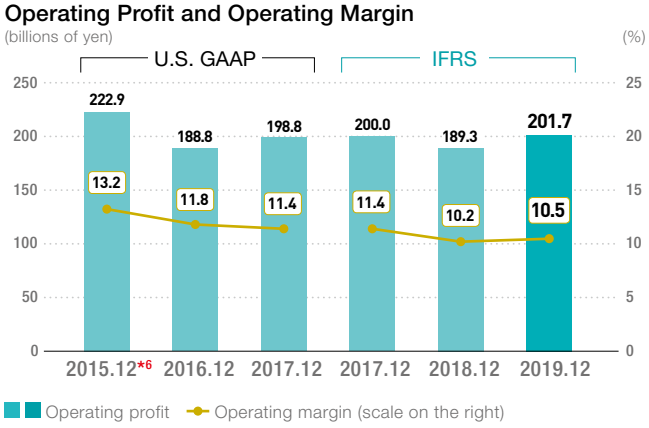
Revenue



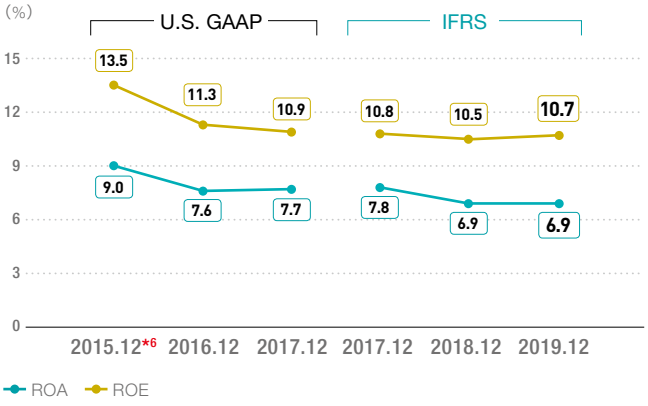
Overseas Revenue and Overseas Revenue Ratio



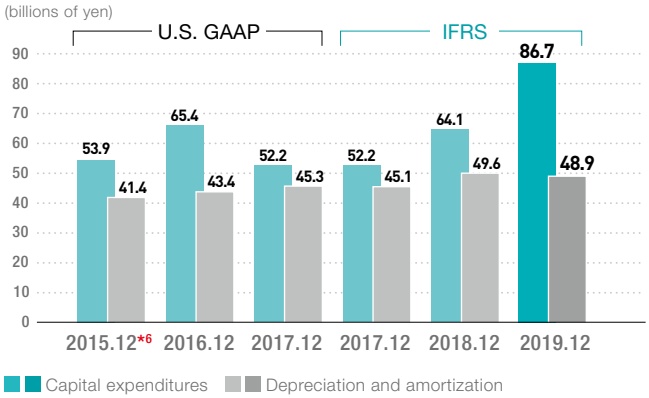
Operating Profit and Operating Margin



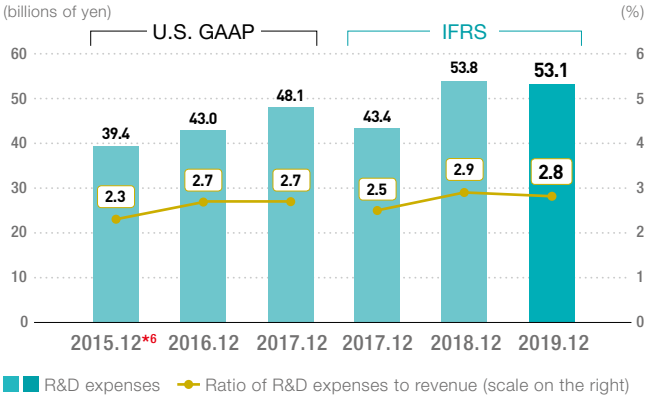
ROA*2 and ROE*3



Capital Expenditures, Depreciation and Amortization*1

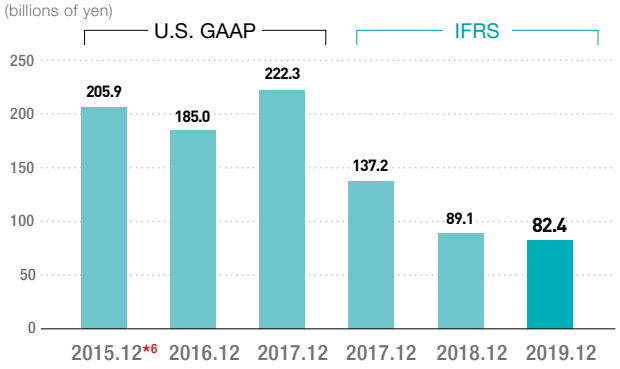


R&D Expenses and the Ratio of R&D Expenses to Revenue



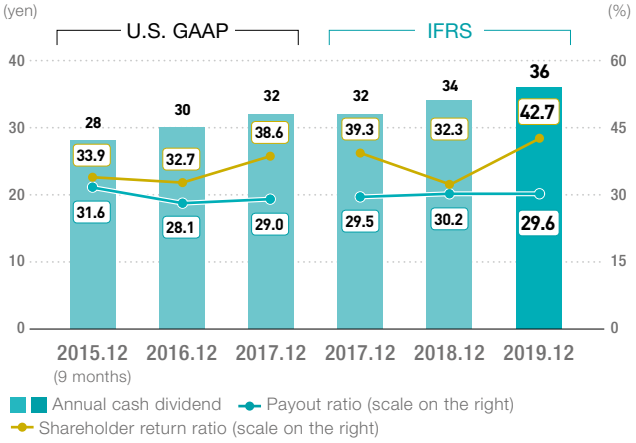
Net Cash Provided by Operating Activities

(billions of yen)



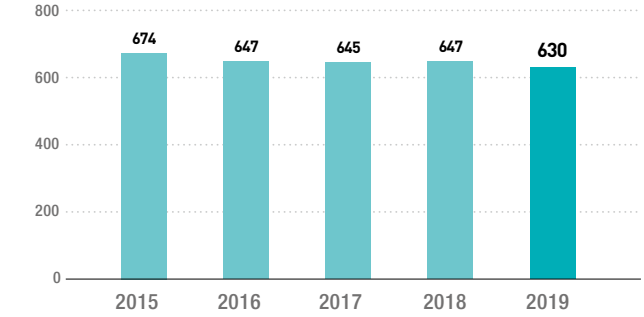
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio*4

(yen) (%)



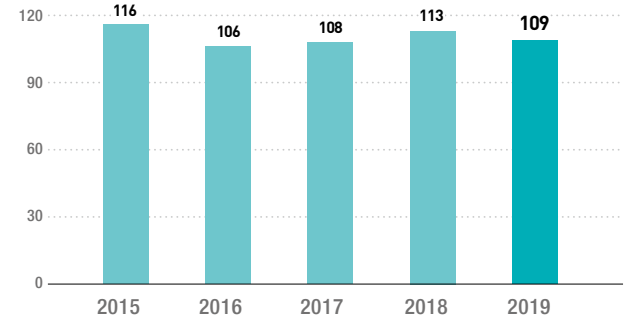
CO_2 Emissions*7

(kilotons CO_2e)



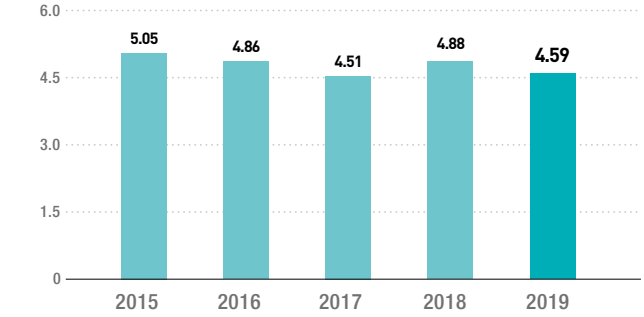
Waste Discharge*7

(kilotons)



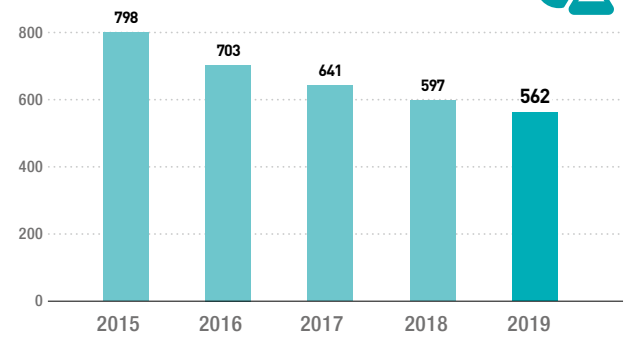
Water Consumption*7

(million m^3)



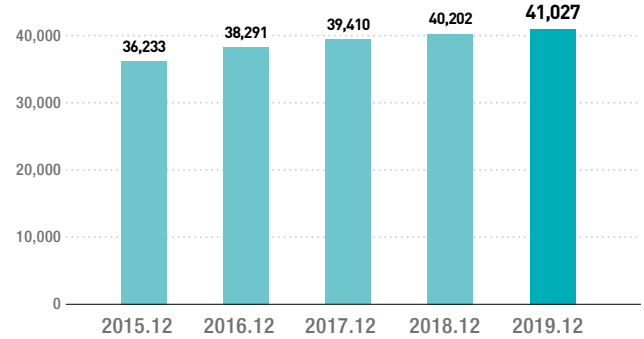
VOC (Volatile Organic Compound) Emissions*7

(tons)



No. of Employees

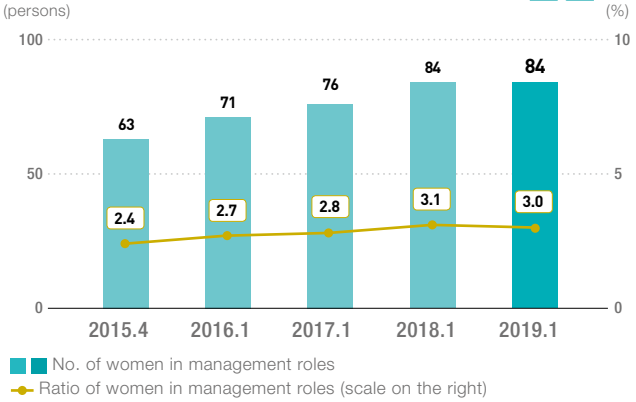
(persons)



No. of Women in Management Roles

(Kubota Corp.)

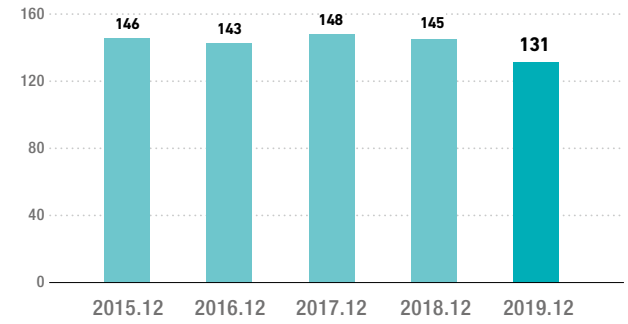
(persons) (%)



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

No. of Employees who Have Completed Foreign Language Training (Kubota Corp.)*8

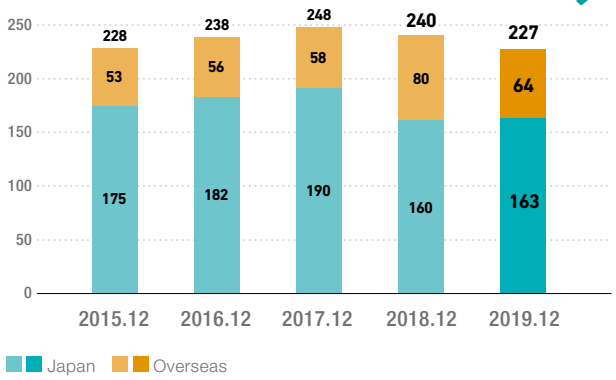
(persons)



*8 The totals for the period from January 1 to December 31 of each year.

No. of Participants in the Technical Skills Contest

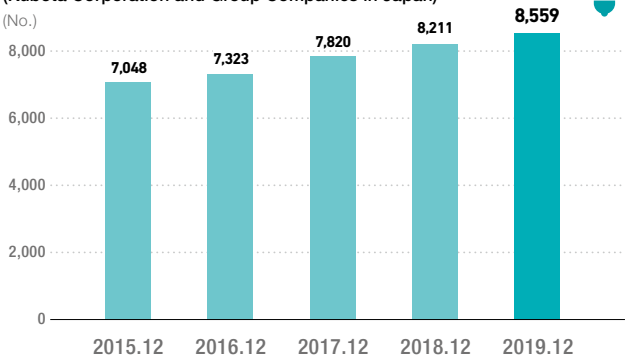
(persons)



No. of Patents/New Utility Models Possessed

(Kubota Corporation and Group Companies in Japan)

(No.)



Inclusion in ESG Indices

Kubota's ESG initiatives have been highly rated and it has been included as a constituent in ESG investment indices in Japan and overseas. The Company has been selected as a constituent in the following ESG investment indices, including the DJSI Asia Pacific, which is the Asia-Pacific version of the Dow Jones Sustainability Indices (DJSI)—a global ESG investment index, and all ESG investment indices★ used by the Government Pension Investment Fund (GPIF).

< General Indices with ESG Constituents >

MSCI Japan ESG Select Leaders Index★

FTSE4Good Index Series

FTSE Blossom Japan Index★

Dow Jones Sustainability Indices

ISS ESG Corporate Rating

Ethibel EXCELLENCE Investment Register

< Environmental Themed Indexes >

S&P/JPX Carbon Efficient Index★

< Social Theme Type >

MSCI Japan Empowering Women Index (WIN)★

(As of April 1, 2020)

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. Toward the realization 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

Having established the “For Earth, For Life” Brand Statement as its concept for environmental management, the Kubota Group balances its business growth and contribution to environmental conservation through its environment-friendly products, technologies, services and corporate activities and 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, “Tackling 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.

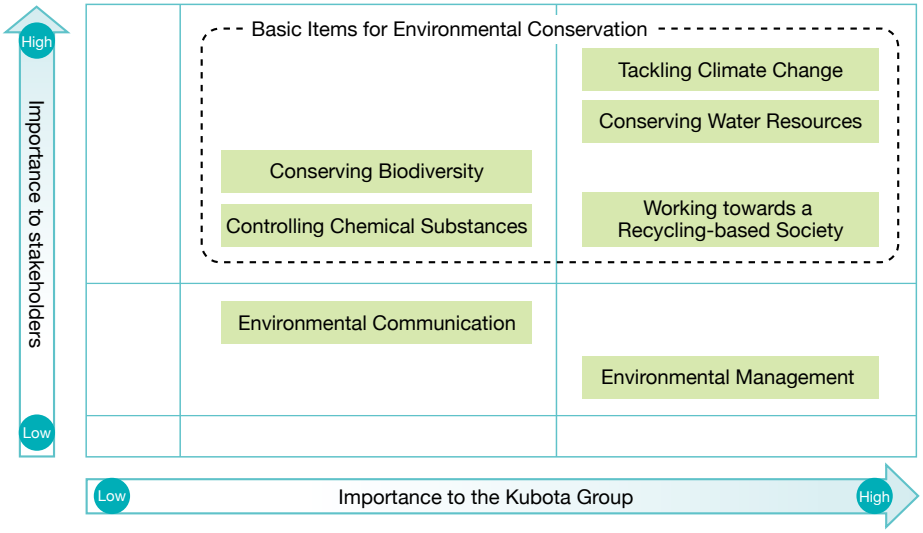
Materiality

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 Environmental Management Strategy Committee 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

Tackling 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 in the corporate value chain as well as undertaking adaptive measures designed to reduce 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. 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 garbage generated 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.

		Anticipated Risks and Opportunities
Tackling Climate Change	Risks	Higher costs coinciding with compliance to stricter energy saving-related regulations, etc.
		Higher manufacturing costs due to soaring energy prices
		Negative impacts on Kubota and supplier operations due to climate change-triggered natural disasters
		Changes in agricultural style due to more pests, lower crop yields, and relocation of suitable farming land, etc.
		Removal of low energy-saving products as a result of greater interest in climate change among the market and customers
	Opportunities	Contribution to greenhouse gas emissions control through the launch of products and services, etc., that enable energy savings and energy creation
		Improve energy efficiency through energy-saving measures, such as upgrading to high-efficiency equipment at business sites
		Expand climate change adaptation business based on the delivery of agricultural solutions that correspond to changes in agricultural styles
Working towards a Recycling-based Society	Risks	Higher costs coinciding with compliance to import and export regulations on discarded plastic and stricter waste-related regulations, etc.
		Higher manufacturing costs due to resource depletion and soaring resource prices
		Higher costs coinciding with the development and production of resource recycling-based products made from recycled materials, etc.
	Opportunities	Contribution to the effective use of resources through the launch of products that consider resource recycling, including the use of recycled materials, and through the deployment of environmental and waste-disposal services
		Improve resource efficiency through resource conservation measures at business sites
		Improve product sustainability through easier maintenance and the promotion of used product recycling
Conserving Water Resources	Risks	Fines and shutdowns due to non-compliance with wastewater standards, etc., and lower social credibility, higher costs coinciding with stricter water-related regulations, etc.
		Negative impacts on production activities due to higher manufacturing costs resulting from soaring water prices and water-use restrictions, etc.
		Negative impacts on Kubota and supplier operations due to flooding, droughts, and other disasters
		Lower crop yields due to shortage of water resource, changes in agricultural styles due to relocation of suitable farming land
		Higher costs coinciding with the design and development of products and services suited to the needs of regions with high water risk
	Opportunities	Contribution to social infrastructure through the delivery of water environment-related products that ensure access to safe and secure water, wastewater treatment and recycling treatment facilities that comply with stricter regulations, and solutions that help solve water-environment issues, etc.
		Improve water use efficiency through water conservation and wastewater reuse at business sites, etc.
		Expand climate change adaptation business based on the supply of water infrastructure that is highly resistant to flooding, droughts, and other disasters
Controlling Chemical Substances	Risks	Fines and shutdowns, etc., due to non-compliance with chemical substance-related environmental standards, etc., and lower social credibility, and higher costs coinciding with stricter chemical substance-related regulations, etc.
	Opportunities	Contribution to reduced environmental loads through the launch of products compliant with emissions gas regulation and toxic substance use regulation
		Reduce exposure risk through the decreased use of potentially toxic substances at business sites
		Improve painting efficiency through the reduced use of paints and improved yields, etc., at business sites
Conserving Biodiversity	Risks	Fines and litigation due to violation of biodiversity-related regulations
		Shortages and higher procurement costs of raw materials due to declining natural capital
		Litigation raised by local communities and lower social credibility due to inappropriate land use, pollutant emissions, and excessive resource consumption, etc.
	Opportunities	Contribution to the conservation of biodiversity through the launch of products that assist soil and water area conservation and products that control gas emissions, noise, and vibration, etc.
		Improve brand image through activities that consider biodiversity and environmental communication with local communities, etc.

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 P57-70)		
	Design and development, procurement	Manufacturing and distribution	Use and disposal
Tackling Climate Change (P38-42)	• Optimal regional procurement	• Reduce waste and loss in the use of energy based on the Kubota Production System concept • Recover and reuse waste energy • Expand use of renewable energy • Improve distribution efficiency • Promote modal shift	• Lower fuel consumption • Improve efficiency and save labor for work and management • Conserve energy during construction
Working towards a Recycling-based Society (P43-46)	• Use recycled materials • Reduce the number of parts	• Conserve resources • Promote the 3Rs for waste and convert waste into functional materials • Reduce plastic • Reduce packing material • Ensure proper waste management	• Extend product life • Improve ease of maintenance • Promote product recycling • Ensure proper disposal
Conserving Water Resources (P47-49)	• Assess water risks	• Promote the 3Rs for water resources • Ensure proper wastewater management • Promote BCP measures	• Save water consumption • Promote purification or recycling of wastewater
Controlling Chemical Substances (P50-53)	• Reduce the use of substances of concern	• Reduce VOC emissions • Substitute for organic solvents • Ensure proper chemical substance management	• Make exhaust gas cleaner • Reduce environmental loads on soil and water areas
Conserving Biodiversity (P54-56)	• Assess the impact on natural capital	• Manage and reduce the environmental loads • Beautification and greening of business sites and neighborhoods	• Conserve soil and water areas • Reduce noise and vibration
Environmental Management (P71-75)	• 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 (P76-80)	• 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

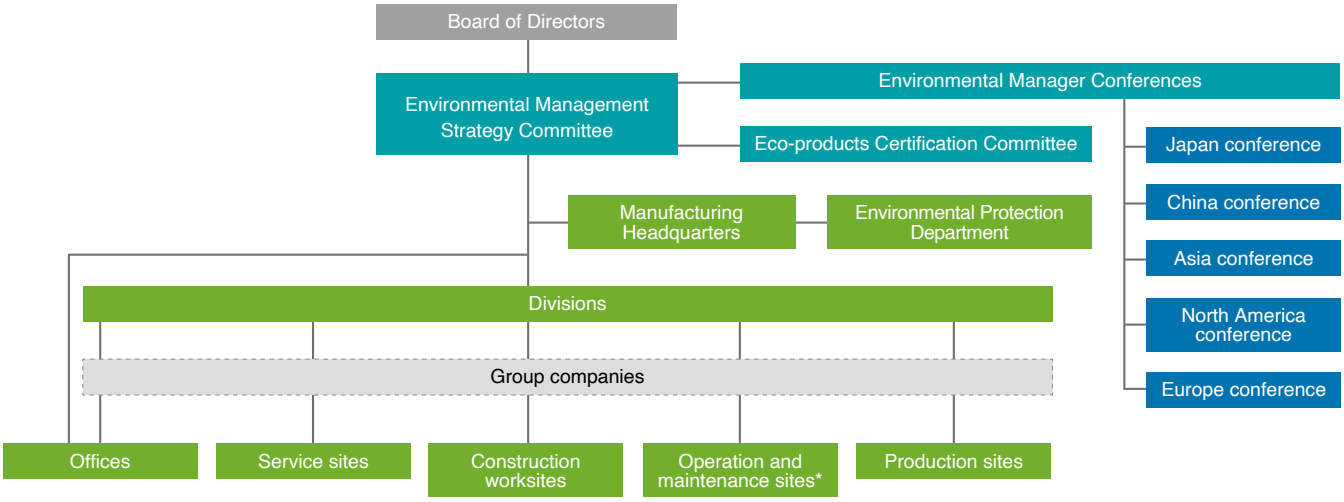
The Kubota Group environmental conservation activities are deeply related to the SDGs. In order to illustrate the relationship between our environmental conservation activities and the SDGs, we have organized their connections with the SDG targets.

View the list of related SDGs and targets
www.kubota.com/company/environment/sdgs/img/SDGs_target_list.pdf

Environmental Management Promotion System

Organization Structure

In 2014, the Environmental Management Strategy Committee was newly established to take a more strategic and innovative approach to environmental management by management-led promotion. 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

Environmental Management Strategy Committee

The Environmental Management Strategy Committee is comprised of the President and all inside Directors, the General Manager of Planning and Control Headquarters, the General Manager of Manufacturing Headquarters, the General Manager of Research and Development Headquarters, the General Manager of Procurement Headquarters, and the General Manager of CSR Planning and Coordination Headquarters.* The Committee discusses 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. It determines priority items and plans that should be carried out in order to reduce environmental impacts and risks, and to enhance the lineup of environment-friendly products. In 2019, the Environmental Management Strategy Committee was held in May and November.

Environmental Management Strategy Committee

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 swift environmental management led by members at the management level.

* General managers are either directors or executive officers.

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.

In 2019, conferences for North America, Asia, Europe and Japan were held. Environmental managers and staff members of six companies with business sites in the US and Canada gathered for the North America Conference, the same from seven companies with sites in Thailand, Indonesia, Vietnam and India gathered for the Asia Conference, and representatives from eight companies with sites in Germany, France, the Netherlands and Norway attended the Europe Conference. Environmental managers from relevant mother plants in Japan also attended the respective conferences. 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 identified areas where improvements should be made at plants.

As for conferences held overseas, 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.

In Japan, two subcommittees have been established under the Environmental Manager Conference. In 2019, the Antipollution Subcommittee discussed and drafted measures regarding the Group's environmental risk assessment of wastewater treatment facilities, while the Waste Subcommittee did the same in order to further accelerate the Group's efforts on addressing the global issue of plastic waste.

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 and its subcommittees.

* Overseas, the conference is held as the Safety and Health / Environmental Manager Conference, and is also aimed at strengthening the safety and health aspects.

North America Conference
Kubota Manufacturing of America Corporation (US)

Europe Conference
Kubota Farm Machinery Europe S.A.S (France)

Asia Conference
SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)

Japan Conference
Kubota Head Office

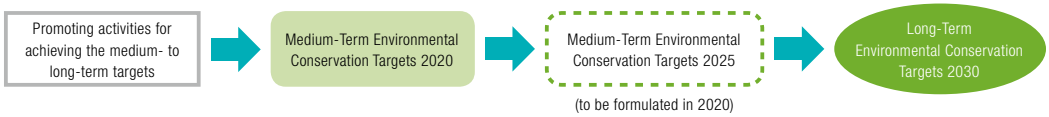
Medium- and Long-Term Environmental Conservation Targets and Results

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 been promoting environmental activities by formulating its medium- and long-term targets for environmental conservation. In 2016, the Kubota Group formulated its Long-Term Environmental Conservation Targets 2030 and Medium-Term Environmental Conservation Targets 2020. Toward achieving these targets, the Kubota Group is advancing systematic initiatives in both the production and product development stages. Moreover, the Kubota Group checks its target items against the SDG goals and targets, thereby identifying the areas in which the Group can contribute to solving issues.

Long-Term Environmental Conservation Targets 2030

In order to achieve its Long-Term Environmental Conservation Targets 2030, the Kubota Group formulates its Medium-Term Environmental Conservation Targets every five years as an approach for deploying highly effective activities.

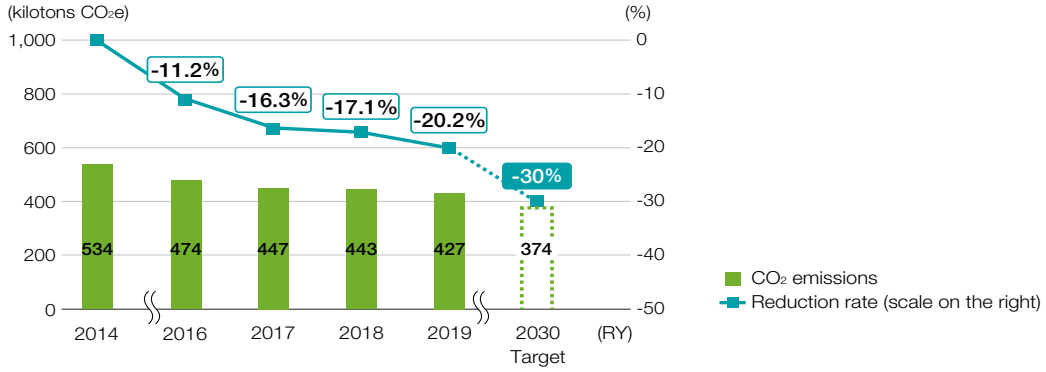


Tackling Climate Change

Goal	**Reduce** CO_2 emissions from the Kubota Group in Japan* by **30%** compared to the base year RY2014.
Result	In RY2019, CO_2 emissions of the Kubota Group in Japan* were **reduced** by **20.2%** compared to the base year RY2014.

* CO_2 emissions include greenhouse gases from non-energy sources.

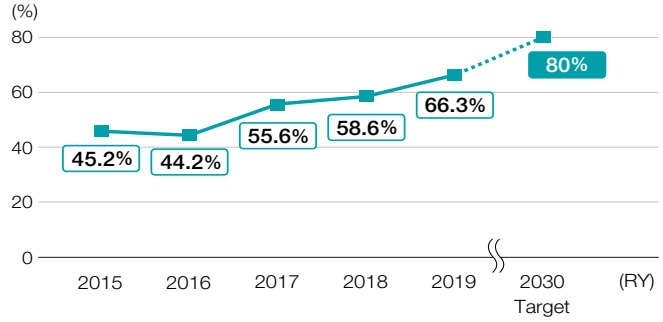
Trends in CO_2 Emissions of the Kubota Group in Japan



Efforts to Develop Environment-friendly Products

Goal	**Increase** the sales ratio of Eco-Products-certified products* to **80%** by 2030. Aim to put all new products which are certified as Eco-Products in the market in 2030 and later.
Result	The sales ratio of Eco-Products-certified products* was **66.3%** in RY2019.

Trends in Sales Ratio of Eco-Products-certified 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).

Medium-Term Environmental Conservation Targets 2020

Since 2016, the Kubota Group has been advancing initiatives toward achieving the Medium-Term Environmental Conservation Targets 2020. Each business site and division determined the measures to take, formulated an implementation plan, taking into consideration fluctuations in the volume and contents of business, and has been implementing the plan. The results for RY2019 are as shown in the table below. As in the previous year, global production sites achieved their RY2020 targets for all items earlier than planned, and have continued to promote initiatives towards improving the indicators per unit of production. For the product segment, 64 products were newly certified as Eco-Products, including 3 Super Eco-Products, increasing their sales ratio by 7.7 points from the previous year to 66.3%.

Targets for Global Production Sites

SDGs	Issue	Action item	Management indicator*3	Base RY	Target for RY2020*5	Result of RY2019*5	Achievement Status
13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY	Tackling Climate Change	Reduce CO_2*1	CO_2 emissions per unit of production	2014	▲14%	▲17.1%	We are promoting energy-saving for production equipment, lighting, air conditioning; fuel conversion; introduction of renewable energies; and measures for heat insulation of buildings, etc.
		Save energy	Energy consumption per unit of production	2014	▲10%	▲14.3%	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲10%	▲21.4%	We are promoting thorough sorting of wastes and converting waste into valuable materials.
			Recycling ratio*4 (Japan)	—	Maintain 99.5% or more	99.7%	We are maintaining the existing level through continuous efforts.
			Recycling ratio*4 (Overseas)	—	Maintain 90.0% or more	91.8%	We are promoting the reduction of the amount of waste sent to landfills by changing contractors.
6 CLEAN WATER AND SANITATION	Conserving Water Resources	Conserve water resources	Water consumption per unit of production	2014	▲10%	▲19.5%	We are promoting recycling of wastewater and saving of water use.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Controlling Chemical Substances	Reduce VOCs*2	VOC emissions per unit of production	2014	▲10%	▲38.1%	We are promoting the elimination or reduction of VOC-contained paint and thinner.

Targets for Products

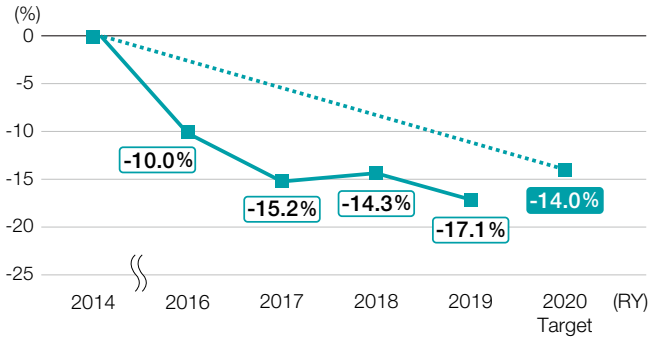
SDGs	Issue	Action item	Management indicator	Target for RY2020	Result of RY2019	Achievement Status
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Improving Product's Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products*6	60% or more	66.3%	In RY2019, 64 items were newly certified as Eco-Products.
		Promote recycling	Usage ratio of recycled materials*7	Maintain 70% or more	More than 70%	We are maintaining the usage ratio of recycled materials higher than the target.
		Develop vehicles compliant with exhaust gas regulations	Development of industrial diesel engines that comply with the latest emissions regulations, and launch onto the market of products with such engines*8		The following products*9 equipped with the engines that comply with the emissions regulations were launched onto the market. Tractor MR Series MR1007 Conforming to the Korean Agricultural Machinery Regulations Tier 4 (56 kW and above, lower than 130 kW) Combine harvester Agri Robo Combine Harvester DR6130A Conforming to the Japan Regulations on Emissions from Non-Road Special Motor Vehicles (56 kW and above, lower than 130 kW, Regulation 2014)	

*1 CO_2 emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO_2 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 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.
*5 ▲ indicates a negative figure.
*6 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
*7 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.))
*8 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
*9 Major products launched onto markets in 2019

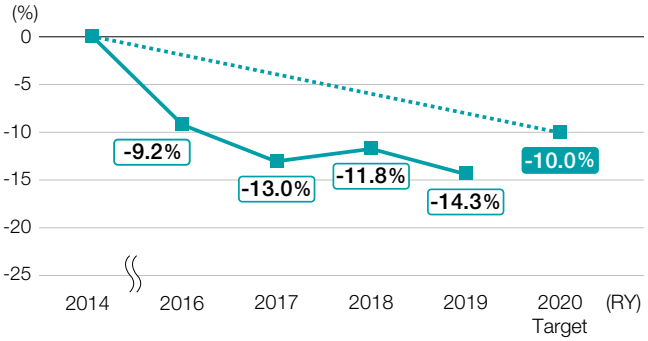
The environmental information provided in the KUBOTA REPORT 2020 <Full Version> has received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indexes subject to assurance are marked with the "🔍" symbol.

The results for Medium-Term Environmental Conservation Targets 2020

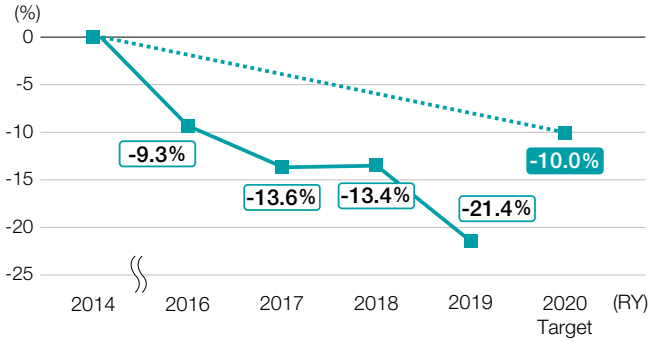
Trends in Reduction Ratio of CO_2 Emissions per Unit of Production



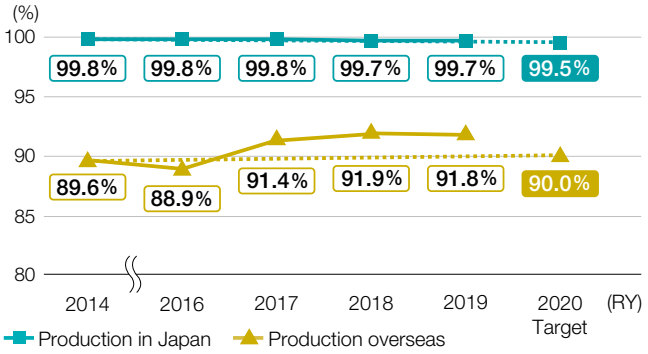
Trends in Reduction Ratio of Energy Use per Unit of Production



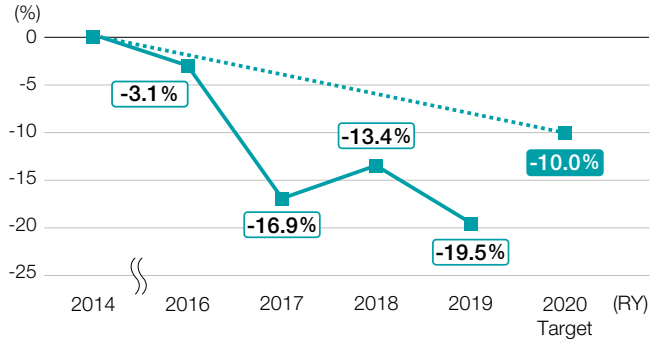
Trends in Reduction Ratio of Waste Discharge per Unit of Production



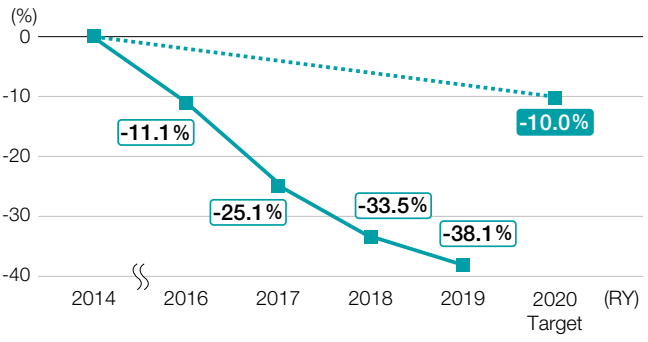
Trends in Waste Recycling Ratio



Trends in Reduction Ratio of Water Consumption per Unit of Production



Trends in Reduction Ratio of VOC Emissions per Unit of Production



Products with Engines Compliant with the Latest Exhaust Gas Regulations (Major Products Launched onto Markets in 2019)

Tractor MR Series MR1007 (Korea)

Combine harvester Farm Pilot Series Agri Robo Combine DR6130A

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. According to the Medium- and Long-Term Environmental Conservation Targets, the Group has renewed its Eco-First Commitment and was recertified as an Eco-First Company in October 2017.

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

Eco-First Mark

Tackling Climate Change

The Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC), states that the "warming of the climate system is unequivocal," and that it is extremely likely that human influence has been the dominant cause of the observed warming since the mid-20th century. Moreover, a new phase of the Paris Agreement—an international framework for tackling climate change—will kick off in 2020, which indicates that the initiatives of individual companies to reduce greenhouse gases are growing increasingly important.

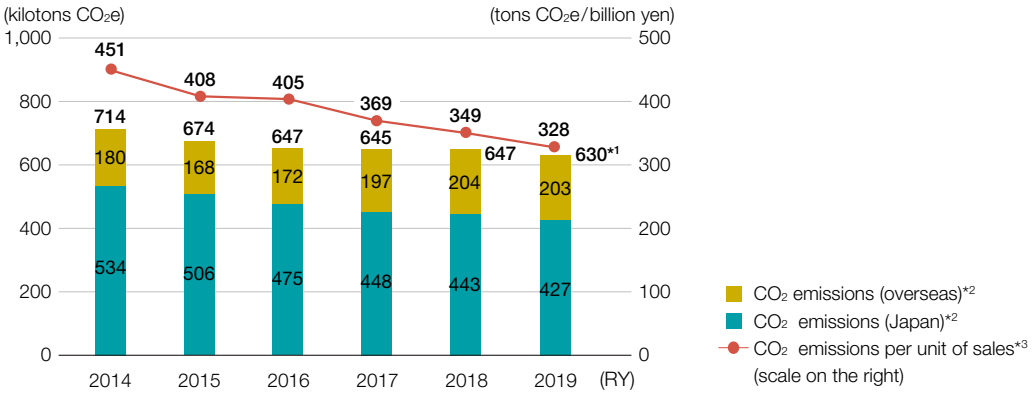
The Kubota Group sees tackling climate change as one item of materiality and has been advancing initiatives toward the "mitigation" of climate change by reducing greenhouse gas emissions mainly through energy-saving activities and the introduction of renewable energy sources and "adaptation" to be prepared for the impact of climate change.

Mitigation of Climate Change

CO_2 Emissions (Scope 1 and Scope 2)

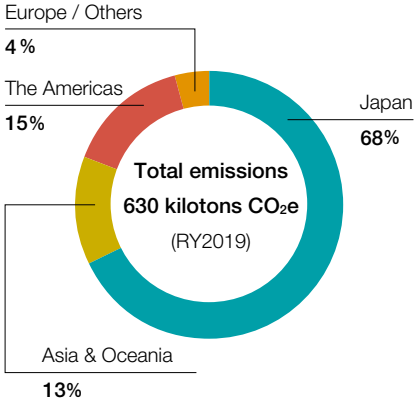
In RY2019, CO_2 emissions were 630 kilotons CO_2e, a decrease of 2.6% compared to the previous reporting year. Additionally, CO_2 emissions per unit of sales improved by 6.1% compared to the previous reporting year. In addition to the implementation of reduction measures, these are mainly due to the improvement of the emission coefficients for each electricity utility and a reduction in production volume at cast iron production sites in Japan.

Trends in CO_2 Emissions and Emissions per Unit of Sales

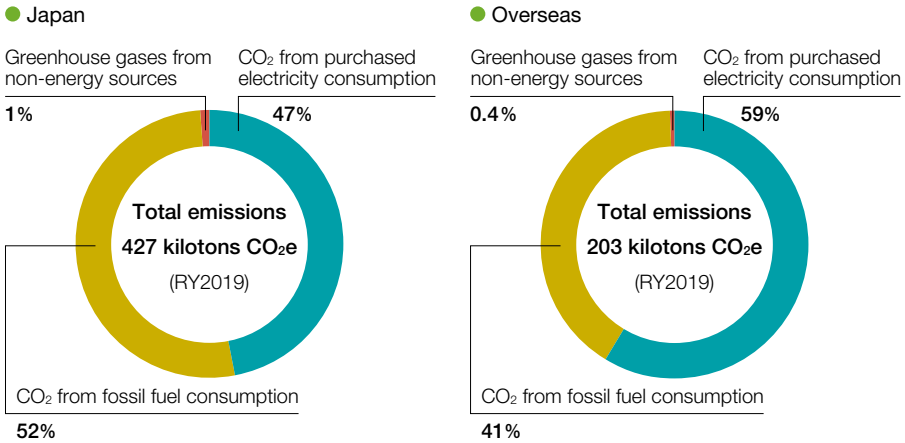


*1 CO_2 emissions (630 kilotons CO_2e) include portions of CO_2 that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (19 kilotons CO_2e).
*2 CO_2 emissions include greenhouse gases from non-energy sources.
*3 CO_2 emissions per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from RY2018.
*4 CO_2 emissions for RY2016 and RY2017 and CO_2 emissions per unit of sales for RY2017 were corrected to improve accuracy.

CO_2 Emissions by Region

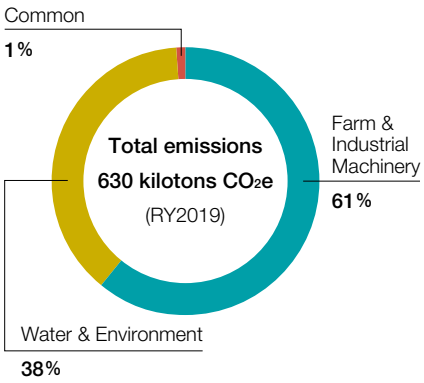


CO_2 Emissions by Emission Source

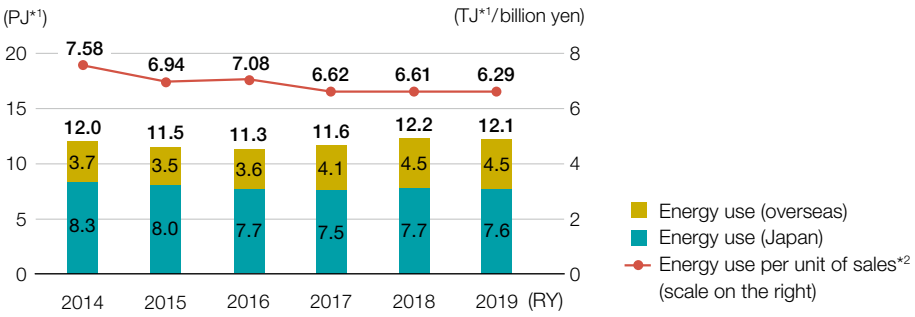


For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

CO_2 Emissions by Business



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



*1 PJ = 10^{15}J, TJ = 10^{12}J

*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 RY2018.

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

Measures to Reduce CO_2 Emissions

The Kubota Group has established its Medium- and Long-Term Environmental Conservation Targets (p.35-36) and is devoting efforts to reducing CO_2 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 the plans are reviewed, Internal Carbon Pricing* is introduced to calculate their effect on reducing CO_2 emissions and energy consumption, as well as the investment cost for the amount of CO_2 reduced, in the capital expenditure plans. The effectiveness and economical rationality of each project are identified from an environmental standpoint and used as resources for making investment decisions.

Some of the specific reduction measures that have been implemented 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, all global sites have been expanding their use of LED lighting. In RY2019, initiatives included a change in fuel for production equipment and heaters.

Installation of solar power generation system
Kubota Sakai Rinkai Plant

We are also accelerating the introduction of renewable energy. In RY2019, a new solar power generation system came online at the Kubota Sakai Rinkai Plant. This brought the renewable energy consumption of the entire Group to 2,604 MWh, an increase of 8.0% compared to RY2018.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for CO_2 reduction, global production sites achieved a reduction of 38.8 kilotons CO_2e in RY2019 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 1.14 billion yen compared to RY2014. CO_2 emissions per unit of production in RY2019 improved by 17.1% compared to RY2014.

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

VOICE

Installing Mega Solar Power Systems to Reduce CO_2 Emissions

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (KAMS) (China) installed a solar panel with an output of 3.59MW on the roof of its plant.

We manufactures tractors, combine harvesters, and rice transplanters. Energy consumption at KAMS rose sharply, along with CO_2 emissions, when the company's second plant commenced operations in November 2017. In order to significantly reduce its CO_2 emissions, KAMS installed a mega solar power generation system in 2019 and started generating its own electricity in January 2020.

The mega solar power system is expected to generate around 3,220 MWh annually, which corresponds to a reduction of approximately 2,463 tons of CO_2 emissions if the total amount of electricity is consumed.

We will continue working to further reduce our CO_2 emission.

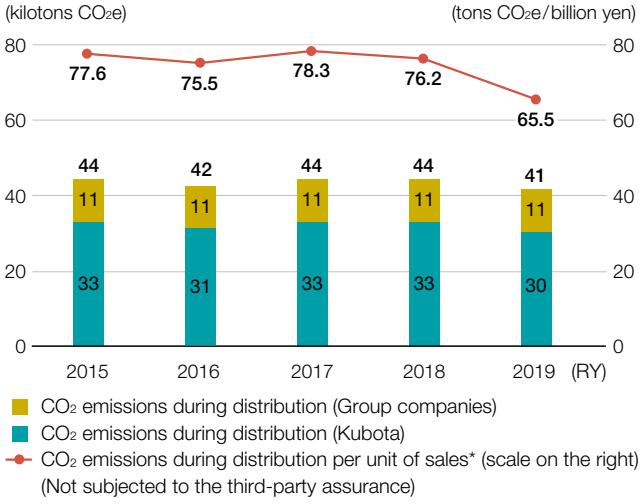
Kubota Agricultural Machinery (Suzhou) Co., Ltd.
Environmental Management Department
Yan Peisong

Solar panels installed

CO_2 Emissions during Distribution

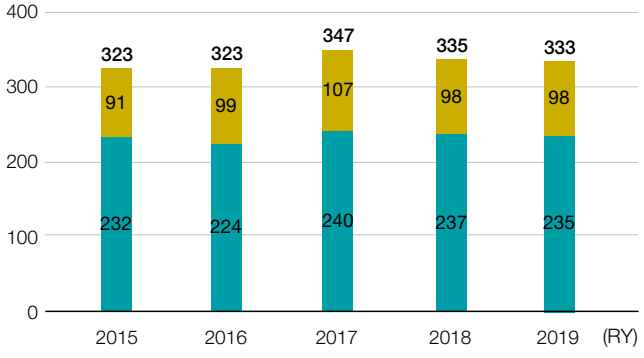
In RY2019, CO_2 emissions during distribution were 41 kilotons CO_2e, a decrease of 6.9% compared to the previous reporting year. Additionally, CO_2 emissions during distribution per unit of sales improved by 14.1% compared to the previous reporting year. The Kubota Group continuously promotes various initiatives, including such as improving loading efficiency and realizing a modal shift through the use of ships.

Trends in CO_2 Emissions during Distribution and Emissions per Unit of Sales (Japan)



(Not subjected to the third-party assurance)

Trends in Freight Traffic (Japan)



* CO_2 emissions during distribution 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 RY2018.

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

CO_2 Emissions throughout the Value Chain

The Kubota Group makes concerted efforts to figure out CO_2 emissions throughout the value chain in addition to its business sites. Following guidelines*, we calculate CO_2 emissions based on Scope 3, and continue to expand the categories in the Scope of its calculation of CO_2 emissions.

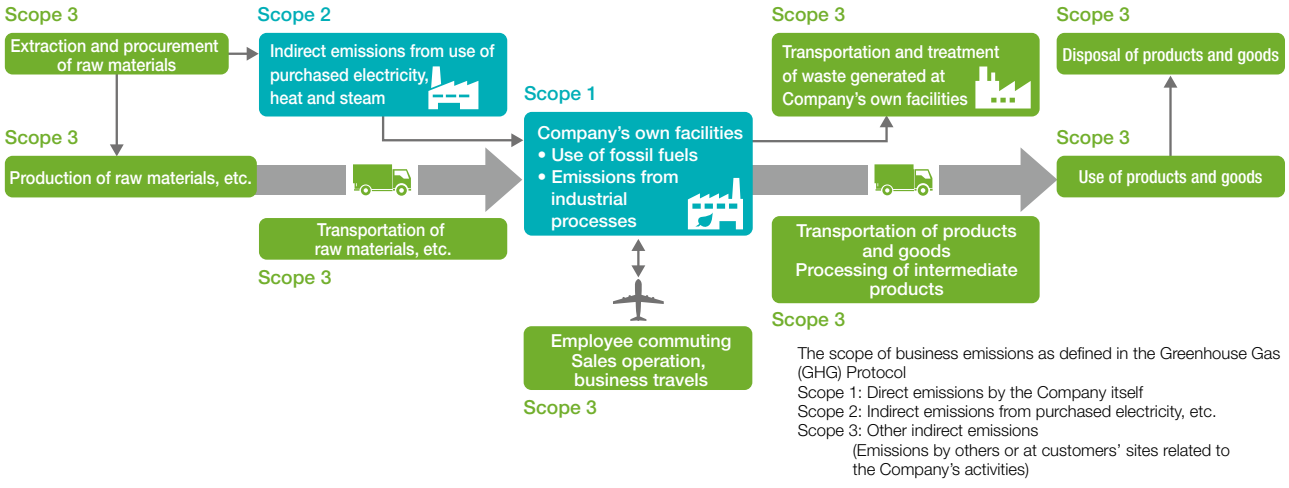
* Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry

CO_2 Emissions in Each Stage of Value Chain

Classification				Scope of calculation	CO_2 emissions (kilotons CO_2e)		
					2017	2018	2019
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1)			Use of fossil fuels	292	309	303
				Non-energy-derived greenhouse gas emissions*1	8	7	7
	Indirect emissions (Scope 2)			Purchased electricity use	346	331	320
Upstream and Downstream emissions	Other indirect emissions (Scope 3)	Category	1	Resource extraction, manufacturing and transportation related to purchased goods/services	2,412	2,391	2,446
			2	Manufacturing and transportation of capital goods such as purchased equipment	175	215	290
			3	Resource extraction, manufacturing and transportation related to purchased fuels/energy	26	27	27
			4	Transportation of purchased products, etc.	Not calculated	Not calculated	Not calculated
			5	Disposal of wastes discharged from business sites	18	20	26
			6	Employee business travels	9	10	10
			7	Employee commuting*2	3	3	6
			8	Operation of assets leased to the Kubota Group	Not applicable	Not applicable	Not applicable
			9	Transportation of sold products*3	44	180	184
			10	Processing of intermediate products	59	173	320
			11	Use of sold products	21,486	21,060	21,176
			12	End-of-life treatment of sold products	44	42	42
			13	Operation of assets leased to other entities	Not applicable	Not applicable	Not applicable
			14	Operation of franchises	Not applicable	Not applicable	Not applicable
			15	Investments	Not applicable	Not applicable	Not applicable

*1 The value for RY2017 was corrected to improve accuracy.
*2 In addition to the data for Japan, CO_2 emissions from overseas subsidiaries have been included from RY2019.
*3 In addition to the data for Japan, CO_2 emissions associated with the overseas shipping of certain products from Japan have been included from RY2018.

Example Activities of Each Scope



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

Various impacts are being felt by the progression of climate change, such as the frequent occurrence of weather disasters, changes in agricultural practices, and an increase in the number of heat stroke cases. The response to climate change needs to include measures to reduce greenhouse gas emissions, as well as to avoid or reduce 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		• 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	• 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 is highly effective during disasters such as typhoons and torrential rainfall
	Drought	• 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	• 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		• 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 Water Pump Vehicle for Disaster Recovery

With all the equipment necessary for effective drainage, including a drainage hose, a control panel, and a generator, as well as a lightweight specialized submersible pump that a person can easily carry, the equipment can be dispatched immediately to sites where flooding is in progress due to torrential rains and rapidly drain water from the location.

Drainage Pump with Vehicle for Disaster Recovery

Initiatives taken at Business Sites

Efforts at our business sites include the formulation of BCPs and disaster response manuals. 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.

Installation of Weather-Resistant Roofing Material

Kubota Manufacturing of America Corporation (US) installed weather-resistant roofing material (thermoplastic olefin sheets) to improve resistance against torrential downpours and high temperatures.

Installation of weather-resistant roofing material (left) and the roof after installation (right)

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 that resulted in marine plastic pollution in the world's oceans has now become a new problem for society.

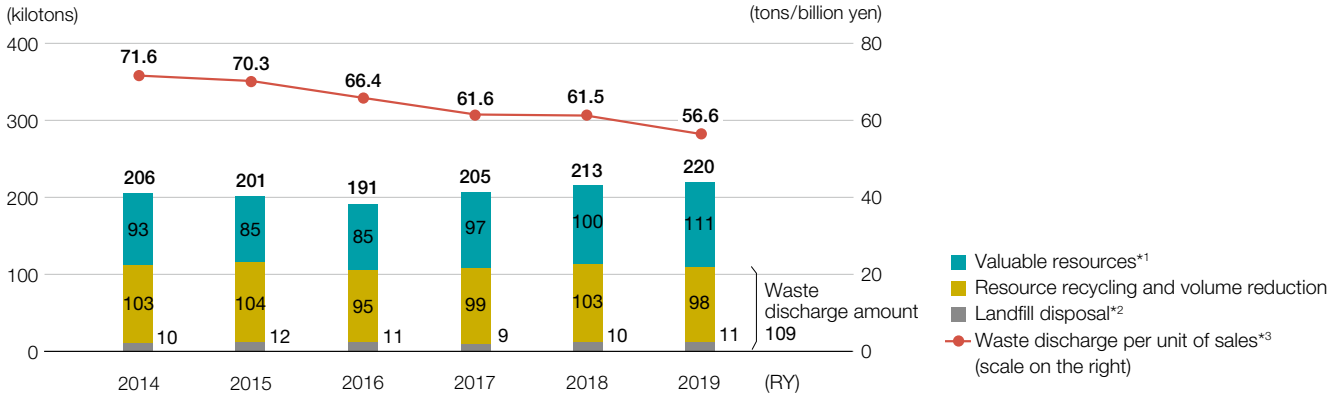
The Kubota Group sees working towards a recycling-based society as one item of its materiality, and has been advancing initiatives to promote "reduce" (reducing the amount generated), "reuse" (internal recycling and reuse), and "recycle" (improving the recycling ratio) of waste, in addition to initiatives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

Waste, etc., from Business Sites

In RY2019, the waste discharge amount was 109 kilotons, a decrease of 4.4% compared to the previous reporting year. Additionally, waste discharge per unit of sales improved by 7.9%. These are mainly due to promoting conversion to valuable material of the waste casting sand at cast iron production sites, as well as a reduction in production volume at cast iron production sites in Japan.

Of the waste, etc., discharge amount in RY2019, the amount of hazardous waste discharge was 3.1 kilotons in Japan and 2.7 kilotons overseas.

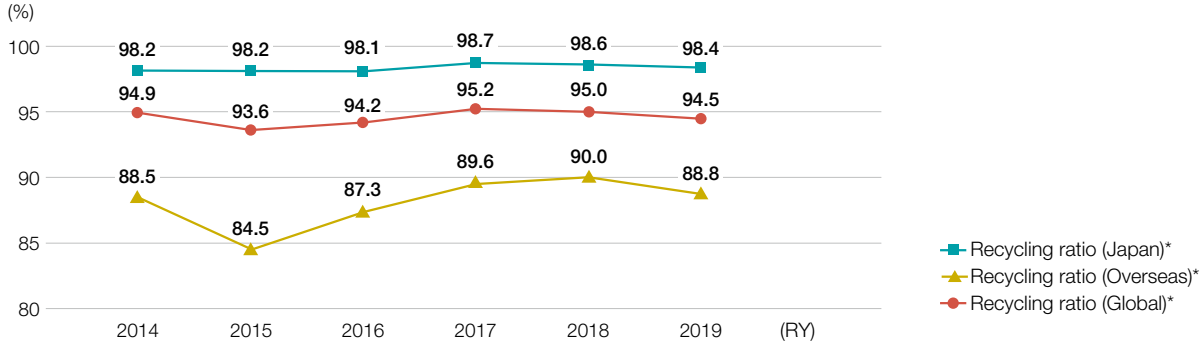
Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



*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 RY2019, 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. The valuable resources figure for RY2019 calculated using the previous standard would be 117 kilotons.
*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 RY2018.
Waste discharge = Resource recycling and Volume reduction + Landfill disposal

The recycling ratio in RY2019 was 98.4% in Japan, maintaining about the level of previous years. The recycling ratio overseas was 88.8%, a 1.2-point decrease compared to the previous reporting year. We will make continuous efforts to further improve the resource recycling ratio.

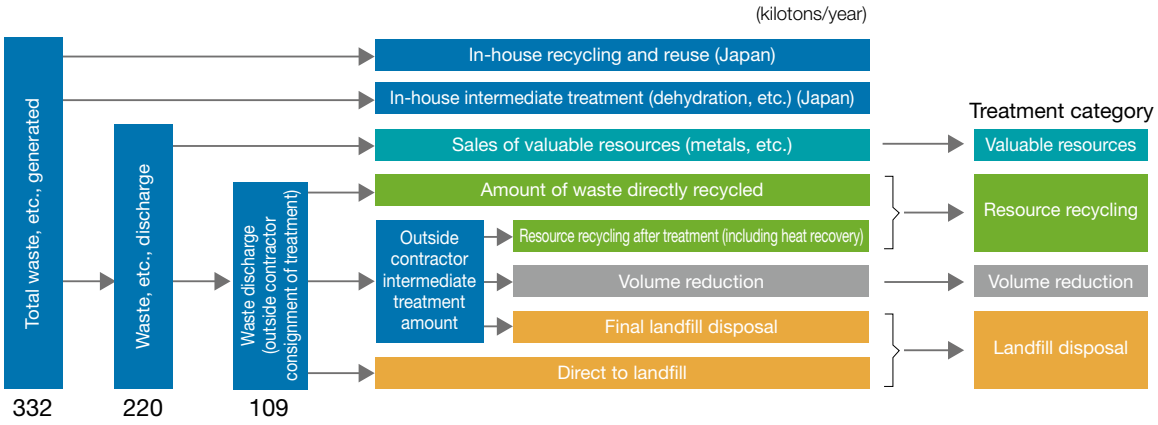
Trends in Recycling Ratio



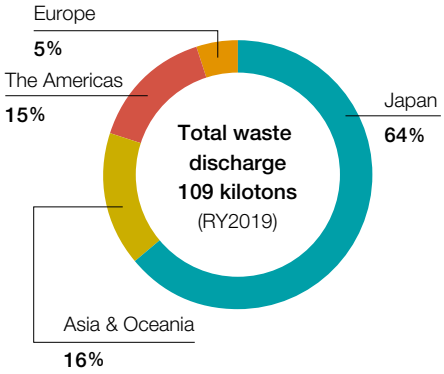
* Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.

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

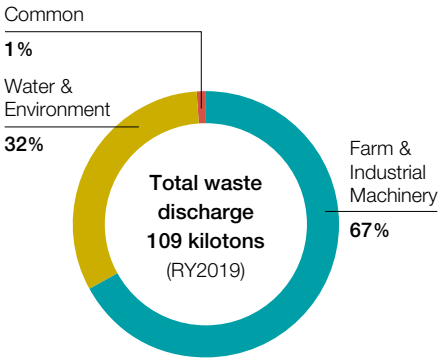
Waste Recycling and Treatment Flow (RY2019 results)



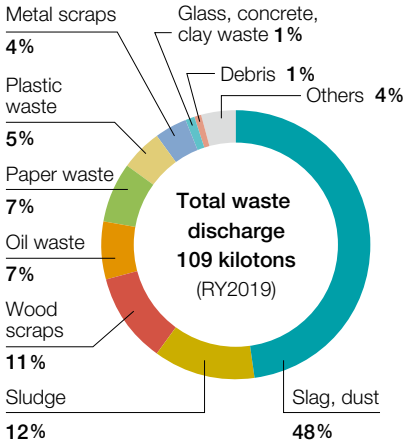
Waste Discharge by Region



Waste Discharge by Business

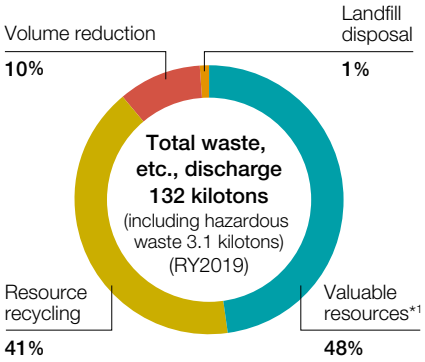


Waste Discharge by Type

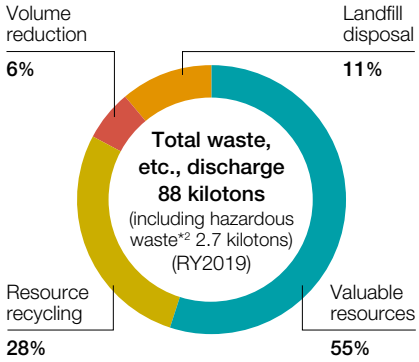


Waste, Etc., Discharge by Treatment Category

Japan



Overseas



*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 RY2019, 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.
If calculated according to the previous calculation standards, the RY2019 figures would be as follows: waste, etc., discharge amount in Japan 137 kilotons; valuable resources 50%; resource recycling 39%; volume reduction 10%; landfill disposal 1%.
*2 Overseas hazardous waste includes items sold as valuable resources.

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 its Medium-Term Environmental Conservation Targets 2020 (p.36) and is working on the reduction of waste discharge from its business sites and the improvement of the recycling ratio. 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 also committed to the reduction of hazardous waste through ensuring thorough monitoring and management thereof.

In RY2019, cast iron production sites, which generate a large amount of waste, achieved a reduction of approximately 12,000 tons in the amount of discharged waste through conversion of casting sand to valuable resources. Machinery production sites continued working to reduce the amount of sludge generated in the painting booth as well as volumes of waste oil and oil-containing wastewater. 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 carrier bags in on-site stores.

Conversion of waste casting sand to valuable resources led to a major reduction in the amount of waste discharged.
SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for waste reduction, global production sites achieved a reduction of 15,800 tons of waste in RY2019 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 52 million yen compared to RY2014. Waste discharge per unit of production in RY2019 improved by 21.4% compared to RY2014. The recycling ratio was 99.7% at production sites in Japan and 91.8% at production sites overseas, both achieving the targets of the Medium-Term Environmental Conservation Targets 2020.

Moreover, production sites in Japan have raised the utilization rate of electronic manifests to 96.3%, enabling real-time assessment of the reduction effects. We will continue to promote the reduction of waste through promoting sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

VOICE

Reduction in Waste Discharge through Introduction of Recycling Equipment for Transmission Oil

At the Kubota Utsunomiya Plant, we introduced equipment to recycle transmission oil removed from products, thus promoting the reuse of raw materials and reducing the amount of waste materials.

Our plant manufactures rice transplanters, combine harvesters, and other agricultural machinery. On the rice transplanter assembly line, after quality inspection of the product's functioning in the final process, we remove the transmission oil supplied to the machine. Once used, deterioration in the quality of the oil means that it cannot be reused and it had previously been discarded.

We worked to find a way of recycling the removed oil. Taking the required quality as a benchmark, we undertook regeneration tests and quality checks using samples to design and evaluate the equipment specifications. Introduction of the equipment has allowed us to successfully recycle and reuse waste oil. This not only promotes reuse of raw materials and waste reduction, but also contributes to business efficiency by reducing the yearly amount of oil purchased by around 100 kiloliters.

Going forward, we are committed to further action to reduce environmental burden.

Kubota Utsunomiya Plant
Staff members involved in the initiative:
Kyohei Takezawa
Shinji Takayama
Takashige Tajima
Yuta Hiratsuka
Ryota Kobayashi
Takuma Yuki
Tatsuya Mizunuma
Sadayuki Suzuki
Yuki Sakamaki

Reducing Plastic

Marine plastic pollution caused by used plastic that flows down rivers and waterways to be discharged along coasts and oceans has become a global issue. The Kubota Group's business sites promote the 3Rs and efforts to convert the plastic waste generated through their business activities into valuable resources.

Kubota ChemiX Co., Ltd., involved in the manufacture and sale of plastic pipes and fittings, manufactures and sells recycled rigid PVC pipes made from recycled waste material (PVC made by reusing discarded PVC pipe collected in cities) as a way of promoting the effective use of resources. Kubota Environmental Service Co., Ltd., involved in business activities related to the 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. Meanwhile, logistics services provider KBS Kubota Co., Ltd. is promoting the reduction of plastic usage in logistics services, including the reduction of stretch film usage through the introduction of returnable packaging materials.

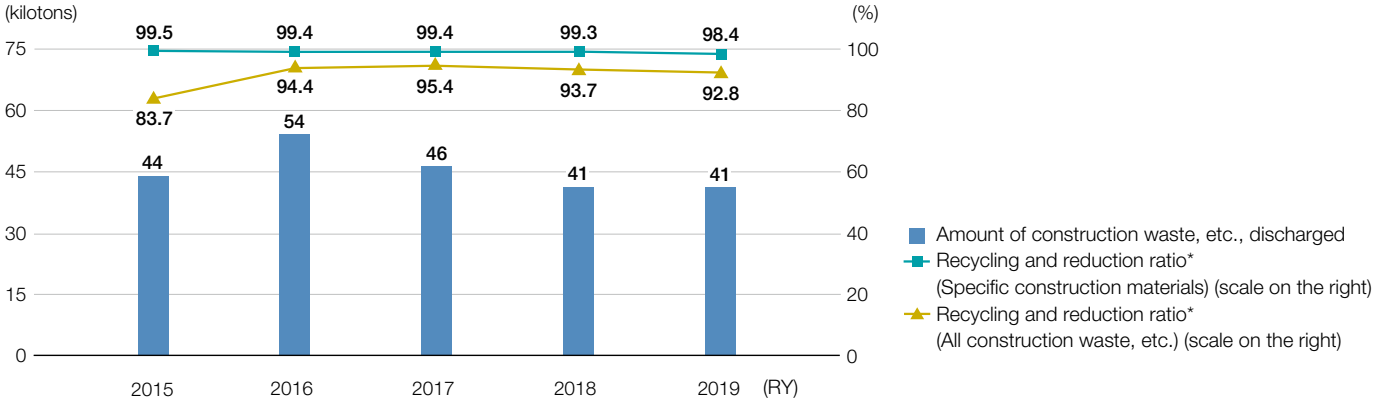
The Kubota Group works to reduce the plastic emissions through initiatives including the effective use of resources and reducing waste throughout the business value chain.

Returnable packaging materials
(left: environmentally friendly strapping;
right: environmentally friendly cover)
KBS Kubota Co., Ltd.

Waste, etc., Generated from Construction Work

The type and the amount of waste generated from construction work vary depending on the type of work being done, resulting in fluctuation in the amount of discharge, and the recycling and reduction ratio. However, the Kubota Group has maintained its existing recycling and reduction ratio.

Trends in Discharge, and Recycling and Reduction Ratio of Construction Waste, Etc. (Japan)



* Recycling and reduction ratio = [Sales of valuable resources + Resource recycling (including heat recovery) + Volume of reduction] /Amount of construction waste, etc. discharged (including sales amount of valuable resources) x 100 (%)

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

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

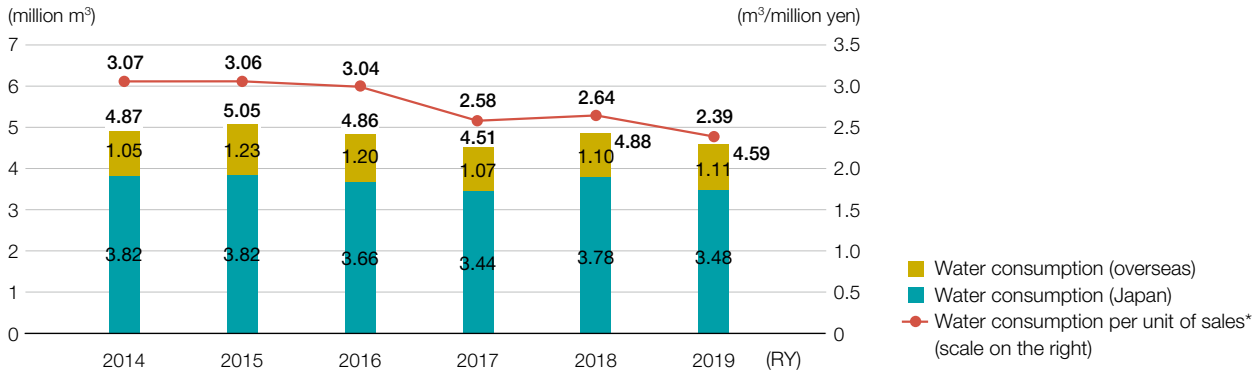
The OECD's 2012 report entitled Environmental Outlook to 2050 states that during the period between 2000 and 2050, global demand for water will increase by approximately 55% owing to economic development and population increase, while more than 40% of the world's population will be living in river basins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

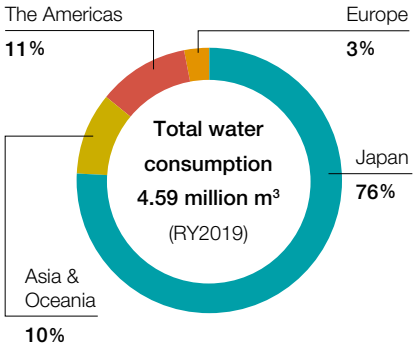
In RY2019, water consumption was 4.59 million m³, a decrease of 5.9% compared to the previous reporting year. Additionally, water consumption per unit of sales was improved by 9.3% compared to the previous reporting year. These are mainly due to a reduction in water usage due to water-saving activities, the use of recycled water, and the efficiency improvement of cooling facilities at some production sites in Japan, as well as a reduction in production volume at cast iron production sites in Japan.

Trends in Total Water Consumption and Consumption per Unit of Sales

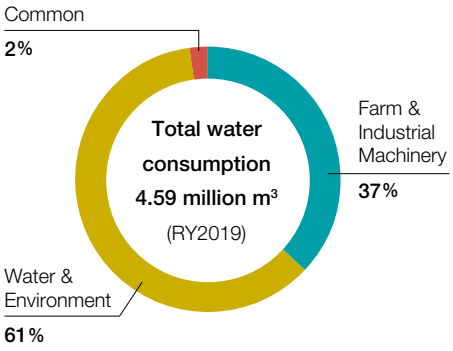


* Water consumption per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from RY2018.

Water Consumption by Region

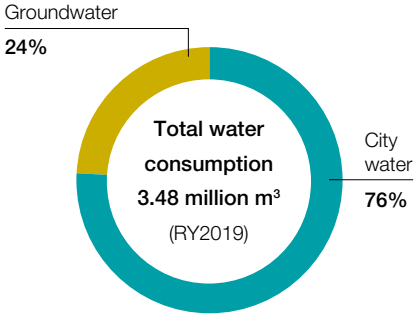


Water Consumption by Business

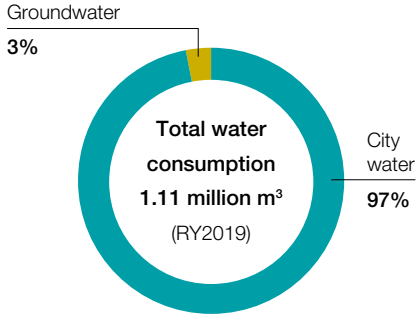


Water Consumption by Type

● Japan



● Overseas



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

Measures to Reduce Water Consumption

The Kubota Group has established its Medium-Term Environmental Conservation Targets (p.36), and is working on the reduction of water consumption at its business sites. Its 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 RY2019, we carried on with daily activities such as raising employees' awareness of saving water and conducting patrols to check for water leakage. We also continued to install water-saving valves and introduce improved methods of watering green areas. Additionally, we worked to reduce the amount of water used for cleaning and cooling in production processes. As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for water consumption reduction, global production sites achieved a reduction of 175,000 m^3 in RY2019 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 45 million yen compared to RY2014. Water consumption per unit of production in RY2019 improved by 19.5% compared to RY2014.

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.

VOICE

Reducing Water Consumption through Recycling of Wastewater from Production Processes

At P.T. Kubota Indonesia (PTKI) (Indonesia), we worked to reduce water consumption in the painting process by recycling wastewater from other processes.

At PTKI, we manufacture compact diesel engines. In the painting process, a water curtain is used to catch paint that fails to adhere to the product surface to prevent spattering. Up till now, city water was used for the water curtain, so that the painting process accounted for around 20% of the plant's total water consumption.

As the purpose of the water curtain was to catch spattered paint, we realized that it did not require city water, so we switched to using water processed at a wastewater treatment plant. We identified other operations where city water was not necessary, and also began using treated water to mix the chemicals used in wastewater treatment. With these initiatives, we realized a reduction of approximately 6% in the plant's total water consumption.

Going forward, we will continue with initiatives to reduce water consumption.

P.T. Kubota Indonesia
Human Resources, General Affairs Section
Ahmad Ansory (left), MH Saeri (right)

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. We also implement thorough daily management activities, such as monitoring the trends in water quality data and inspecting the wastewater treatment facilities.

At our sites, continuing measures to restrict water consumption have resulted in reduced wastewater discharge. In RY2019, the amount of wastewater discharge was 4.77 million m^3 (3.26 million m^3 into public water areas, 1.51 million m^3 into sewage lines), a decrease of 7.0% compared to the previous reporting year.

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

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

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*1 for all of its production sites.

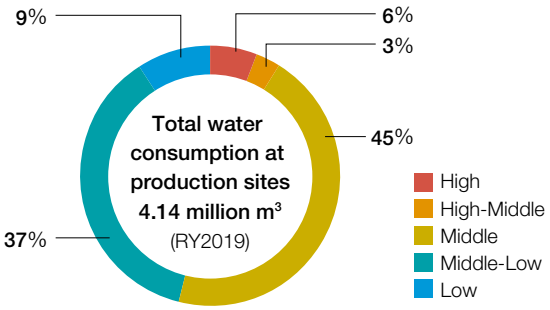
The results of a survey on water stress of a total of 50 sites in 14 countries using Aqueduct*2 (water risk assessment tool developed by the World Resource Institute (WRI)) are as follows:

Results of the Survey on Water Stress of Production Sites (RY2019)

Region, country		Water stress level / Water consumption (thousand m³) <number of sites>				
		High	High-Middle	Middle	Middle-Low	Low
Asia	Japan	0	0	1,672〈8〉	1,513〈11〉	19〈2〉
	China	0.3〈1〉	90〈1〉	0	0	16〈2〉
	Indonesia	0	0	17〈1〉	0	0
	Thailand	206〈3〉	16〈1〉	7〈1〉	0	0
	Saudi Arabia	19〈1〉	0	0	0	0
Europe	Russia	0	0.4〈1〉	0	0	0
	Norway	0	0	0	0	23〈1〉
	Denmark	0	0	43〈1〉	0	0
	Netherlands	0	0	0	0	11〈1〉
	Germany	0	0	8〈1〉	0	4〈1〉
	France	0	0	4〈1〉	0	1〈1〉
	Italy	15〈1〉	0	0	0	0
North America	Canada	0	0	0	0	295〈1〉
	United States	0	0	130〈2〉	26〈6〉	0
Total		240〈6〉	106〈3〉	1,881〈15〉	1,539〈17〉	369〈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 Daqing and Suzhou, central Thailand, Saudi Arabia, Russia and Italy, which account for approximately 9% 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 45% of total water consumption. Production sites in the “Middle-Low” and “Low” categories accounted for approximately 46% of total water consumption.

Water Consumption by Water Stress Level



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 in Thailand and China 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.

The Group 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.

*1 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))

*2 An update of the Aqueduct survey in August 2019 using a revised statistical model improved the accuracy of the water risk evaluation. As a result, the RY2019 water stress survey at Kubota Group production sites also showed major changes from the RY2018 results.

Controlling Chemical Substances

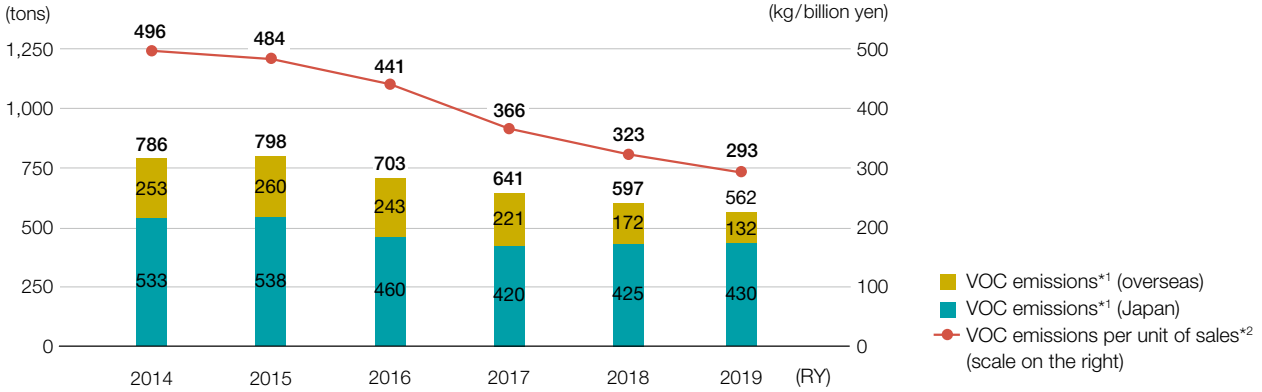
The World Summit on Sustainable Development (WSSD) held in 2002 adopted a resolution that chemical substances would be managed in such a manner as to minimize the impact of the chemical substances on human health and the environment, and relevant regulations therefore have been formulated by each member country.

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

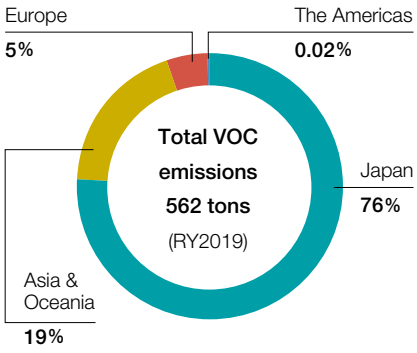
In RY2019, VOC emissions were 562 tons, a decrease of 5.9% compared to the previous reporting year. Additionally, VOC emissions per unit of sales improved by 9.3%. These were mainly due to increased use of low-solvent paint and reduced use of solvent-based paint at overseas machinery production sites as well as a reduction in production volume at cast iron production sites in Japan.

Trends in VOC Emissions and Emissions per Unit of Sales

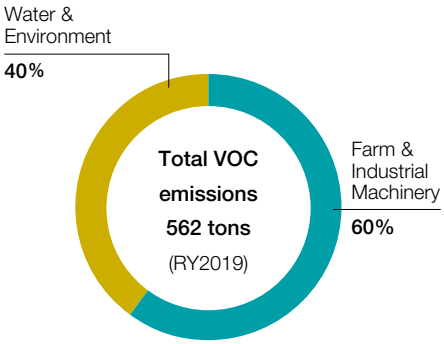


*1 VOCs comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
*2 VOC emissions per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from RY2018.

VOC Emissions by Region

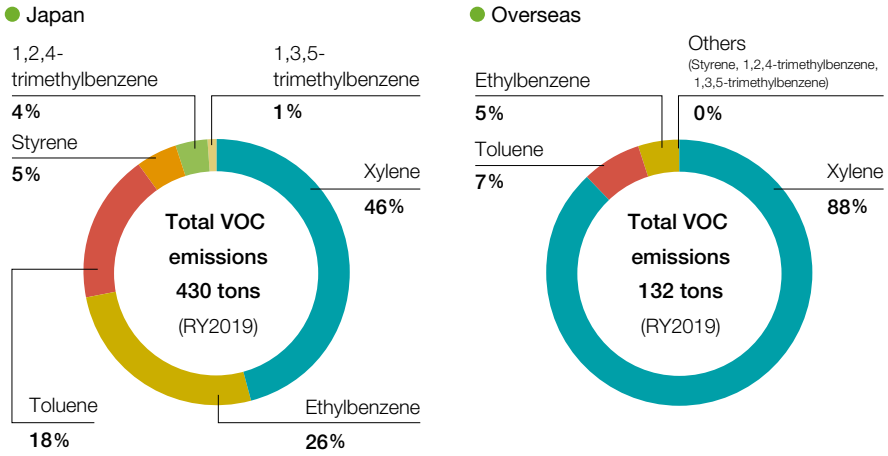


VOC Emissions by Business



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

VOC Emissions by Substance



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

Measures to Reduce VOCs

The Kubota Group has established its Medium-Term Environmental Conservation Targets (p.36) and is working on the reduction of VOC emissions from its business sites. The Group has been promoting the risk management of chemical substances handled at production sites and the reduction of VOC-containing materials, such as paint and thinner.

In RY2019, the Kubota Group continued to adjust the pressure setting and nozzle diameter of paint guns for improved painting efficiency. Among its other ongoing initiatives to reduce VOC use were switching to VOC-free materials and recycling used thinner. Additionally, by promoting the introduction of paint robots, the Group achieved not only a reduction in VOC, but also improved productivity.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for VOC reduction, global production sites achieved a reduction of 72 tons in RY2019 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 59 million yen compared to RY2014. VOC emissions per unit of production in RY2019 improved by 38.1% compared to RY2014.

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.

VOICE

Reducing Use of Chemical Substances (VOC) through Measures Including Revision of Solvent Use and Introduction of Recycling Equipment

At Kubota Farm Machinery Europe S.A.S (KFM) (France), we took steps to reduce our use of chemical substances (VOC), including a revision of operations in the painting process and introduction of thinner recycling equipment.

In addition to paints, the paint workshop of our plant, which manufactures tractors, uses large amounts of other chemicals with high VOC content. Previously, cleaning with solvent and replacement of the liquid used in the degreasing pretreatment were carried out at regular fixed intervals, so that the same amount of chemicals was used regardless of fluctuations in production volume. From 2017, we adjusted the replacement of the painting pre-treatment liquid and the cleaning of the heat exchanger and paint gun to match production status in order to reduce the use of chemicals. Also, we introduced thinner recycling equipment in the paint workshop.

Besides, the disposal of the spray cans used for cleaning of parts in the assembly and inspection processes had caused release into the atmosphere of solvent residue. We introduced spray can refilling equipment to promote reuse of the cans and reduce solvent residue waste to zero.

With these measures, we achieved a reduction of approximately 4,370 kg in VOC use over a two-year period. Going forward, we will continue with initiatives to reduce VOC emissions to contribute further to global environmental conservation.

Kubota Farm Machinery Europe S.A.S
Staff members involved in the initiative:

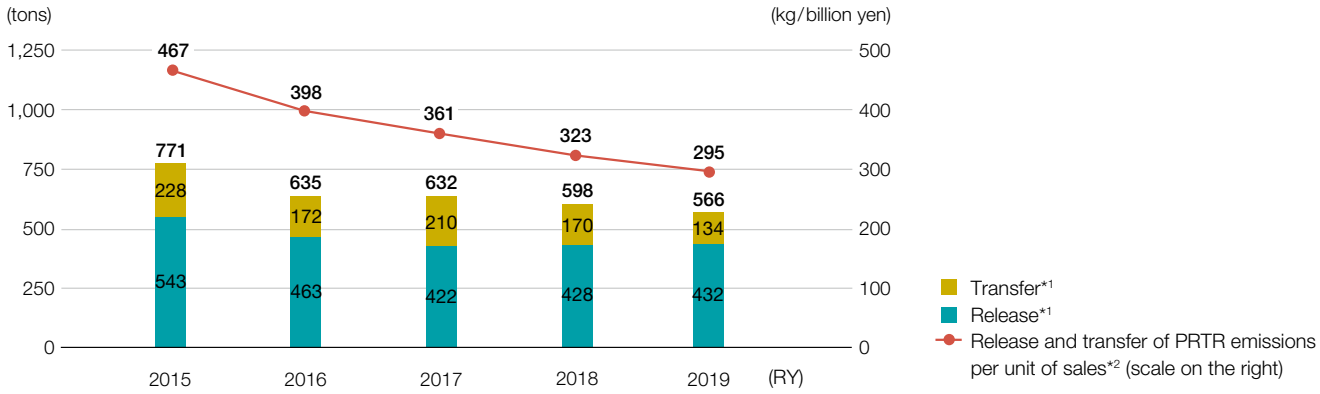
Nicolas Huyghe
Thomas Godin
Arnaud Cousin
Michaël Mercier
Romain Ruchebusch
Steven Bruwaert
Rachid Benkhouia
Jean Vanhille
Elodie Vanhee
Masashi Tsuchiya

Release and Transfer of PRTR-designated Substances

In RY2019, a total of 566 tons of substances stipulated in the PRTR Law* were released and transferred, a decrease of 5.2% compared to the previous reporting year. Additionally, the release and transfer per unit of sales improved by 8.7% compared to the previous reporting 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 RY2018.

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 RY2016, 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

Emissions 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 RY2019 were 3.7* tons for SOx (down by 60.2% from the previous year), 47.3 tons for NOx (down by 4.3%), and 10.8 tons for soot and dust (up by 9.5%). We will continue to reduce emissions of air pollutants through initiatives such as controlling sources by fuel conversion and maintaining dust-collecting equipment.

* If sulfur contained in the slag managed onsite at end of year (December 31, 2019) by some sites in Japan is included, SOx emissions for RY2019 amounted to 5.2 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 (RY2019)

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 areas around the world, and the Aichi Biodiversity Targets adopted in the SDGs (goals 14 and 15) and the CDB-COP10 (Tenth meeting of the Conference of the Parties to the Convention on Biological Diversity), require business operators to protect biodiversity and make 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 its impact on natural capital, the Group is endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

Approach to Conserving Biodiversity

The Kubota Group has set Conserving Biodiversity as one of its 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 submitted to the Japanese Minister of the Environment in 2010, we also included a commitment to promoting activities for conserving biodiversity.

Approach to Conserving Biodiversity

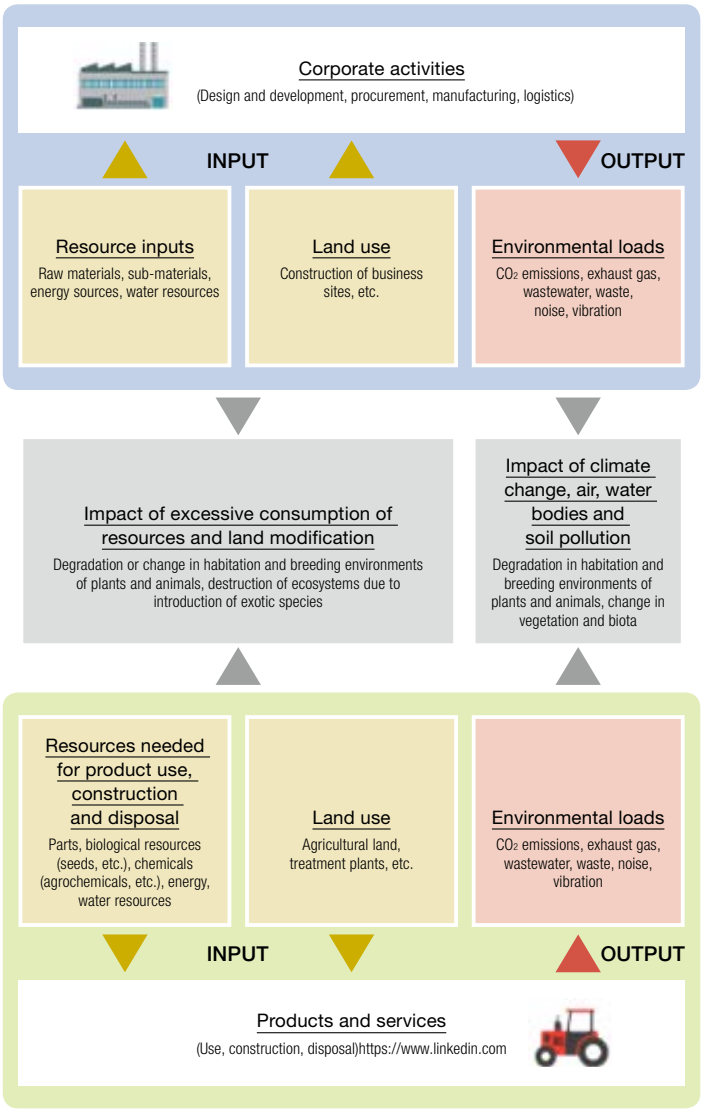
The Kubota Group has included Conserving Biodiversity as one of its five basic items for environmental conservation. In its corporate activities, provision of products and services, and social contribution initiatives, in view of its impact on natural capital, the Group will endeavor to ensure that care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

Relationship between the Kubota Group and Biodiversity



Management and reduction of environmental loads involved with corporate activities

Reduce environmental loads due to the Kubota Group's corporate activities, consider the impact on biodiversity

- Green procurement
- Environmental impact assessment on land use
- Tackling climate change (energy conservation, etc.)
- Working toward a recycling-based society (conserve resources, 3Rs for waste, etc.)
- Conserving water resources (3Rs for water resources, etc.)
- Controlling chemical substances (reduce the use of substances of concern, reduce VOC emissions, etc.)
- Environmental Management (prevent air, water bodies and soil pollution, provide employees with environmental training, etc.)

Contributions through social contribution initiatives

Collaborate with NPOs, etc., work for protection of the natural environment

- Kubota e-Project (supporting reclamation of abandoned farmland, Kubota Forest, nature experiences for elementary school students, etc.)
- Kubota e-Day (environmental beautification volunteers)
- Greening our establishments, inside and outside
- Protect regional animals and plants

Impact reduction and environmental contributions through products and services

Reduce the impact of the use, construction and disposal of products and services, contribute to preservation of biodiversity and use of sustainable ecosystem services.

[Impact reduction]

- Product environmental assessment
- Develop environmentally conscious products (energy saving, resource conserving, prevent air, water bodies and soil pollution, etc.)

[Contributions]

- Provide water environment solutions for wastewater treatment and waste disposal treatment, etc.
- Provide products and services for smart farming and establishment of urban infrastructure considering the environment

Initiatives Taken at Business Sites

Participation in Beach Cleanup Activities

In June 2019, Kubota Farm Machinery Europe S.A.S (France) ran a clean-up activity on Dunkirk Beach. 83 employees participated, collecting around 30 kg of rubbish.

Mangrove Planting

SIAM KUBOTA Corporation Co., Ltd. (Headquarters) (Thailand) holds a mangrove planting activity every year. In 2019, the activity was held in Rayong Province. Around 50 employees participated, planting approximately 150 mangrove trees.

Releasing Juvenile Fish

SIAM KUBOTA Metal Technology Co., Ltd. (Thailand) hosts a juvenile fish release activity every year. In 2019, the activity was held at a river nearby the factory. 10 employees cooperated with the local community to release approximately, 3,000 juvenile fish.

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

Design and development
- Product environmental assessment to ensure environment-friendly design
- Internal certification of Eco-Products

Raw materials and parts procurement
- Green procurement
- Optimal regional procurement

Production
- Reduction of waste and loss in the use of energy and other resources
- 3Rs for waste and water resources, use of recycled materials
- Reduction of VOC emissions, replacement of organic solvents with substitutes

Distribution
- Improving loading efficiency
- Modal shift
- Reduction of packing materials

Construction
- Improving efficiency and saving labor for construction work
- Shortening of construction period
- Reduction of resources used for construction

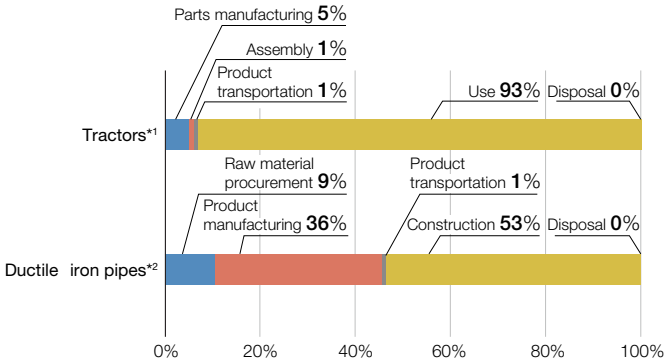
Use
- Reduction of fuel consumption
- Improving efficiency and saving labor for work and management
- Improving ease of maintenance, extending product life
- Reduction of exhaust gas
- Reduction of noise, vibration

Disposal
- Collecting/reuse/recycling of used products and parts
- Proper disposal

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 CO_2 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.

Examples of Initiatives to Ensure Environment-friendliness

Environment-friendly *Johkasou*, Decentralized Wastewater Treatment Plant

Johkasou is used to treat wastewater from houses, public and commercial facilities in areas not served by an adequate sewerage system. This product was developed in Japan but is currently also in widespread use overseas, particularly in Southeast Asia, where rapid urbanization has led to problems with contamination of the aquatic environment.

The Kubota Group offers customers a varied range of *Johkasou* depending on the quality and volume of the wastewater. In addition to contributing to improving the local aquatic environment, the development of high-performance, compact *Johkasou* brings environmental benefits at each stage of the product lifecycle.

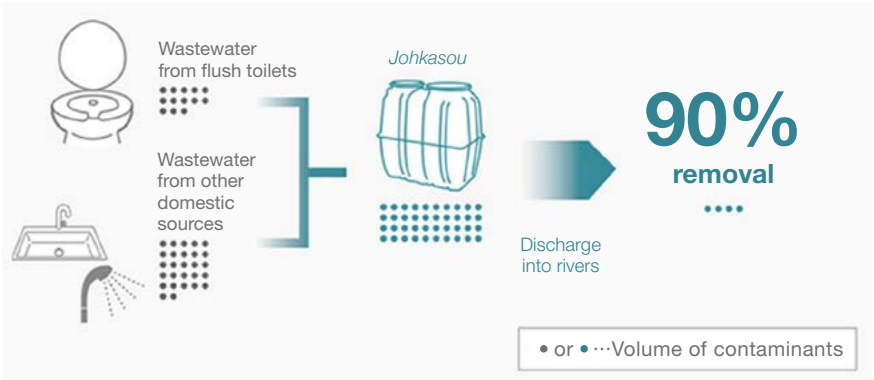
[Examples of Kubota-manufactured *Johkasou* in Use Overseas]

Small *Johkasou* in use for detached housing (Indonesia)

Large *Johkasou* in use at a hospital (Vietnam)

How a *Johkasou* Works

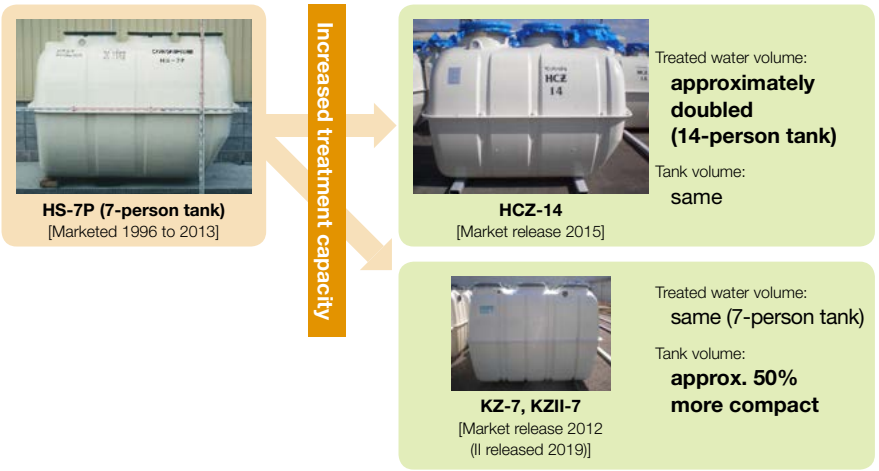
Johkasou uses the action of microorganisms to remove contaminants from domestic wastewater including effluent from flush toilets. Advanced treatment *Johkasou* removes not only contaminants but also nitrogen, which is a cause of red tides in enclosed bay and algal blooms in wetlands.



Treatment capacity of *Johkasou*

Development of *Johkasou* with Higher Performance and More Compact Dimensions

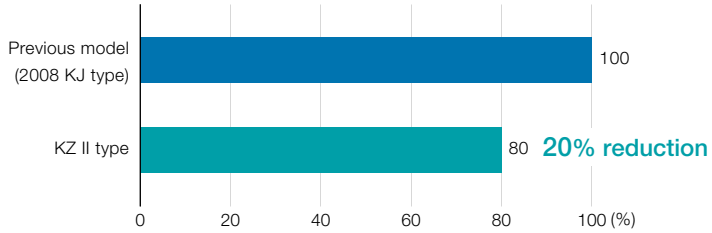
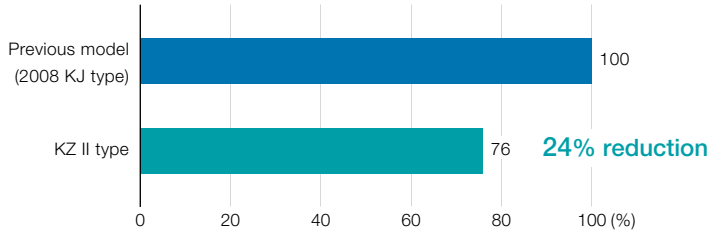
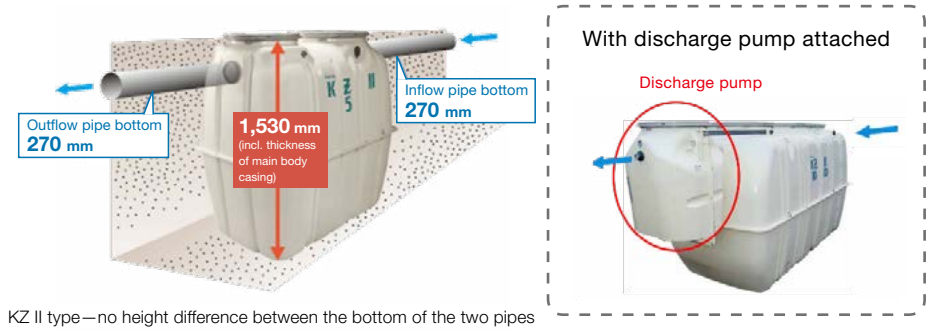
By using sponge-type carriers that can hold a larger number of microorganisms and making other improvements, the Kubota Group's *Johkasou* increases the treatment capacity per unit of volume to realize a compact design that fits neatly into any underground space. As it requires little excavation, it makes for less labor-intensive and speedier installation. In environmental terms too, it realizes savings in energy and resources.



Increased treatment capacity realizes increase in treated water volume and more compact dimensions

Johkasou with Environment-friendly Features at Each Stage of the Lifecycle

As illustrated below, Kubota Group *Johkasou* displays environment-friendly features at each stage of the lifecycle.

Lifecycle stage	Environmental issue	Environment-friendly feature of *Johkasou* (KZ II-5,7,10)
Procurement	Reduction of chemical substances	・Use of raw materials free of certain substances restricted by RoHS*1 directive
Production	Energy saving	・Number of assembly parts reduced through integration of functions, parts designed to be fitted in a single action—removing need for electric power tool operations such as screw fixing, reducing energy consumption in assembly process
	Resource conservation	・20% weight reduction in main body of product through more compact dimensions, resulting in 20% reduction in raw material use **Comparison of weight** 
Transportation	Energy saving	・Increased transportation efficiency through more compact dimensions, resulting in reduced fuel consumption
Installation	Energy saving	・24% reduction in excavation volume through more compact dimensions, resulting in shorter time using heavy machinery and reduced fuel consumption **Comparison of excavation volume* associated with installation**  * Excavation volume calculated based on Kubota in-house standards
		・The base plate used for installation is a dedicated product realizing weight reduction of around 85% and requiring less use of heavy machinery for laying, resulting in reduced fuel consumption*2
	Resource conservation	・As the outflow pipe is installed at the same high position as the inflow pipe, with no height difference between the bottom of the two pipes, a natural flow arises readily with no need for a discharge pump*3  KZ II type—no height difference between the bottom of the two pipes
Operation	Energy saving	・Switching to an energy-saving type for the blower that aerates the inside of the *Johkasou* results in reduced electric power consumption
	Ease of maintenance	・Simple opening and shutting of the attached valve effects cleansing of the interior (anaerobic filter tank) for easy maintenance

*1 RoHS directive: EU directive issued on July 1, 2006, limiting the use of certain hazardous substances in electric and electronic equipment (major revision on July 21, 2011)
*2 As the *Johkasou* must be installed on a level surface, in general concrete is either cast on-site or a precast concrete base plate is laid. The Kubota Group markets the KB plate, a dedicated KZ II lightweight foundation base plate weighing 48 kg for a 5-person tank.
*3 Depending on conditions at the installation site, if the water level at the discharge point is higher than the bottom of the outflow pipe, a discharge pump may be needed.

For detailed information on *Johkasou* follow this link:
www.kubota.com/products/johkasou/

Major Initiatives to Ensure Environment-friendliness by Product Group

C Tackling Climate Change
R Working towards a Recycling-based Society
W Conserving Water Resources
Ch Controlling Chemical Substances
B Conserving Biodiversity, etc.

Farm & Industrial Machinery

Product group	Major initiatives to ensure environment-friendliness	Life cycle				
		Procurement production	Distribution	Construction	Use	Disposal
Tractor	Reducing the number of parts	R				
	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by 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
Rice transplanter	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing an energy-saving mode or a multiple-function capacity to simultaneously perform five farming 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	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing an energy-saving mode				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	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	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
	Reducing RoHS-designated substances					Ch
Agricultural-related products (color sorter, rice-milling machine, etc.)	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
	Reducing RoHS-designated substances					Ch
Engines	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	
	Reducing RoHS-designated substances					Ch
Construction machinery	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by 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
	Reducing RoHS-designated substances					Ch
Precision machinery (Measuring instruments)	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	
	Reducing the number of waste batteries by introducing energy-saving measuring instruments					R
	Reducing RoHS-designated substances					Ch
Air-conditioning equipment	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

C Tackling Climate Change
R Working towards a Recycling-based Society
W Conserving Water Resources
Ch Controlling Chemical Substances
B Conserving Biodiversity, etc.

Water & Environment

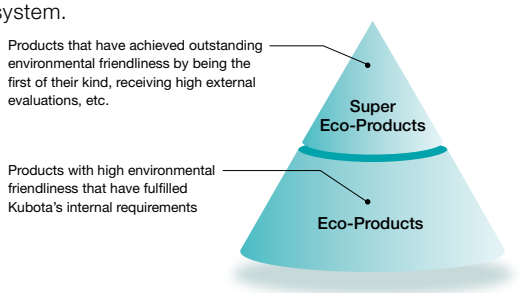
Product group	Major initiatives to ensure environment-friendliness	Life cycle				
		Procurement production	Distribution	Construction	Use	Disposal
Ductile iron pipes	Reducing weight by thinning pipes or changing the structure of couplings	R				
	Reducing VOC by changing the paint for the inner surface	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	
	Extending product life by improving anti-corrosion performance and introducing earthquake-resistant couplings				R	
Plastic pipes	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
	Reducing RoHS-designated substances					Ch
Valves	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		
	Reducing polyethylene sleeves by improving anti-corrosion performance			R		
	Extending product life by improving anti-corrosion performance				R	
Pumps	Reducing the cut amount during processing by introducing compact casings	C				
	Reducing the weight and volume by introducing compact and thinner casings	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption by improving pump efficiency				C	
	Reducing RoHS-designated substances					Ch
Businesses related to water purification, sewage and wastewater treatment (Condensation, dehydration, agitator, etc.)	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	
	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	
KSIS	Saving energy by the efficient operation of equipment through remote monitoring/ diagnosis using IoT				C	
	Extending equipment life by failure diagnosis using AI				R	
	Reducing water consumption through field water management systems				W	
Submerged membranes	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	
	Collecting/recycling of used membrane cartridges					R
	Reducing RoHS-designated substances					Ch
Membrane-type methane fermentation units	Generating biogases by the methane fermentation of food waste and palm oil mill effluent				C	
	Reducing the volume of food waste				R	
Decentralized wastewater treatment plant *(Johkasou)*	Using recycled resin	R				
	Reducing the weight and volume of *Johkasou* by improving the processing capacity per unit volume	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the amount of excavated soil at the time of burying by reducing volume			C		
	Reducing RoHS-designated substances					Ch
Steel pipes	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing energy during construction by mechanical couplings			C		
	Reducing RoHS-designated substances					Ch
Ethylene thermal cracking pipes	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
Rolls	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

Internal Certification System for Eco-Products

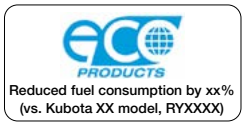
Regarding the Internal Certification System for Eco-Products

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, "Tackling 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.



Example of an Eco-Product label

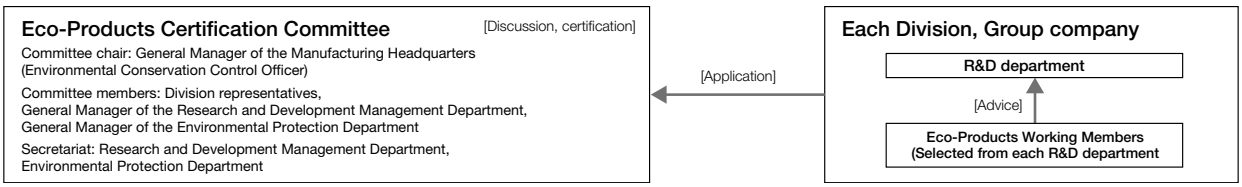


Eco-Products feature a label that shows their certification as Eco-Products.

Five basic items for environmental conservation	Evaluation items	Relationships with SDGs
• Tackling Climate Change	1. Energy saving (CO_2 reduction) Reducing energy consumption during production, transportation, construction and use, etc.	
• Working towards a Recycling-based Society	2. Resources saving Reducing weight and volume, extending product life, etc.	
• Conserving Water Resources	3. Recycling Using recycled materials and recycled rare metals, etc.	
• Controlling Chemical Substances	4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.	
• Conserving Biodiversity	5. Information disclosure Notes about energy-saving operations, recycling and disposal, etc.	

Eco-Products Certification Committee

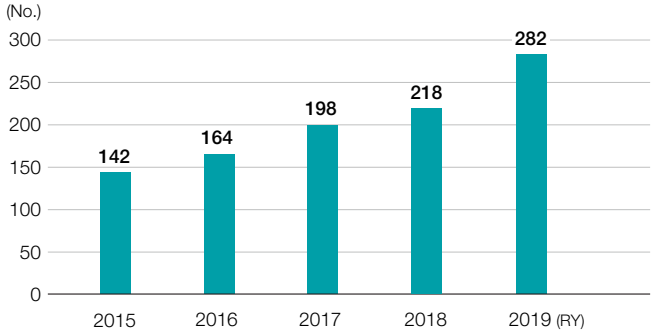
The Eco-Products Certification Committee, chaired by the General Manager of the Manufacturing Headquarters, consists of the committee members elected from each Division, as well as the Research and Development Management Department and the Environmental Protection Department. Upon receiving an application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



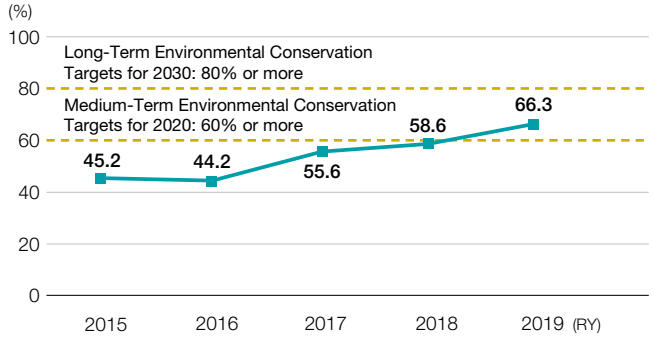
The Pathway to Expanding Certified Eco-Products

Based on our internal certification system established for Eco-Products, the Kubota Group certified an additional 64 products in RY2019, including 3 Super Eco-Products, bringing the total number of certified Eco-Products to 282. The sales ratio of Eco-Products grew to 66.3%, meaning that the Group reached its Medium-Term Environmental Conservation Targets for 2020 one year ahead of plan. We will continue to carry out initiatives focusing on the development of environment-friendly products and expand our Eco-Products lineup.

Trends in No. 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 Super Eco-Products in RY2019

Combine harvester
Agri Robo combine harvester
WRH1200A

This is the industry's first combine harvester featuring automated driving assist functions, which will contribute to the realization of smart agriculture. As well as complying with the latest exhaust gas regulations, it also contributes to conserving energy and resources in agriculture.

Ride-on-type rice transplanter
NAVIWEL
NW8S-GS

This is the industry's first rice transplanter fitted with a keep-straight function, which will contribute to the realization of smart agriculture. As well as complying with the latest exhaust gas regulations, it also contributes to conserving energy and resources in agriculture.

High-efficient twin screw press dehydrator*
SHD-030W to 090W

This is the industry's first compact, high-performance sludge dehydrator with a high-efficiency twin screw. As well as the resource saving in the body of the product itself compared with conventional units (single screw), it contributes to reduction of waste materials by efficiently reducing sludge volume.

* A machine to reduce the volume of sludge from sewage treatment plants and similar sources through dehydration

Products Certified as Eco-Products in RY2019 (excerpt)

Tractor
Slugger Series
SL600H-GS

[Key certification point]
Compliant with exhaust gas regulations

Off-road vehicles
Utility vehicle
RTV-XG850 (North America)

[Key certification point]
Compliant with exhaust gas regulations

Construction machinery
Mini excavator
U-35-6S (Korea)

[Key certification point]
Compliant with exhaust gas regulations

Construction machinery
Compact track loader
SVL65-2 (North America)

[Key certification point]
Compliant with exhaust gas regulations

Non-destructive saccharimeter for vegetables and fruits
Fruit selector
K-BA800

[Key certification point]
Saving energy

Diesel engine
05-E5 Series
V1505-CR-TE5-BB (Europe)

[Key certification point]
Saving energy
Recycling
Compliant with exhaust gas regulations

Johkasou, Decentralized wastewater treatment plant
Small-size *Johkasou*
KZ II-5

[Key certification point]
Saving energy
Conserving resources/ Recycling
Reducing environmentally hazardous substances

Plastic pipe
Rigid PVC water supply pipes/joints
Nominal diameter 13-150 mm

[Key certification point]
Reducing environmentally hazardous substances

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

Evolution and History of Environmentally Friendly Products and Services

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.

Seedling mats grown in trays

■ Historical Development and Environmental Contributions of Rice Transplanters

Decade	Social trends in Japan	Progress in rice transplanter development
1950s	· High economic growth · Shift in labor from rural areas to cities	· Start of development
1960s	· The mechanization of rice transplanting lagged behind the emergence of tractors and binders · Increase in part-time farmers, the elderly, and women engaged in agriculture	· **Development and sales launch of SP model (2-row) walk-behind rice transplanter** (1968)
1970s	· Shift from "walk-behind" to "ride-on" agricultural machinery · Boom in agricultural machinery · Convergence of high economic growth · Occurrence of so-called "red tide" at Lake Biwa (1977)	· **Sales launch of SPS model (2-row) walk-behind rice transplanter** (1970) · Start of volume production of SPS series (sales: 18,000 units in first year; 86,000 in second year) · **Sales launch of SPR600 model (6-row; tractor-driven), Kubota's first ride-on rice transplanter** (1976)
1980s	· Growing need to reduce burden of agricultural work [Rotary system] Adoption of rotational planting mechanism improved work speed by 50% and boosted efficiency  Miracle Rotary developed in 1991	· **Sales launch of NSR series of ride-on rice transplanters with row-side fertilizer applicator to reduce amount of applied fertilizer and prevent water contamination** (1980) **Pesticide spraying and other simultaneous features also subsequently developed** · **Sales launch of NSR85-D model (8-row) specialized ride-on rice transplanter** (1984) · Sales launch of S1-600R model (6-row) rotary-type ride-on rice transplanter (1988)
1990s		· Continued development of compact, lightweight rice transplanters, as well as larger ride-on rice transplanters · **Sales launch of SPM10 model (10-row) large ride-on rice transplanter** (1995)
2000s	[Easy turning] Ability to complete smooth turns with only the steering wheel [Easy speed shifting] Prevents sudden acceleration and allows for smooth starts at ultra-low speed  World series performing smooth turns	· Sales launch of Welstar series of ride-on rice transplanters equipped with new easy turning and easy speed shifting capabilities to improve operability (2000) · **Sales launch of NSD8 model (8-row) ride-on rice transplanter capable of efficiently performing five functions simultaneously** (2007) · **Sparse planting proposal** (2009)
2010s	· Increasingly higher concentration of farmland among large-scale farmers · Skyrocketing fuel prices · Emergence of high-precision farming using ICT · Shift to driverless farm machinery [e-stop] Easy use of a lever to stop the engine when restocking seedlings or fertilizer reduces fuel consumption by around 12%* 	· **Sales launch of direct seeder for iron-coated rice seeds "Tetsumaki-chan"** (2010) · Sales launch of Racwel, the industry's first ride-on rice transplanters equipped with idling stop feature "e-stop" (2011) · **Sales launch of EP8D-GS model (8-row) ride-on rice transplanter equipped with industry-first straight-line keeping feature** (2016) · **Demonstration of dense seedling transplanting** (since 2017) · **Sales launch of NAVIWEL series of ride-on rice transplanters capable of maintaining planting distance, controlling amount of applied fertilizer, and keeping straight lines** (2019)
2020		· **Sales launch of Agri Robo Rice Transplanter NW8SA, the industry's first self-driving rice transplanter**

Environmental contributions

- **Increasingly lighter walk-behind rice transplanters**
- **Increasingly larger ride-on rice transplanters and lower weight-to-power ratio**
- **Expanding capabilities of ride-on rice transplanters to simultaneously perform other tasks**
- **Proposing efficient cultivation methods**
- **Eliminating inefficiencies with precision farming**

* Comparison of fuel consumption when planting rice seedlings under the following conditions (Kubota's estimates; fuel consumption may differ depending on the conditions): Rice transplanter capacity of 8 rows, area of 0.5ha, 20 seedling mats per 0.1ha, 40kg of fertilizer per 0.1ha, one transplanter operator, and one assistant


SP model—Kubota's first walk-behind rice transplanter

Increasingly Lighter Walk-behind Rice Transplanters

Even though the walk-behind rice transplanter first developed in 1968 increased in mass due to the addition of extra features through the 1980s, we made each model lighter and more streamlined mainly with the use of an aluminum gearbox housing and a plastic float. This meant we were able to conserve resources and make operations much more efficient.

<Changes in Weight and Horsepower of 2-row Walk-behind Rice Transplanters>

Launched	1968	1970	1981	1987	1990	2003
Model	SP	SPS-2	NS300-D	S1-25	S1-20	SP-2
Weight (kg)	**100**	**60**	80	**108**	**91**	**88**
		Weight reduction	Added features		Weight reduction	
Horsepower (PS)	3.0	1.7	1.4	2.1	2.3	2.3
Weight (kg) / Horsepower (PS) [vs. NS300-D]	33.3	35.3	**57.1**	**51.4 [-10%]**	**39.6 [-31%]**	**38.3 [-33%]**

Increasingly Larger Ride-on Rice Transplanters and Lower Weight-to-power Ratio

The ride-on rice transplanter that first went on sale in 1976 gradually increased in size so it could plant more rows at the same time, thus boosting work efficiency. However, the heavier it became, the deeper it sank into the mud, which easily hindered its running performance. We therefore strived to provide more horsepower when making the machine larger, but at the same time we took steps to make it lighter. By reducing its weight-to-power ratio (mass divided by horsepower), we were able to conserve resources and achieve higher operating efficiency.

<Changes in Size, Weight, Horsepower, and Planting Capacity of Ride-on Rice Transplanters>

Launched	1976	1984	1995	2014	2019
Model	SPR600 (Kubota's first ride-on model; tractor-driven)	NSR85-D (first specialized rice transplanter)	SPM10 (first 10-row transplanter)	EP10D	NW8S-GS
No. of rows	**6**	**8** Size increase	**10** Size increase	10	8
Weight (kg)	530	490	978	970	960
Horsepower (PS)	9	6.2	16.0	21.0	24.6
Weight (kg) / Horsepower (PS) [vs. NSR85-D]	58.9	**79.0**	**61.1 [-23%]**	**46.2 [-42%]**	**39.0 [-51%]**
			Lower weight-to-power ratio		
Time (min) required to plant 0.1ha	**25–30**	**15–20**	**7–**	7–	7–
	Higher work efficiency				

Expanding Capabilities of Ride-on Rice Transplanters to Simultaneously Perform Other Tasks

In the past, fertilizer was applied uniformly over the rice paddy after the seedlings were planted, but surface runoff from excessive application was one reason behind the occurrence of a so-called "red tide" at Lake Biwa in Shiga Prefecture in 1977. Kubota therefore developed a row-side fertilizer applicator to bury the right amount of fertilizer at the root of each seedling when it is transplanted. Not only did this prevent fertilizer runoff from overapplication, but the simultaneous application of fertilizer considerably reduced the amount of labor required and saved costs because less fertilizer was used. We took the idea of multi-tasking even further by developing a product in 2007 that can perform five jobs at once: transplanting, fertilizer application, herbicide application, pesticide application, and ground leveling. This equipment significantly reduced labor and made work more efficient.

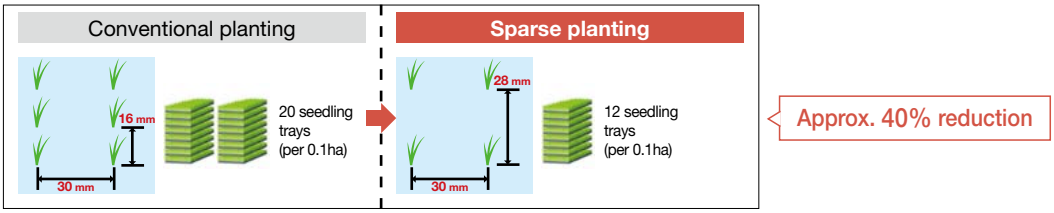
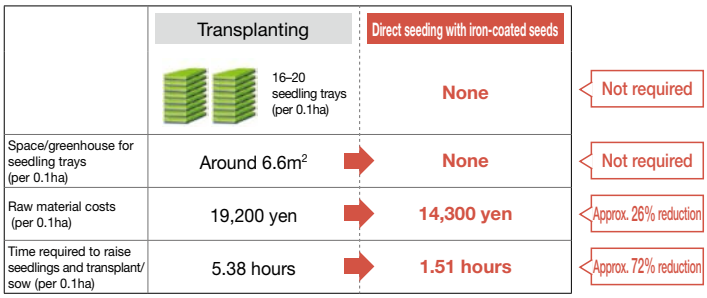
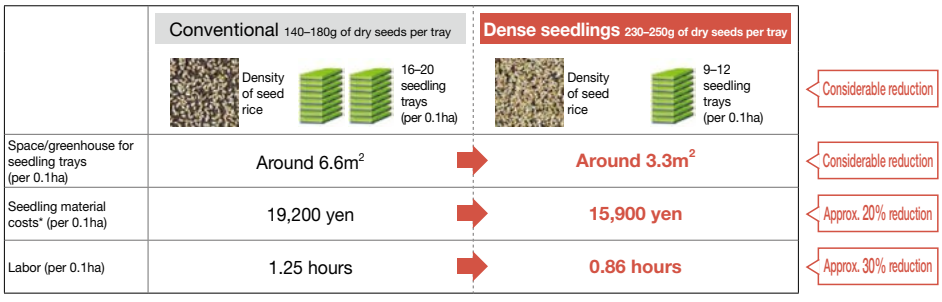
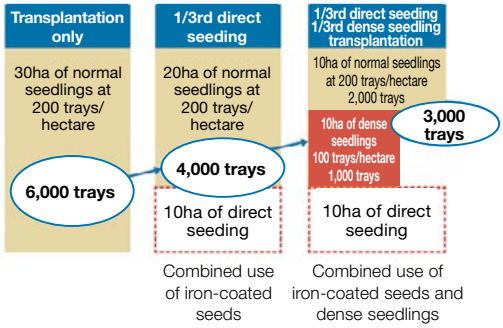
Five functions in a single rice transplanter

Proposing Efficient Cultivation Methods

The hours spent raising and transplanting seedlings account for approximately 30% of all wet-rice farming work. The Kubota Group proposes cultivation methods that can reduce the number of seedling trays used or even eliminate the very need to raise seedlings in order to reduce manpower, time, and costs involved in raising and transplanting seedlings.

Limiting the volume of seedlings raised, the number of seedling trays, and even the seedlings greenhouse reduces the resources introduced into the environment and also curtails the amount of energy required to maintain and manage a seedlings greenhouse.

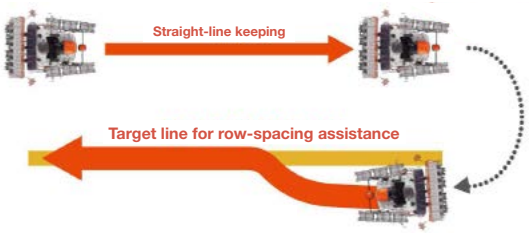
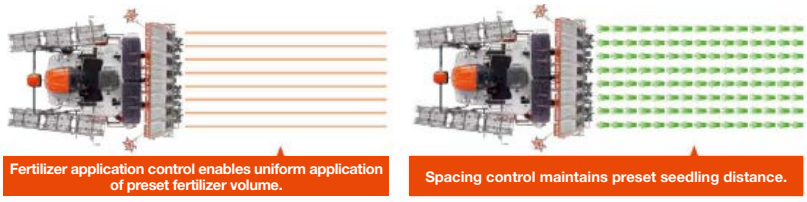
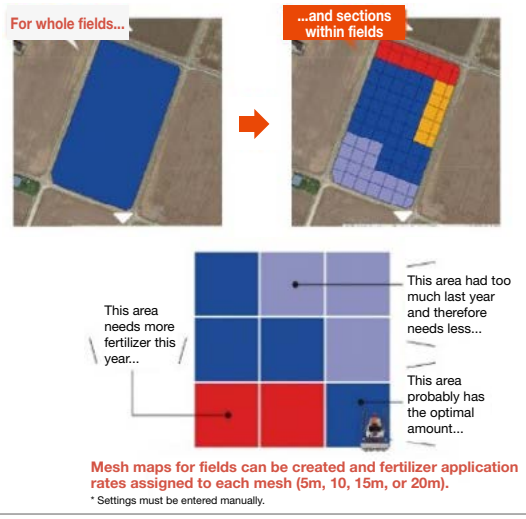
<Rice Cultivation Methods Proposed by the Kubota Group>

Method	Details
Sparse planting (since 2009)	This cultivation method employs a lower planting density by spreading out the clumps of seedlings. Reducing the density means fewer seedlings are required, thus reducing the number of seedling trays by around 40–50%. While this method results in somewhat fewer ears of rice, the volume per ear is higher, therefore the volume of unhulled rice per unit area is roughly the same as, or only slightly lower than, conventional planting. 
Direct sowing with iron-coated seeds (since 2010)	This method involves the dispersal of seeds coated with iron powder across the surface of the rice paddy. Unlike transplanting, the raising of seedlings is not required. If Kubota's direct seeder for iron-coated seeds is used, high-speed sowing at intervals, fertilizing, herbicide application, and grooving can be performed simultaneously to sharply reduce work time and conserve energy.  6-row direct seeder for iron-coated seeds (WELSTAR WORLD WP60D-TC)  * 2015 National Workshop on Agricultural Systemization (Yamagata)
Dense seedling transplantation (since 2017)	This cultivation technique involves the use of seedlings raised more densely than usual in a single tray. The seedlings are then planted in small amounts with a rice transplanter. The dense seedling transplantation method can halve the number of seedling trays compared to when using young seedlings grown the conventional way. Almost all Kubota rice transplanters are capable of transplanting dense seedlings.  * Results differ in each region. Please refer to region-specific information for more details. Source: 2017 National Workshop on Agricultural Systemization.
Combination of direct sowing with iron-coated seed and dense seedling transplanting	The Kubota Group proposes that the combination of direct seeding with iron-coated seeds and the high dense seedling transplantation can reduce seedling trays, spread out the harvesting season, and expand scale. Directly seeding iron-coated seeds, which significantly cuts down on labor, and transplanting a certain percentage of high dense seedlings, can reduce the number of seedling trays required. 

Eliminating Work Inefficiencies with Precision Farming and Helping Reduce Environmental Impacts

In Japan, more and more agricultural land is being managed by large-scale farming households, so it is vital that we develop high-performance, high-precision products to meet the needs of farmers to boost revenue and cut costs. In 2016, the Kubota Group outpaced its rivals in bringing to market a rice transplanter capable of maintaining straight planting rows. Ever since, we have continued to develop numerous functions to achieve high-precision rice transplanting. These features enable even the inexperienced to easily plant rice seedlings with great accuracy, while for seasoned farmers, they help improve work efficiency by alleviating fatigue.

<GPS-based ICT Functionality>

Function	Details	Environmental contributions
Straight-line keeping (GS) and row-spacing assistance	The straight-line keeping function uses GPS to self-steer when proceeding straight ahead so that even beginners can easily transplant seedlings in straight rows. When used in combination with the row-spacing assistance function, any deviations in distance between adjacent rows can be corrected.   Self-steering when checking the transplantation of seedlings	Planting seedlings in straight rows can help reduce the wasteful consumption of fuel and materials (seedlings, fertilizer, pesticide, etc.).
Spacing control and fertilizer application control	Owing to the fact that rice transplanters slog through the mud in rice paddies, the spacing between seedlings planted with the conventional wheel-linked mechanism can vary depending on the degree of slippage. Kubota's spacing control and fertilizer volume control functions use actual GPS-based speed data to accurately gauge distance travelled and correspondingly control the rotational speed of the planting claws and fertilizer rollers. This allows seedling transplantation and fertilizing to be carried out according to a preset distance between seedling clumps. 	Farmers usually prepare 10% more seedlings and fertilizer than planned to compensate for errors caused by rice transplanter slippage. Kubota's spacing control and fertilizer application control functions can reduce these extras, thereby minimizing the materials and energy required to prepare seedlings and curtailing the amount of fertilizer resources actually used.
Adjustable fertilizing (NW8S-PF-GS)	KSAS* can be used to create fertilization maps of rice paddies that visualize where and how much fertilizer is needed. Rice transplanters equipped with adjustable fertilizing functionality can apply optimal amounts of fertilizer by syncing with this map data. * KSAS stands for Kubota Smart Agri System, our ICT-powered agricultural management support service.  Mesh maps for fields can be created and fertilizer application rates assigned to each mesh (5m, 10, 15m, or 20m). * Settings must be entered manually.	The optimization of fertilizer application rates minimizes unevenness in rice growth and delivers increased stability in terms of eating quality and yields. In turn, this reduces inputs per yield.

Furthermore, in 2020 we launched the self-driving Agri Robo Rice Transplanter NW8SA. Transplanting work is carried out by two people: one operator and one assistant to restock the seedling trays. However, the rice transplanter drives itself, thus reducing manpower and improving work efficiency. Stable cultivation is achieved because the machine plants the seedlings with minimum overlapping. It also curbs wasteful consumption of fuel and resources by automatically plotting the most economical route.

Agri Robo Rice Transplanter NW8SA

Feature: Developing Environmental Contribution Products

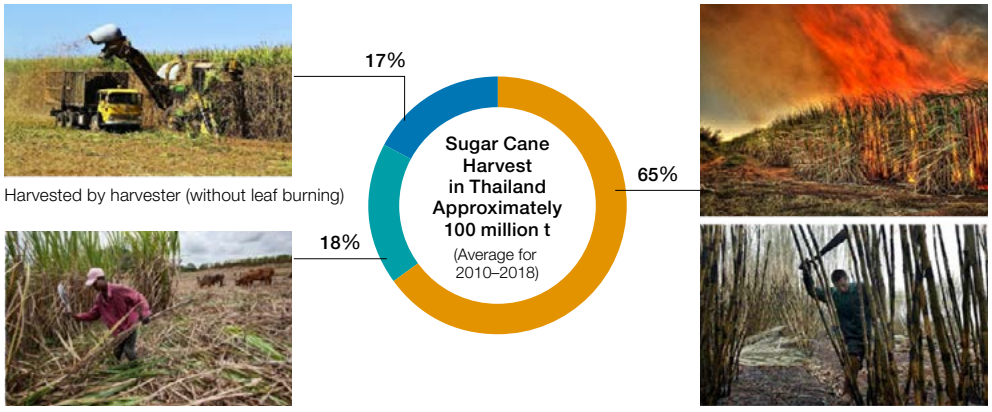
Contributing to Zero Burning through the Development of a Sugarcane Leaf Remover (Thailand)

KUBOTA Research and Development Asia Co., Ltd. (KRDA), an R&D site in Thailand, has developed the Sugarcane Leaf Remover (SLR110H), an implement that removes sugarcane leaves. The implement is contributing to the Thai government's zero burn policy and environmental conservation.

Sugarcane Leaf Burning and Air Pollution in Thailand

Thailand is the fourth largest sugar producer in the world and sugarcane production is widespread there. Because most sugarcane farmers are small-scale farmers who harvest by hand. As it reaches harvest time, the sugarcane produces a large quantity of covering leaves that obstruct the harvesting operation. Most farmers burn the leaves before harvesting to make the work more efficient. However, PM 2.5 air pollution is expanding in Thailand and agriculture-related burning, including leaf burning of sugarcane leaves, is thought to be one of the causes.

Ratio of sugarcane harvesting methods in Thailand*



Harvested by harvester (without leaf burning)

Harvested by hand (without leaf burning)

Harvested by hand after leaf burning

* Data by OCSB, Office of the Cane and Sugar Board

Development of the Sugarcane Leaf Remover

Leaf burning reduces the farmer's income by causing yield loss and quality degradation. KRDA has developed the SLR110H, an implement for removing sugarcane leaves, as a solution to eliminate leaf burning. SLR110H is an implement that can be used with small tractors that are already widely used by sugarcane farmers. It can efficiently remove leaves between sugarcanes inter-row by rotating a roller with a string-type trimmer attached. The trimmer removes leaves that it contacts. Its simple structure results in a highly cost efficient implement with a low price.

Since launching in the market in December 2018, unit sales have been steadily increasing and we are also focusing on exports to surrounding Asian countries.

SLR110H mounted on a small tractor

Before leaf removal Leaf removal using SLR110H After leaf removal

Click here to see the SLR110H in use
https://youtu.be/oDfvFmIpZIM

Contribution to Thailand's Zero Burn Policy

The Thai government has been advocating a zero burn policy since 2019 to resolve serious air pollution. At the "Thailand-Japan Environmental Solutions Week," held in Bangkok in January 2020, and jointly sponsored by Thailand's Ministry of Natural Resources and Environment and Japan's Ministry of the Environment, staff from SIAM KUBOTA Corporation Co., Ltd. of Thailand, which is in charge of sales of SLR110H, were invited to give a presentation about the company's initiatives, such as development of the SLR110H that is helping to reduce sugarcane burning in Thailand. The presentation drew a great deal of interest from the audience, which included officials, businesspeople, and researchers.

VOICE

Aiming to Eliminate Leaf Burning during the Sugarcane Harvest

Despite regulations prohibiting the burning of fields in Thailand, the ratio of farmers who conduct sugarcane leaf burning remains as high as ever, at 63% in 2009 and 66% in 2018. To ensure the success of the Thai government's zero burn policy, we developed the SLR110H to simultaneously satisfy the needs of farmers, harvest workers, and sugar mills.

In development, the specifications needed to be considered from various perspectives to cope with diverse sugarcane growing conditions. The size of the implement must be suitable for creating space for workers by removing leaves, while avoiding damage to the sugarcane. The trimmer material (string) must have sufficient weight and rotational speed to break the leaves without degrading the quality of the sugarcane.

Moreover, since the harvest season is just 3 to 4 months long, it is very important that the machine does not break down during this period. The SLR110H has a structure that makes it difficult for removed leaves to become entangled on the shaft, while the trimmer is designed to be easily replaceable without the use of tools. This enables users to keep working without losing time on faults or maintenance.

Since its launch in Thailand, SLR has been popular because it makes harvest operations more efficient while increasing quality and harvests compared with the leaf-burning method.

We will continue to develop products that solve customer needs and environmental issues to enrich the lifestyles of people living in ASEAN countries.

KUBOTA Research and Development Asia Co., Ltd.
Engineering Division
Krainara Muandet

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.

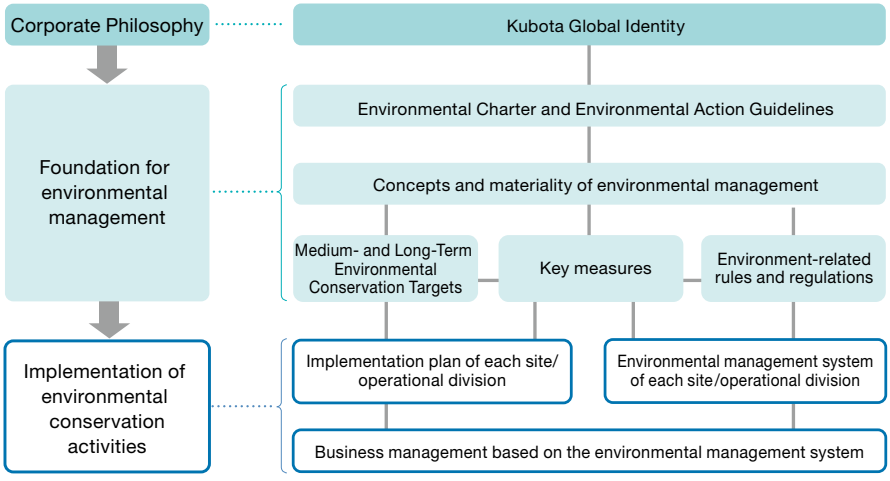
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance 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 RY2019 in Japan we had three cases of inadequate disposal processing of fluorocarbons, one case of misunderstanding the type of service contracted in waste product treatment, one case of paint run-off due to rain, one case of diesel flowing into sewers, and one case overseas of wastewater exceeding regulation levels. We investigated any impact on the ambient environment and are working to prevent recurrence. Furthermore, we were not subject to any fines or punishments.

The Kubota Group's Environmental Management System

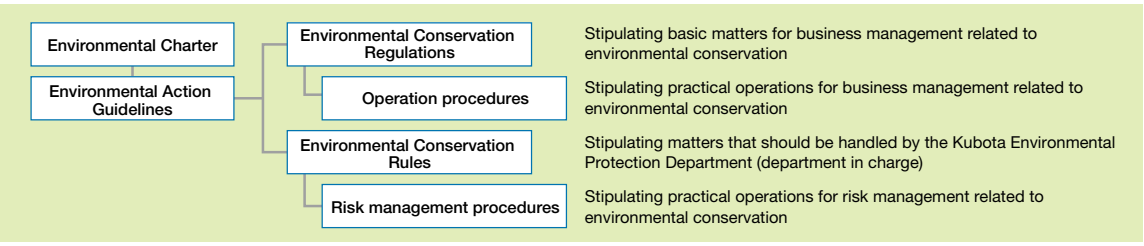
The diagram below shows the structure of the environmental management system of the Kubota Group.



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 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.

RY2019 Environmental Audit Implementation Status

- Number of sites: 267 (254 bases and 13 agricultural machinery sales companies)
- Number of audit items: 21 (for maintenance and management departments) up to 50 (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

Environmental audit
Kubota Baumaschinen GmbH (Germany)

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	70	13 companies*1	89	45	8	249
	Number of audit items	44	40	50	50	36	21	
Overseas group companies	Number of sites audited	18	–	–	–	–	–	18
	Number of audit items	30						

*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 Sakai 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 Okajima Business Center

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.

Emergency response drill simulating the leakage of oil
Kubota Utsunomiya Plant

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 is 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 has introduced its own on-site investigation appointing system that is run by its production sites, offices, sales companies, and other companies. In those cases where multiple sites including production sites use the same contractor for the treatment of waste, the officer responsible for the treatment of waste at the production site takes responsibility for the investigation. In this manner, successful steps are being taken to increase the effectiveness of investigations.

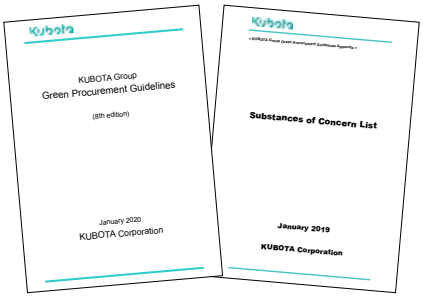
Green Procurement

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.



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

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

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 2019, of the 129 environmental conservation activities that were submitted from our suppliers in Japan, 11 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.

Awarding ceremony (January 2020)

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 2019

The Kubota Group offers environmental education programs to raise awareness among its employees. The education program for employees consists of rank-based training, professional training, and general training. The Group also assists external group’s environmental education programs.

Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	Training for new employees	1	173	Global and local environmental issues and Kubota’s environmental conservation activities
	Training for newly appointed supervisors	2	42	Kubota’s environmental management and efforts as supervisors
	Training for newly appointed foremen	1	12	Kubota’s environmental management and efforts as foremen
	The Safety, Environment and Quality Forum for executive management	1	300	A lecture on “Risk Management that the Management Team Should Keep in Check” by Hideki Yoshinari, representative director of Yoshinari Consulting.
Professional education	Basics of environmental management	1	25	Basic knowledge of legal systems, environmental risk, and environmental conservation
	Waste management	2	58	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Environment-related facility management	1	10	Pollution control technologies and pollution control laws
	Education to train ISO 14001 environmental auditors	1	49	The ISO 14001 standard, environment-related laws, audit techniques
Site training	Waste management	2	57	Waste management (storage and processing of construction waste)
	Total	12	726	

Waste management training on-site (Kubota Hanshin Plant Mukogawa Site)

Environment Month Report

Raising the Environmental Awareness of Employees and Family Members 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. In 2019, we promoted activities with the theme of "Let's work together to reduce plastic waste!"

As one of the Environment Month activities, each year the Group hosts the "Kubota Eco Challenge," an environmental photo contest that encourages Group employees and their families worldwide to submit photos of their eco-friendly activities at work or at home. In 2019, we received a total of 3,195 photographs from sites throughout the world—our highest number yet. The photos showed a wide range of activities at work and at home, such as using eco bags, reusable bottles, neighborhood clean-up activities, and tree-planting.

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

Environment Month poster (2019)


Using eco bags (Thailand)


Neighborhood clean-up activities (China)


Tree-planting on private land (India)

Environmental Achievement Awards

During the Environment Month in June every year, the Kubota Group presents the Environmental Achievement Awards 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 2019, environmental conservation activities were evaluated targeting the four segments of production sites, non-production sites, product development, and education and awareness raising. As a result, 46 cases were awarded for their achievements in energy saving, waste reduction, VOC reduction, reducing environmental risks, development of environment-friendly products, and so on. Five cases 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 2019

Boundary	Company, department	Theme
Production sites	Kubota Utsunomiya Plant	Waste reduction by introducing equipment for regenerating transmission oil for rice transplanters
	Kubota Manufacturing of America Corporation (US)	Reduce Water Resource by Reclaiming E-coat Post Rinse Carry-over
Product development	PW Technology Group, Electronic Equipped Machinery Marketing and Sales Department, Farm Machinery Products and Post-Harvest Division	Commercial humidified air cleaner Pure Washer PW24W-EW1, PW24W-EWL1, PW24G-EW1, PW24G-EWL1, PW24W-EW2, PW24W-EWL2
	Tractor Division Compact Tractor Engineering Dept.	AGRIROBO tractor SL60A
	Farm Machinery Products and Post-Harvest Division Kubota Air Conditioner, Ltd. Research & Development Dept.	Air handling unit Humidity control outdoor-air processing unit DHM-50C

Environmental Achievement Awards in 2019

Boundary	Classification, No. of winners
Production sites	Excellent Prize: 2, Encouragement Award: 10, Good Effort Award: 22
Non-production sites	Encouragement Award: 3

Boundary	Classification, No. of winners
Product development	Excellent Prize: 3, Encouragement Award: 5
Education and awareness raising	Encouragement Award: 1

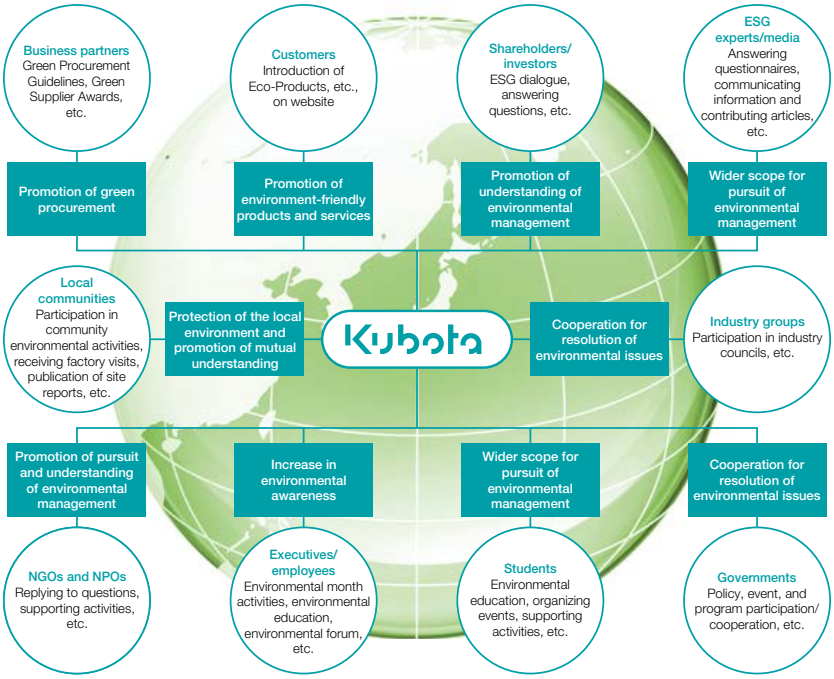
Environmental Communication

Since it published its first Environmental Report in RY1999, 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. Moreover, the Group also participates in the Environmental Reporting Platform Development Pilot Project to promote ESG dialogues between investors and companies.

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 (TFCD)

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.

Climate Change-related Disclosure

The Kubota Group considers tackling 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.

Looking ahead, we will enhance our disclosure through the KUBOTA REPORT, our website, and other means.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

* The TCFD recommendations present a framework for corporations to disclose climate-related information to the financial markets. 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.

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	P33 P152
b. Describe management's role in assessing and managing risks and opportunities.	Environmental Management Promotion System	P33
Strategy		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Management Approach—Materiality, Environmental Management Approach—Risks and Opportunities	P30 P31
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, Environmental Management Approach—Key Measures	P31 P32
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	(Disclosure to be considered going forward)	–
Risk Management		
a. Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Management Approach—Materiality	P30
b. Describe the organization's processes for managing climate-related risks.	Environmental Management Approach—Materiality, Environmental Management Promotion System, Internal Control—Internal Control System, Internal Control—Internal Control System Operation Activities (Risk Management Activities)	P30 P33 P158 P158
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	P33 P152 P158
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.	Long-Term Environmental Conservation Targets 2030, Medium-Term Environmental Conservation Targets 2020, Mitigation of Climate Change—Measures to Reduce CO_2 Emissions, Environmental Education and Enlightenment—Environmental Achievement Awards	P35 P36 P39 P75
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Mitigation of Climate Change—CO_2 Emissions throughout the Value Chain	P41
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Long-Term Environmental Conservation Targets 2030, Medium-Term Environmental Conservation Targets 2020	P35 P36

Environment-related External Evaluation

Kubota Given “A” Grade in CDP Water Security 2019 Survey and “A-” Grade in CDP Climate Change 2019 Survey

Kubota was selected for inclusion in the A list of companies—the highest position—in the CDP Water Security 2019 survey on water security conducted by the CDP*. It was the second time that we have been selected for the water security A list since CDP 2017. We were also awarded an “A-” rating—the second highest on an 8-point scale—in the CDP Climate Change 2019 survey, a survey on climate change conducted by the CDP.

The Kubota Group will further contribute to society through its global business activities, seeing the response to climate change and conservation of water resources as one of its materiality issues.

* 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.

Receiving Environmental Awards

KUBOTA REPORT 2019 <Full Version> Given Excellence Award in Environmental Reporting Category at 23rd Environmental Communication Awards

KUBOTA REPORT 2019 <Full Version> received the Excellence Award in the Environmental Reporting category at the 23rd Environmental Communication Awards co-sponsored by the Japanese Ministry of the Environment and the Global Environmental Forum.

By honoring excellence in environmental reporting for multiple stakeholders across multiple media, such as CSR reports, integrated reports, and environmental management reports, the Environmental Communication Awards aim to promote good environmental communications by people related to business operators and stimulate environment-related actions.

The Excellence Award that the Company received is presented for outstanding reports that exceed a certain standard and serve as models for other companies in the same industry or other businesses of similar scale. The Company received the award for the second consecutive year.

Logo for Excellence Award received at Environmental Communication Awards

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

Kubota Environmental Engineering (Shanghai) Co., Ltd. (KEES) (China) received the “Green Award” at the 12th China Environmental Industry Conference, held in Beijing in May 2019.

The Green Award is presented to companies that are outstanding leaders in the environmental field. This is the fourth 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

SIAM KUBOTA Corporation Co., Ltd. (Headquarters) and KUBOTA Engine (Thailand) Co., Ltd. Receive Green Industry Award

SIAM KUBOTA Corporation Co., Ltd. (Headquarters) and KUBOTA Engine (Thailand) Co., Ltd. received the Green Industry Award from the Thai government in 2019 as clean plants that are environmentally considerate. Both sites scored Level 4 on the five-point evaluation scale (Level 5 being the highest), for having strongly rooted environmental conservation activities in their corporate culture.

The award has a three-year certification period, and SIAM KUBOTA Corporation Co., Ltd. (Amata Nakorn Plant) has previously received a Level 4 award, while SIAM KUBOTA Metal Technology Co., Ltd. and KUBOTA Precision Machinery (Thailand) Co., Ltd. have received Level 3 awards. They are still currently recognized as Green Industries.

Green Industry Award certificate

P.T. Kubota Indonesia Received the BLUE PROPER Award for the Ninth Time

P.T. Kubota Indonesia (PTKI) received the BLUE PROPER award for the ninth time from the environment minister of the Indonesian government for its corporate activities over a year from 2018 to 2019. PROPER (the Environmental Performance Rating Program) is a rating program of the Indonesian ministry of the environment, which assesses the companies' status of compliance with the environmental regulations and the status of implementation of environmental measures, and discloses them to the public. The aim of this program is to raise companies' awareness of environmental management, and encourage the implementation of activities for energy saving, conservation of biodiversity, and community development.

The BLUE PROPER award is given to companies that comply with 100% of the environmental regulations and properly operate the environmental management system. PTKI will make continuous efforts to enhance environmental management.

Certificate of Commendation for the BLUE PROPER Award

Environmental Communication Report

Practice Report

Environmental Education at a Local Elementary School

KUBOTA Engine (Thailand) Co., Ltd. (KET) (Thailand) visits a local elementary school each year to provide education on CSR. As part of this, KET organizes tree-planting activities and distributes personal drink bottles to help raise awareness of the environment among its various environmental education initiatives. In 2019, KET also conducted vegetable planting in addition to its tree-planting program.

KET will continue to run education activities at the elementary school, aiming to communicate with the local community while contributing to local environmental conservation activities.


A group photograph with the elementary school students

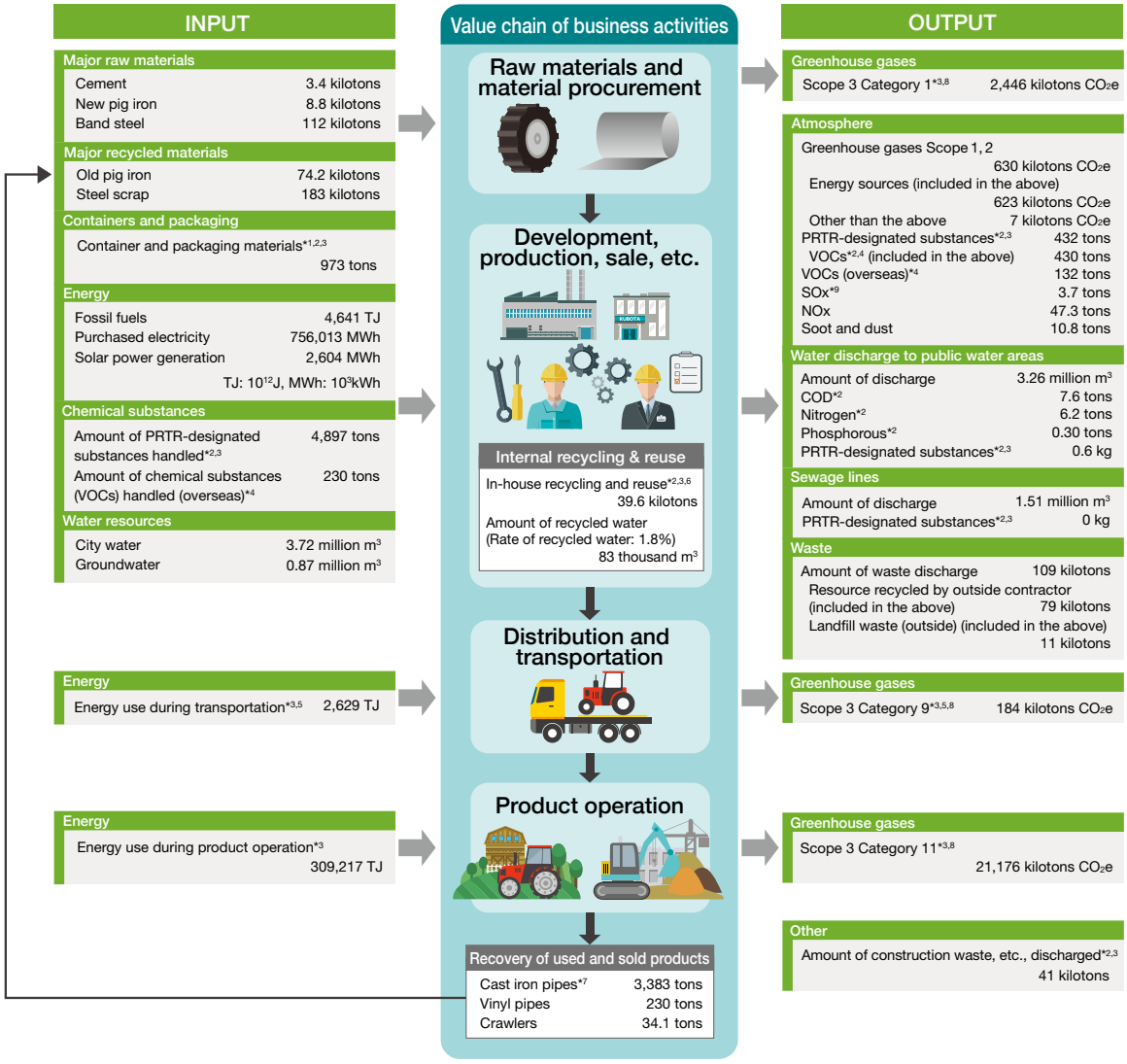

Tree-planting activities

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 RY2019. 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 RY2019)



*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
*6 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 RY2019, 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. The in-house recycling and reuse figure for RY2019 calculated using the previous standard would be 34.0 thousand tons.
*7 Up to RY2018, the figure for cast iron pipes in some cases included a portion generated and reused within business sites. This portion is excluded from RY2019. Calculated using the previous method, the figure for cast iron pipes would be 8,993 tons.
*8 For Greenhouse gases Scope 3, only part of the categories are presented. For more details, see the CO_2 Emissions throughout the Value Chain (p.41).
*9 If sulfur contained in the slag managed onsite at end of year (December 31, 2019) by some sites in Japan is included, SOx emissions for RY2019 amounted to 5.2 tons.

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	RY2015	RY2016	RY2017	RY2018	RY2019
Energy	Within business sites	Energy consumption*1		TJ	11,450	11,295	11,602	12,234	12,075
			Fossil fuels	TJ	4,575	4,434	4,399	4,687	4,641
			Natural gas included in the above*2	TJ	1,980	2,056	2,267	2,501	2,561
			Purchased electricity	MWh	700,015	698,370	732,508	767,255	756,013
		Power generation for own use	Cogeneration*2	MWh	1,715	1,977	416	1,805	2,274
			Solar power generation*3	MWh	1,217	1,732	1,855	2,412	2,604
	Energy use during transportation*2,4			TJ	634	606	643	2,741	2,629

CO_2 Emissions

Environmental indicators			Unit	RY2015	RY2016	RY2017	RY2018	RY2019
Greenhouse gases	Scope 1, 2		kilotons CO_2e	674	647	645	647	630
		Overseas included in the above*5	kilotons CO_2e	168	172	197	204	203
		Energy sources	kilotons CO_2e	666	639	638	640	623
		Other than the above*5	kilotons CO_2e	8	8	8	7	7
	Scope 3 Category 9 (Transportation of sold products)*2,6,7		kilotons CO_2e	44	42	44	180	184

Resources and Materials

Environmental indicators		Unit	RY2015	RY2016	RY2017	RY2018	RY2019
Major raw materials	Cement	kilotons	8.7	6.8	4.4	4.9	3.4
	New pig iron	kilotons	7.5	6.7	7.2	9.7	8.8
	Band steel	kilotons	99.6	106	132	121	112
Major recycled materials	Old pig iron	kilotons	62.9	58.6	64.0	71.8	74.2
	Steel scrap	kilotons	271	224	182	193	183
Containers and packaging	Container and packaging materials (Japan)*2,8	tons	—	—	988	922	973

Waste

Environmental indicators				Unit	RY2015	RY2016	RY2017	RY2018	RY2019
Waste, others	Amount of waste discharge			kilotons	116	106	108	113	109
			Overseas included in the above	kilotons	40	39	43	52	40
		Hazardous/non-hazardous waste	Hazardous waste	kilotons	—	—	6.0	5.3	5.5
			Non-hazardous waste*9	kilotons	—	—	102	108	103
		By treatment category	Resource recycled by outside contractor	kilotons	93	85	88	92	79
			Landfill waste (outside)	kilotons	12	11	9	10	11
	Amount of construction waste, etc., discharged (Japan)*2			kilotons	44	54	46	41	41

*1 Conventionally, energy use during transportation (Japan) was included in total energy consumption. But starting from RY2017, it is not retrospectively included.
*2 Not subject to the third-party assurance
*3 Values for RY2015 to RY2018 were corrected to improve accuracy.
*4 In addition to the data for Japan, energy use associated with the overseas shipping of certain products from Japan has been included from RY2018.
*5 Values for RY2016 and RY2017 were corrected to improve accuracy.
*6 For Greenhouse gases Scope 3, only part of the categories are presented. For more details, see the CO_2 Emissions throughout the Value Chain (p.41).
*7 In addition to the data for Japan, CO_2 emissions associated with the overseas shipping of certain products from Japan have been included from RY2018.
*8 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging.
*9 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	RY2015	RY2016	RY2017	RY2018	RY2019
Water resources	Water consumption		million m^3	5.05	4.86	4.51	4.88	4.59
		Overseas included in the above	million m^3	1.23	1.20	1.07	1.10	1.11
	City water*1		million m^3	4.08	3.99	3.60	3.89	3.72
	Groundwater		million m^3	0.97	0.87	0.91	0.99	0.87

Water system discharge

Environmental indicators		Unit	RY2015	RY2016	RY2017	RY2018	RY2019
Water discharge to public water areas	Wastewater discharge	million m^3	3.82	3.71	3.26	3.62	3.26
	COD (Japan)*2	tons	9.9	10.1	7.7	8.6	7.6
	Nitrogen discharge (Japan)*2	tons	9.6	9.2	9.1	6.9	6.2
	Phosphorous discharge (Japan)*2	tons	0.35	0.36	0.27	0.38	0.30
	Amount of PRTR-designated substances released (Japan)*3	kg	0	0	0.8	0.9	0.6
Sewage lines	Wastewater discharge	million m^3	1.58	1.54	1.42	1.50	1.51
	Amount of PRTR-designated substances transferred (Japan)*3	kg	23	22	17	0	0

Chemical Substances

Environmental indicators		Unit	RY2015	RY2016	RY2017	RY2018	RY2019
Chemical substances	Amount of PRTR-designated substances handled (Japan)*3	tons	5,143	4,875	4,457	5,309	4,897
	Amount of chemical substances (VOCs) handled (overseas)*4	tons	359	350	324	327	230

Atmospheric Discharge

Environmental indicators			Unit	RY2015	RY2016	RY2017	RY2018	RY2019
Atmosphere	Amount of PRTR-designated substances released (Japan)*3		tons	543	463	423	428	432
	VOC emissions*4		tons	798	703	641	597	562
		Overseas included in the above*4	tons	260	243	221	172	132
	SOx emissions		tons	24.7	31.5	17.5	9.4*6	3.7*6
	NOx emissions*5		tons	76.2	94.2	68.8	49.5	47.3
	Soot and dust emissions		tons	15.1	26.5	21.9	9.8	10.8

*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 RY2018 were corrected to improve accuracy.
*6 If sulfur contained in the slag managed onsite by some sites in Japan is included, SOx emissions to 7.3 tons for RY2018 and 5.2 tons for RY2019.

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

RY2019 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	876
53	Ethylbenzene	111,867	0.0	0.0	0.0	0.0	24,183
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	198,661	0.0	0.0	0.0	0.0	34,355
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	3,428
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	2.1
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	410
240	Styrene	21,155	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	16,750	0.0	0.0	0.0	0.0	4,803
297	1,3,5-trimethylbenzene	2,574	0.0	0.0	0.0	0.0	715
300	Toluene	78,600	0.0	0.0	0.0	0.0	15,029
302	Naphthalene	2,533	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	41	0.60	0.0	0.0	0.20	6,834
308	Nickel	0.15	0.0	0.0	0.0	0.0	435
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
352	Diallyl phthalate	92	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	0.33	0.0	0.0	0.0	0.0	126
392	N-hexane	24	0.0	0.0	0.0	0.0	0.0
400	Benzene	3.4	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,221
412	Manganese and its compounds	0.02	0.0	0.0	0.0	0.0	41,637
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		432,301	0.60	0.0	0.0	0.20	134,053

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 (for dioxin: mg-TEQ/year)

Six VOCs substances targeted for reduction in Medium-Term Environmental Conservation Targets 2020

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	RY2018		RY2019	
			Investment	Expenses	Investment	Expenses
Within the business area cost			1,319	2,508	867	2,821
	Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	200	425	180	436
	Global environmental conservation cost	Prevention of climate change, etc.	1,107	938	656	1,009
	Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	12	1,145	31	1,376
Upstream and downstream costs		Collection of used products and commercialization of recycled products	0	31	0	37
Management activities cost		Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	2	1,599	18	1,613
R&D cost		R&D for reducing of product environmental load and developing environment conservation equipment	1,254	7,810	576	7,497
Social activities cost		Local cleanup activities, and membership fees and contributions to environmental groups, etc.	0	1.0	0	1
Environmental remediation cost		Contributions and impositions, etc.	0	212	0	224
Total			2,575	12,161	1,461	12,193

Total capital investment (including land) for the corresponding period (consolidated data)	86,700
Total R&D costs for the corresponding period	53,100

Environmental Conservation Effects

Effects	Items	RY2018	RY2019
Environmental effects related to resources input into business activities	Energy consumption (TJ)	7,670	7,615
	Water consumption (million m^3)	3.78	3.48
Environmental effect related to waste or environmental impact originating from business activities	CO_2 emissions (energy related CO_2) (kilotons CO_2e)	443	427
	SOx emissions (tons)	9.3	3.1
	NOx emissions (tons)*1	45.2	42.9
	Soot and dust emissions (tons)	2.8	2.7
	Releases and transfers of PRTR-designated substances (tons)	598	566
	Waste discharge (kilotons)	61.8	69.2
	Waste to external landfills (kilotons)	1.6	1.9

*1 The value for RY2018 was corrected to improve accuracy.

Economic effects

(Yen in millions)

Classifications	Details	Annual effects of the year ended December 31, 2019
Energy conservation measures	Improve the operations of production facilities and switch to more efficient lighting and air-conditioning systems	893
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	471
	Sales of valuable resources	1,024
Total		2,639

<Environmental accounting principles>

1) The period is from January 1, 2019 to December 31, 2019.
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.).

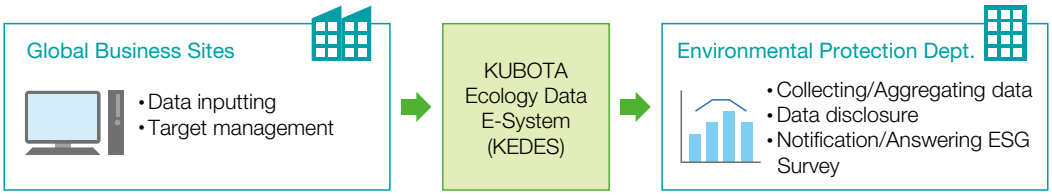
As of the end of RY2019, 41 of the Group's 55 production sites worldwide (acquisition rate of 75%) have acquired environmental management system certification. In Japan, 22 of its 23 production sites (acquisition rate of 96%) have acquired ISO 14001 certification. Of its 32 overseas production sites, 19 sites (acquisition rate of 59%) 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/company/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

RY	Period		Organizations covered (No. of companies)			
			Kubota/Consolidated subsidiaries*3			Affiliated companies accounted for under the equity method*4
	Data in Japan	Overseas data	Japan	Overseas	Total	
2015	April 2015 to March 2016*1	January 2015 to December 2015*1	52	102	154	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

*1 Although the accounting period of RY2015 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 (CO_2 emissions, energy use, CO_2 emissions during distribution, amount of waste discharged, water consumption, VOC emissions, amount of PRTR-designated substances released and transferred) for RY2015 are the total consolidated sales from April 2015 to March 2016.

*2 For RY2016, 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 RY2016) and four major non-production sites (accounting for over 90% of the employees of non-production sites of the GP Group in RY2015) is estimated. Data of the amount of chemical substances (VOC) handled and VOC emissions is excluded from the calculation.
From RY2017, 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.

Energy and CO_2-related

Indicator (unit)	Calculation method
Energy use (J)	• 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] • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan.
CO_2 emissions (tons CO_2e)	• CO_2 emissions = CO_2 emissions from energy sources + non-energy source greenhouse gas emissions • CO_2 emissions from energy sources = Amount of purchased electricity consumed at business sites × CO_2 emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO_2 emission coefficient of each fuel] • Non-energy source greenhouse gas emissions = CO_2 emissions from non-energy sources + non-CO_2 greenhouse gas emissions • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan. • CO_2 emission coefficients [RY2014 to RY2015] <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) <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). [RY2016 to RY2019] <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) <Electricity> • Data for Japan is effective emission coefficients for each electricity utility • Overseas data is according to effective emission coefficients for each electricity utility, CO_2 Emissions from Fuel Combustion (IEA) and The Emissions & Generation Resource Integrated Database (eGRID) (EPA). • 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)
Freight traffic (ton-km)	• Freight traffic = Σ [Freight transportation amount (tons) × distance traveled (km)] • Freight traffic refers to the volume of products and Kubota's industrial waste transported during domestic distribution
Energy use during transportation (J)	• 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 the Manual to Support Merchants regarding Revisions to Energy Conservation Laws, 3rd Edition (April 2006, Japan's Energy Conservation Center of the Agency of Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry) • In addition to the data for Japan, energy use associated with the overseas shipping of certain products from Japan has been included from RY2018.
CO_2 emissions during distribution (tons CO_2e)	• CO_2 emissions during distribution = Σ [Fuel consumption for freight shipment by truck × CO_2 emission per ton-kilometer by fuel of transportation] + Σ [Fuel consumption for freight shipment by rail and water × CO_2 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)
Energy use during product operation (J)	• 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)

Energy and CO_2-related

Indicator (unit)	Calculation method
Scope 3 emissions (tons CO_2e)	• The calculation method is based on the Basic Guidelines regarding the Calculation of 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 (Ver2.6)
Resource extraction, manufacture and transportation related to purchased goods/ services	• Σ [Production volume × CO_2 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 • CO_2 emissions per unit: Estimated from the CO_2 emissions per unit of production of the product
Manufacture and transportation of capital goods such as purchased equipment	• Equipment investment amount × CO_2 emissions per unit
Resource extraction, manufacture and transportation related to purchased fuels/ energy	• Purchased electricity consumed at business sites × CO_2 emissions per unit
Disposal of wastes discharged from business sites	• Σ [Amount of waste discharge by type × CO_2 emissions per unit]
Employee business travels	• Σ [Transportation expenses paid by method of transport × CO_2 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.
Employee commuting	• Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] • The amount of transportation expenses is for the amount paid for railway tickets and car travel. • From RY2019, CO_2 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.
Transportation of sold products	• The calculation method is the same as that for CO_2 emissions during distribution. • In addition to the data for Japan, CO_2 emissions associated with the overseas shipping of certain products from Japan has been included from RY2018. Target products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines • The scope of calculation includes CO_2 emissions associated with Kubota's transportation of waste.
Processing of intermediate products	• Σ [Sales volume of intermediate products × CO_2 emissions per unit] • Intermediate products: engines (external sales only) • CO_2 emissions per unit: CO_2 emissions per unit at Kubota Group's processing plants
Use of products sold	• Σ [Number of products sold × CO_2 emissions per unit] • Products: agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.) • CO_2 emissions per unit: Fuel consumption per hour × Annual hours of use × Years of lifespan × per unit heat value of each fuel × CO_2 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)
End-of-life treatment of sold products	• Σ [Number of products shipped × CO_2 emissions per unit] • Products: Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (compact excavators, etc.) • CO_2 emissions per unit: estimated CO_2 emissions per unit of product

Waste-related

Indicator (unit)	Calculation method
In-house recycling and reuse (tons)	• 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)	• Amount of waste, etc., discharge = sales amount of valuable resources + amount of waste discharge
Amount of valuable resources sold (tons)	• The amount of unneeded resources generated within the Kubota Group that are sold outside the Group
Amount of waste discharge (tons)	• Amount of waste discharge = Amount of industrial waste discharge + Amount of general waste discharge from business activities
Hazardous waste (tons)	• In Japan, specially controlled industrial waste as defined in the Waste Management and Public Cleansing Law; Overseas, industrial waste as defined in each country
Amount of resource recycling (tons) Amount of volume reduction (tons) Amount of landfill disposal (tons)	• 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, amount of volume reduction are calculated based on the results of surveys at the contractor.
Recycling ratio (%)	• 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
Amount of construction waste, etc., discharged (tons)	• Amount of construction waste, etc., discharged = Amount of construction waste discharged + sales amount of valuable resources generated from construction • Targeting construction work in Japan • Amount of construction waste discharged includes construction waste other than specific construction materials • Sales amount of valuable resources covers valuable material operators with whom the Kubota Group is directly contracted
Amount of construction waste, etc., discharged Recycling ratio (%) Recycling and reduction ratio (%)	• In RY2016, a new calculation method was adopted in which the reduction volume is calculated in accordance with the Promotion Plan for Recycling of Construction Waste 2014 (Ministry of Land, Infrastructure, Transport and Tourism) and the recycling and reduction ratio is determined. [RY2015] Recycling ratio = {Sales amount of valuable resources + resource recycling + volume reduction (heat recovery)} ÷ amount of construction waste, etc., discharged × 100 [RY2016 to RY2019] Recycling and reduction ratio = {Sales amount of valuable resources + resource recycling (including heat recovery) + volume of reduction} ÷ amount of construction waste, etc., discharged × 100

Water-related

Indicator (unit)	Calculation method
Water consumption (m^3)	• Water consumption = City water consumption + groundwater consumption • City water includes service water and water for industrial use
Wastewater discharge (m^3)	• 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)	• Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
Rate of recycled water (%)	• Rate of recycled water = Amount of recycled water / (Water consumption + Amount of recycled water) × 100
COD (tons) Nitrogen discharge (tons) Phosphorus discharge (tons)	• 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)	• 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)	• 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)	• The total amount handled at overseas sites 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)	• 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)	• 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 (%)	• 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 (%)	• Usage ratio of recycled materials = Σ {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 that information has been assessed by a third party. Based on the third-party assurance obtained this reporting year, the KUBOTA REPORT 2020 <Full Version> 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.

KPMG

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, 2019 to December 31, 2019 included in its KUBOTA REPORT 2020 <Full Version> (the "Report") for the fiscal year ended December 31, 2019.

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 subsidiaries 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.

KPMG Azsa Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
June 23, 2020

J-SUS Symbol

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 KUBOTA REPORT 2020 <Full Version>.

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

Factory Visit

Kubota Industrial Equipment Corporation (US)

Social Report

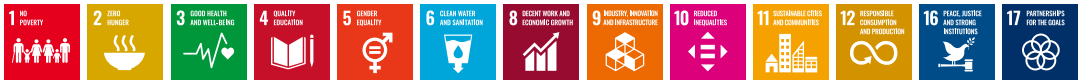
Target and Results Concerning Social Aspects

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.

Summary of Social Report for FY2019, and Priority Issues for FY2020 and Medium-Term Targets

Materiality	Major items	Main focus of activity	Plan	Do	
			Priority issues for FY2019	Activity results in FY2019	Applicable boundary shown to the left
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	●Strengthen auditing functions	●In addition to previous quality audits, conducted quality compliance audits for all products for which inspection results records are issued	Quality audits Japan: 13 business divisions Overseas: 10 business divisions Quality compliance audits Japan: 16 business divisions Overseas: 5 business divisions
			●Ensure that the ISO 9001 requirements are integrated with business processes, and continuously improve the quality and efficiency of work processes	●Set performance targets and worked to improve processed. Revised companywide processes to ensure effective function of ISO 9001 internal audits	All Group companies, including overseas
			●Thoroughly investigate the operational status of delivered goods and rapidly solve issues in order to improve satisfaction levels among customers, dealers and suppliers	●Conducted for all new models in line with plans	Kubota Corporation only
			●Operate the customer desk service using the new system	●Began analyzing recordings of customer inquiries from the customer desk service	
			●Publicize FAQ for distributors and for the general public	●Began publicizing FAQs for distributors, and for the general public via Kubota Cyber Farm Machinery Square	
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)
				●Requested major domestic suppliers assess their own operations with a CSR procurement check sheet	Kubota Corporation (Farm & Industrial Machinery)
			●Continue to promote suppliers' environmental load reduction activities and maintain the award system for environment-friendly production activities such as saving energy and recycling and aim to expand business with winning suppliers	●Encouraged business partners to participate in the award system, and awarded those who had promoted environment-friendly production activities ●Expanded the award system to overseas Group companies	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 ●Requested that suppliers formulate their policies on conflict minerals ●Increased verification and accuracy of CMRT information received from suppliers	All Group companies, including overseas
Shareholders, etc.	Timely and appropriate release of information	Timely and appropriate release of information	●Encourage extensive information disclosure and constructive dialogue able to meet the wishes of shareholders and investors. This can be accomplished by continuing to hold IR events or meetings, and by improving the website for investors	●Engaged in constructive dialogues through meetings and held business briefing sessions (January: About engines business, December: About R&D strategy) in order to encourage shareholders and investors to understand Kubota's business further ●Redesigned the landing page of our website for investors to improve user convenience	All Group companies, including overseas
			●Organize tours of facilities as opportunities to promote active talks with individual investors ●Promote initiatives to increase individual shareholders	●Organized a plant tour for shareholders ●Held a Company explanation session for investors, participated in IR fairs, etc.	Kubota Corporation only
			●Disseminate straightforward corporate information so as to further understanding and increase brand appeal ●Provide information in response to regional marketing	●Produced materials introducing Kubota's initiatives towards business, the latest technologies, and SDGs ●Created a website template for machinery sales companies overseas, and strengthened both our ability to broadcast our message around the world, including in emerging countries and our brand appeal	All Group companies, including overseas
Employees	Creating rewarding and lively workplaces	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	●We have 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. We have commenced operations so that new equipment will be brought up to the higher Level III at the time of its introduction, based on the risk assessment for machine safety that was revised in FY2017	6 domestic Group companies 16 overseas Group companies
		Creating a vibrant workplace	●Continue to share information with labor-management committees	●Shared information and held discussions in various labor-management committees (central, business sites) on current issues, etc. · Discussed and promoted initiatives for securing a work-life balance (promoting the use of annual paid leave, etc.), improving the workplace environment, etc. · Discussed response to revisions of labor-related laws and regulations, examined measures to be taken, and promoted the implementation thereof	Kubota Corporation only
			●Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	●Introduced jointed training content supervised by an EAP consultant to line-care and self-care training at each base	All domestic Group companies
			●Continue to promote the second phase of Health Kubota 21	●Held the Kubota "Exercise" Contest, in tune with the annual promotion theme, divided by the individual's division and business site division. ●Started loaning free wearable devices to assist efforts to improve health literacy	All domestic Group companies
		Respecting human rights	●Prevent harassment (sexual, maternity and power harassment, etc.) and improve the capacity to resolve harassment in Japan	●Continued awareness-raising activities for the prevention and resolution of harassment (sexual, maternity or power harassment, or harassment against LGBT) within Japan, including distributors	All domestic Group companies
			●Assess the human rights conditions at overseas sites and continue to consider human rights activities with an understanding of international standards relating to human rights, while referring to the initiatives taken by other companies	●Assessed the human rights conditions at overseas sites and implemented 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
		Promotion of diversity	●Promote development of female employees ●Hold ongoing training for female prospective managers ●Carry out in-depth study of diversity management ●Promote main action plan for general business law supporting women's activities ●Expand the scope of diversity	●Held female leader development training (transition to non-gender specific leader training) ●Further enhanced systems to support balancing family life with work (shifting work hours forward or back to fit in with childcare, extension of short-working hour system until 6th grade of elementary school, shortening of minimum leave-taking units from 30 minutes to 15 minutes) ●Increased the rate of childcare leave usage among male employees ●Expanded employment of people with disabilities throughout the Kubota Group	Kubota Corporation only
		Personnel policies in tune with globalization	●Continue to study/implement human resource policies essential to promote global management	●Continued training for next-generation managers in North America, and enhanced programs to accept trainees at Kubota sites in Japan for the purpose of developing candidates as managers and supervisors, and engineers of overseas Group companies	All Group companies, including overseas
				●Conducted training for managers at all companies in Europe to acquire the necessary knowledge for creating a strong organization and strengthening the system of cooperation	Overseas Group companies
				●Enhanced overseas trainee program and continued the program to dispatch interns to Harvard Business School	Kubota Corporation only
			●Foster compliance-minded employees based on the Rule of Conduct	●Collated the Rule of Conduct (all domestic Group companies) ●Spread the corporate principles through the training of new employees and company newsletters	All Group companies, including overseas
Communities	Social contribution activities	Contributions to international society and local communities	●Build a system to aggregate activity results both inside and outside Japan, and release it next fiscal year in the web version Report ●Support activities conducted locally by overseas sites	●Started disclosure of tests ●Held opinion exchanges between supervisors at overseas sites	All Group companies, including overseas
		Rejuvenation and reconstruction of areas affected by natural disasters	●Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	●Investigated and conducted support activities for disaster-stricken areas (dispatched volunteers to areas affected by Typhoon No. 19, etc.) in a way only Kubota can	All domestic Group companies

<SDGs related to this section>



Materiality	Major items	Main focus of activity	Check Self-assessment	Act Priority issues for FY2020	Plan Medium-term targets
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	○	● Phase-in testing automation systems	● Strengthen awareness of rules concerning quality assurance, and review governance
			○	● Strengthen ICT usage and quality assurance functions	● Be able to respond rapidly to issues with quality
			○	● Improve satisfaction among customers by improving the accuracy and speed of responses	● Improve operations to better reflect the customers' voices relayed by the customer service desk
				● Increase the percentage of customers looking at online FAQs while also raising the ratio of issues that are resolved successfully	● Strengthen response to customers' needs, including inspections and maintenance
Suppliers	CSR procurement initiatives	CSR procurement initiatives	○	● 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
				● Get a firm idea of suppliers' CSR systems, which is linked to improvement	
				● 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	
				● Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	
Shareholders, 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 ● Enhance information disclosure in annual securities reports in accordance with revised Cabinet Office ordinance	● Hold ongoing dialogue with stakeholders through meetings and IR events, which contributes to the enhancement of corporate value on a medium- to long-term basis ● Promote IR activities to ensure an appropriate stock value reflecting the actual circumstances of the Company
				● Conduct activities to continuously create new shareholders ● Implement measures to encourage existing shareholders to hold their shares for a long period of time	● Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
			○	● Disseminate straightforward, timely corporate information, also using digital medium, so as to further understanding and increase brand appeal ● Strengthen consistent brand for the entire Group in Japan and overseas	● Strengthen mid- to long-term brand communication and information dissemination responding to local needs
Employees	Creating rewarding and lively workplaces	Creating a safe workplace for all employees	○	● 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 achieve zero incidents that have the potential to lead to serious accidents such as entrapment and entanglement by machines
				● Promote safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment	
		Creating a vibrant workplace	○	● 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
				● Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group · Strengthen initiatives to improve working environments	
				● Continue to promote the second phase of Health Kubota 21 · Plan health promotion events focusing mainly on the annual theme of "No-smoking" ● Promote stronger anti-cancer measures Conduct gastric cancer risk tests on all employees	
		Respecting human rights	○	● Prevent harassment (sexual, maternity or power harassment, or harassment against LGBT) and improve the capacity to resolve harassment in Japan by enhancing contact points for consultation	● Spread activities to raise awareness of human rights across the entire Kubota Group, both inside and outside Japan
				● Promote activities with an understanding of international standards relating to human rights	
		Promotion of diversity	○	● Examine further systems to support balancing family life with work ● Further promote employment of people with disabilities across the Kubota Group ● Examine LGBT-related measures ● Examine measures for foreign-national employees	● Continue promoting diversity management (Investigate how to foster a corporate culture/create policies that draw out the abilities and ambitions of all employees, regardless of gender, nationality, age, etc.)
		Personnel policies in tune with globalization		● Continue to study/implement human resource policies essential to promote global management	● Continue training for next-generation managers in North America, training for local managers in Europe, and enhanced programs to accept trainees at Kubota sites in Japan for the purpose of developing candidates as managers and supervisors, and engineers of overseas Group companies ● Continue overseas language training programs (overseas exchanges, language training in North America and the Philippines, internships at overseas companies, etc.) ● Enhance overseas trainee program and continued the program to dispatch interns to Harvard Business School
			○	● Implement e-learning and other programs based on the Rule of Conduct ● Promote activities to instill the corporate principles, which are tied to promoting SDGs activities	● Foster CSR- and compliance-minded employees based on the corporate principles and the Rule of Conduct
Communities	Social contribution activities	Contributions to international society and local communities	△	● Build a system to aggregate activity results both inside and outside Japan, and release it next fiscal year in the web version Report ● Support activities conducted locally by overseas sites	● Expand overseas initiatives ● Promote ties with NGOs, NPOs and other organizations
		Rejuvenation and reconstruction of areas affected by natural disasters	○	● Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	

Society—Feature on Case Examples Overseas (Thailand)

Addressing Challenges in the ASEAN Region

Demand for food is growing in the ASEAN member countries as economic growth drives income levels higher. But there is currently a shortage of farmers owing to the tide of urbanization and the need for agricultural mechanization is mounting year after year.

Considering that the region's economies will likely grow at a pace two or three times faster than Japan's long and steady rise, we expect to see even stronger demand for IoT-based agriculture up ahead. Read on to learn about how Kubota Group company SIAM KUBOTA Corporation Co., Ltd. (SKC) is tackling the issues in this business environment.

Challenge—1

Farmers in Thailand and its neighboring countries typically rely on agricultural labor and many have no knowledge of agricultural machinery.

Farming based on manual labor is characterized by low productivity and high costs.

Kubota Action

VOICE

We plan to open Kubota Farm in August 2020 with the aim of creating a so-called "experience center" through which we can share and propose solutions based on cutting-edge IoT-driven agricultural practices, new farming methods, and know-how we have accumulated thus far. We hope to communicate to farmers how machinery can improve productivity, reduce costs, and boost income.

Somsak Mauthorn
Senior Executive Vice President

KUBOTA FARM

Kubota Farm is managed in collaboration with a nearby agricultural university and the local government.

The farm has land for wet- and dry-field farming, orcharding, and greenhouse cultivation. High-yield farming methods are presented in each of these areas, including the latest IoT-driven agricultural technology and companion planting approaches.

At Kubota Farm, visitors can:

- Study new farming methods
- Try out the latest agricultural machinery
- Seek advice on issues their own farms face

Demonstration of autonomous rice transplanter

Cassava planting implement

Challenge—2

Manual labor is still required to grow the six major crops* in the ASEAN region because not all farm work can be performed with machinery.

* Rice, rubber, cassava, sugar cane, palm oil, and maize

Kubota Action

The R&D activities carried out thus far in Japan are now also happening in Thailand. In this way, Kubota is realizing its “On Your Side” philosophy. We are helping to improve agricultural productivity in each region by manufacturing machinery needed by local farmers.

Kubota Research & Development Asia Co., Ltd.

The R&D Center established as a single SKC division in 2016 was spun off in 2019 in order to target the entire ASEAN region.

This Group company is engaged in machinery R&D in line with the needs of each region.

Realizing a Comfortable Workplace Environment

We asked some local female managers what it is like to work at SKC.

Ratchada Phokha
Assistant Manager
Combine Rotary Division

The company culture and systems are great and my boss is very kind. I also think this company will always provide me with opportunities. While there are sometimes situations in which we face difficulties, I find it very interesting that we can confront such problems and experience the diversity of values in the company by interacting with numerous people.

Pornthip Korkasemporn
Assistant Manager
Procurement Division

I find it an easy place to work because the working styles of Thailand and Japan are similar. At the same time, I sense that we need to be inventive, so in the future I hope to more actively incorporate new techniques and know-how.

FOCUS

Happy Work Place Project

Under this initiative, a specialist committee draws together the various opinions of employees and endeavors to make improvements on a case-by-case basis. For example, workers wanted a room where they can take a break, and have also said that the working environment is too hot and that some work processes are too arduous.

All employees at SKC take part in this initiative, which has helped improved various aspects of the workplace environment.

If an issue is identified, then this project is utilized to address the problem. Previously, for example, improvements were made to work that required the continual use of a jig by initially setting it up in the right place.

Rossarin Boontima
Tractor Production Division

This plant rest space was suggested by the workers

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 impressive products that satisfy the needs of customers throughout the world, along with the regional circumstances. For this reason, Kubota is continuing to improve its global R&D system with Japan as its hub by clarifying the roles of its R&D sites in Japan and overseas, thereby responding to the local needs of each area of the world.

Regional Marketing and Product Development

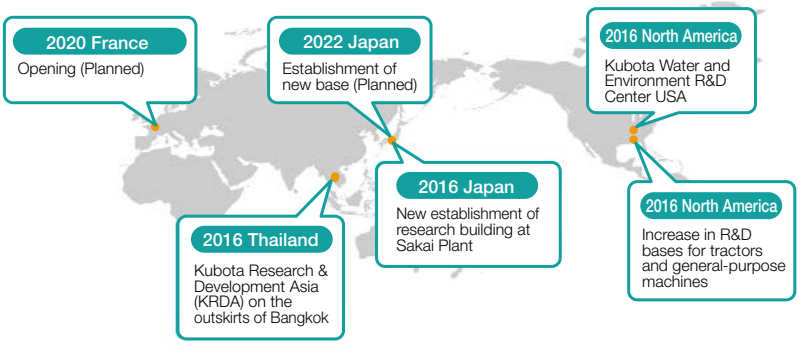
When Kubota began developing its business overseas, products were developed and manufactured in Japan first, and then launched in local markets, and local production was introduced later on. However, in order to grow into a genuine global company, it is crucial to understand the needs of foreign customers overseas and rapidly develop new products. For this reason, Kubota is strengthening local-oriented product development.

Establishment of New Sites in Response to the Local Needs of Major Countries

In Japan, with the aim of speeding the development of agricultural and construction machinery, Kubota opened two research buildings in 2016. In 2018, in the interest of unifying and thereby improving the efficiency of scattered bases, and of strengthening development of core and cutting-edge technology, Kubota began construction of a new development base.

Overseas, looking to improve developmental efficiency of farm machinery and implements built to local specifications, Kubota opened a largescale R&D base in Thailand in 2016. In North America, along with aiming at an increase in the number of R&D bases for tractors and general-purpose machines, Kubota also opened an R&D base related to water environments and strengthened R&D concerning the planning and operating control of membrane systems. Kubota is looking to establish a new R&D base in France in FY2020, promoting the development of upland farming tractors and general-purpose products.

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




R&D building in Japan (Sakai) established in 2016


R&D site in Thailand established in 2016


R&D site for Water and Environment in North America established in 2016

Kubota Group R&D Conference to Share Technical Information Across Divisions

As a result of its commitment to continuously pursuing social needs over the years, the Kubota Group has created technologies spanning a variety of fields.

To solve social issues in the food, water and environment fields on a global scale, it is important for us to conduct development beyond company department boundaries. Thus, every year, the Kubota Group holds “The Kubota Group R&D Conference,” where the outcome of the research and development of each division is presented. Over 1,000 engineers join the conference and share information.

Main hall of the Kubota Group R&D Conference (2019)

Presentation by SIAM KUBOTA Corporation Co., Ltd. (SKC)

Creating Value by Integrating Core Products and Information Communications Technologies (ICT)

With the growing popularity of information communications technologies (ICT) such as the internet and mobile telephones, there are an increasing number of services aimed at society and everyday life that utilize these forms of ICT.

In fields such as agriculture and water infrastructure, Kubota is integrating its core products with a geographic information system (GIS) that utilizes the ICT of internet and mobile terminals together with map data obtained from satellite images. This technology achieves the consolidated management and visualization of data, thereby providing a high-value service. Further in the agriculture field, Kubota installs a global positioning system (GPS) on its core products, with the aim of helping to save labor and improve efficiency in farm work.

Integrating Agricultural Machinery and ICT

In Japan, the agricultural sector is characterized by an aging population of farmers and an increasing amount of idle farmland. The presence of agricultural business operators* and leading farmers is becoming more and more significant as a solution to utilizing the abandoned farming land. From the outset, there were relatively small farms scattered throughout Japan, and increasing the scale of a farm was considered to increase the burden involved in managing scattered crops. Therefore, it is difficult to increase earnings. Consequently, farmers are looking for a way to increase the quality of their crops as a means of increasing their cost competitiveness.

As a solution to this problem, Kubota began offering the Kubota Smart Agri System (KSAS), a data-based agricultural system which integrates agricultural machinery and ICT to achieve the visualization of various data such as information on fields, farm work and harvest performance. This service also helps to effectively utilize data gathered through this system on the operational status of the harvesting machinery for diagnosis or other services. At present, approximately 8,600 customers are using this service.

To further save labor and improve the efficiency of farm operations, Kubota has brought out the Farm Pilot series of GPS-mounted machinery. This includes a rice transplanter with a straight-line keeping function; a tractor equipped with a straight-line assist function; a tractor with autosteering; an AGRIROBO tractor (an autonomous agricultural vehicle capable of performing unmanned autonomous operations such as tillage and soil puddling by remote control under manned surveillance); and an automatic AGRIROBO combine enabling the harvest of rice and barley while the tractor, even though manned, is driven automatically.

* Farm operators and agricultural production corporations that have formulated a management improvement plan pursuant to the Act on Promotion of Improvement of Agricultural Management Foundation, and obtained approval from the relevant municipalities. Often owners of large-scale farmlands hiring employees (workers), actively engaged in farm management.

Monitoring Water and Environment Infrastructure with IoT and AI

In Japan, as the result of governmental financial difficulties and reductions in staff, the efficient and economic management of important infrastructure is becoming a major issue. To address this issue, Kubota, with many products in the water, environment, and farming fields, has introduced its remote monitoring system to over 6,000 infrastructure facilities, such as water supply and sewage equipment, and agricultural water facilities.

Meanwhile, local governments are facing increasing demand for products that help systematize the operation of machinery and plants. To meet this demand, Kubota launched the Kubota Smart Infrastructure System (KSIS) in 2017, which conducts remote monitoring and diagnosis for machinery and plants on a common platform using the IoT (Internet of Things)*1. Moreover, a partnership agreement with the NTT Group allows Kubota to diagnose and control various machinery using AI technology. Via joint research with NARO*2, Kubota is also engaged in the conservation of water for agriculture and in labor-saving measures. In 2018, Kubota put WATARAS, a field water management system enabling labor saving in paddies, on advanced sale, and in 2019 began general sales. The system is now being used by many customers.

*1 A mechanism in which things are interconnected via the internet, enabling them to monitor and control each other without interaction with humans
*2 National Agriculture and Food Research Organization

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

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

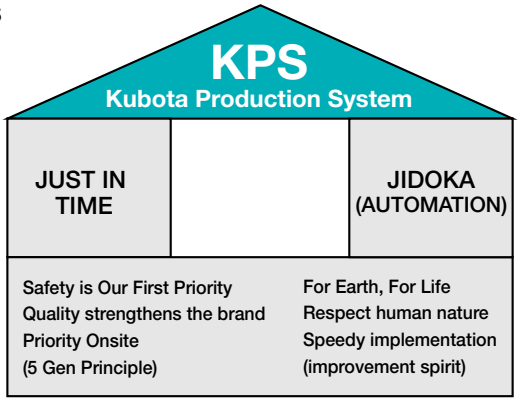
Kubota Production System

- 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 that exceeds 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 2019

- We held monthly innovation exchange events designed to promote exchanges between domestic manufacturing bases, accelerate base improvement activities, and develop human resources. At the innovation exchange events, members of multiple bases gather at one base, where they confirm conditions and activities at the base and offer guidance. When necessary, they also work to implement improvements.
- 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. At some bases we succeeded in halving lead times.
- We continue to promote "work reforms." We aim to reduce waste in back-office operations, specifically by scrapping and streamlining operations, and automating certain tasks with the aim of strengthening our systems and improving work-life balance. Up to now, around half of the 850 target Head Office employees have been involved in these activities, and they have eliminated around 8,000 hours of labor time.

Structure of KPS



Maintaining and Improving Quality

Quality Assurance in Design and Development

Kubota endeavors to prevent quality problems, and a representative activity in this effort is the initiative to strengthen design reviews. Incorporating the Quick DR* approach, we discuss, test and verify even the smallest incidental change when developing new products, in order to prevent quality problems from arising therefrom.

* Quick DR is a method of preventive action of potential problems by focusing on incidental changes in design and development.

Status of Quick DR Education

Quality Questionnaires

We conduct quality questionnaires to encourage employees to volunteer information about issues related to quality. This year we extended the boundary of the questionnaire to include Group companies in Japan and overseas.

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	170
Technical new recruit training	2	126
New supervisor training	2	42
New foreman training	1	12

Training name	Number of sessions	Number of recipients
Internal auditor training course	6	74
FMEA training	1	7
Quality assurance course	1	10

Internal Audits on Quality

The Kubota Group has systematically carries out the following audits.

- Quality Audits: Audits to improve the quality management system aimed at providing better quality products 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 improve the competence of auditors.
- Audits at Short Notice

Raising Awareness of Safety, Environment, and Quality

Kubota held the Safety, Environment and Quality Forum for the management team. Yoshinari Consulting representative director Hideki Yoshinari was invited as a lecturer, to provide lectures about risk management to enable proactive management, on the theme of “Risk Management that the Management Team Should Keep in Check.”

Safety, Environment and Quality Forum (October 2, 2019)

Recent Recall Status (as of January 14, 2020)

- Recall of ER combine harvesters: Total 873 units (began February 25, 2019)
- Recall of ER combine harvesters: Total 1,722 units (began February 25, 2019)
- Recall of ER combine harvesters: Total 3,533 units (began April 2, 2019)
- Recall of M7 series tractors: Total 281 units (began April 4, 2019)
- Recall of MR, M720W tractors: Total 1,941 units (began April 25, 2019)

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

QC Circle Activity

For the QC Circle activities Presentation Competition held this fiscal year, 19 circles selected from 763 Kubota circles (domestic and overseas) participated. Circles producing outstanding results participated in the QC Circle National Competition.

QC Circle activities Presentation Competition (November 6, 2019)

ISO 9001 Certification Status (As of December 31, 2019)

• **Kubota**

All Kubota divisions have acquired ISO 9001 Certification.

Business divisions	Offices (excerpt)	Certification scope	Date of certification	Certifying body
Farm and Industrial Machinery Consolidated Division and Procurement Headquarters, Quality Assurance Headquarters (Departments affiliated with the Farm and Industrial Machinery Consolidated Division)	Head Office Sakai Plant Sakai Rinkai Plant Okajima Business Center Tsukuba Plant Utsunomiya Plant Hirakata Plant Kyuhoji Business Center	Design, development, and manufacture of agricultural machinery, construction machinery, engines and related equipment for all the above	Jun. 1994	LRQA*1
Farm Machinery Products and Post-Harvest Division (Precision Equipment Business Unit)	Kyuhoji Business Center	Design, development, manufacture, and management of installation services for electronic scales, including load cells	Aug. 1994	DNV*2
Pipe Systems and Infrastructure Division	Hirakata Plant Hanshin Plant	Design, development, manufacture, and associated services of ordinary steel, stainless steel, heat-resistant steel and fired materials (ceramics, metals, composites) for rollers, tubes, pipes, fittings, spools, steel columns, steel piles, sleeves, cylinders, and ordinary cast products, as well as rollers for pressing and non-metallic cast products (titanium oxide compounds).	Mar. 1993	LRQA
	Ichikawa Plant	Design, development and manufacture of spiral welded steel pipes	Jul. 1998	JICQA*3
	Hanshin Plant Keiyo Plant	Design, development, manufacture, sale, construction work, and associated services for the following: 1. Ductile iron pipes, fittings, accessories and related products 2. Other ductile iron products and related products	Jan. 1999	JCQA*4
Pipe Systems and Infrastructure Division Environmental Solutions Division	Hirakata Plant (including KUBOTA Kiko Ltd.)	Business administration, research and development, design and development, manufacture, operation, operation technologies, purchasing, construction and installation management, test operation and services related to sewage treatment and water purification plants, valves, gates, pumps, pump stations, and products and equipment	Oct. 1997	LRQA
Environmental Solutions Division	Shiga Plant Kyuhoji Business Center (including KUBOTA Membrane Corp.)	Design, development, and manufacture of small plastic water treatment tanks and bath tubs; design, development, and contract manufacturing management of medium- to large-sized water treatment tanks; and research and development, design, manufacture, and after-sales services for filter membrane units, membrane cartridges, and all related replacement parts.	Apr. 2003	JUSE*5
	Tokyo Head Office Hanshin Office	Business administration, operation, operating technologies, research and development, purchasing, manufacture, inspection and testing, construction and installation management, test operation, and services related to sewage and sludge treatment, water purification and wastewater treatment facilities, products, and equipment	Jul. 2014	Intertek*6

• **Affiliates in Japan**

Company	Certification scope	Date of certification	Certifying body
Kubota Systems Inc.	1. Consigned development of software products and software packaging, design, develop and construct network structures, and maintenance services 2. Information system operation, and operation and maintenance of networks 3. Sales of purchased products (software products, computer-related equipment)	May 1997	BSI-J*7
Kubota ChemiX Co., Ltd.	Design, development and manufacture of plastic pipes, joints and accessories, and design, development and manufacturing management of metal products for water supply, sewage, and construction equipment, and technical support services for these products	Apr. 1998	JUSE
Nippon Plastic Industry Co., Ltd.	1. Design, develop and manufacture of hard vinyl pipes and secondary processed products 2. Design, develop and manufacture of polyethylene and other plastic pipes 3. Design, develop and manufacture of polystyrene/polyethylene and other plastic sheets/plates	Dec. 1998	JSA*8
Kyushu KUBOTA Chemical Co., Ltd.	Manufacture of synthetic pipes for water supply, agricultural water, sewage, electric power, and construction machinery	Oct. 1999	JUSE
KUBOTA KASUI Corporation	Design, construction and maintenance management of environmental conservation facilities	Jan. 2000	BCJ-SAR*9
Kubota Environmental Service Co., Ltd.	Design, construction, maintenance and servicing of plant facilities (including onsite facilities and equipment) for water supply, sewer drainage, solid waste processing, excreta disposal and garbage	Feb. 2000	MSA*10
Kubota Air Conditioner Co., Ltd.	Design, develop, manufacture and ancillary services for large-scale central air-conditioning and heat-pump air-conditioning systems	Feb. 2000	JQA*11
Kubota Pipe Tech Co.	1. Construction and construction management of various pipelines 2. Investigation and diagnosis of pipelines and attached facilities 3. Installation training for fittings and pipe laying 4. Inspection and repair of valves and peripheral equipment 5. Pipe-laying equipment rental	Mar. 2002	JCQA
Kansouken Inc.	1. Sales, design and develop package software for supporting water-supply business 2. Support operation of package software for supporting water-supply business and provide data-input service 3. Provide survey and consulting services for water network	Apr. 2004	JCQA
Kubota Seiki Co., Ltd.	Manufacture of hydraulic valves and hydraulic cylinders for agricultural and construction machinery, transmissions for off-road vehicles and agricultural machinery, hydraulic pumps for off-road vehicles, agricultural machinery and construction machinery, and hydraulic motors for construction machinery	Apr. 2007	LRQA
Kubota Construction Co., Ltd.	Design and construct civil engineering structures and buildings	Dec. 2011	JQA

• Overseas Group companies

Company	Certification scope	Date of certification	Certifying body
Kverneland Group Operations Norway AS	Development, production and sales of farm implements for soil cultivation	Nov. 1993	DNV GL
Kubota Materials Canada Corporation	Design, development and manufacture of cast steel including stainless, heat- and corrosion-resistant alloys, in the production of steel castings and fabricated assemblies, as well as the manufacture of non-metallic mineral products (titanic oxide compounds)	Feb. 1995	SGS North America
P.T. Kubota Indonesia	Manufacture of internal combustion engines	Jan. 1998	LRQA
Kubota Manufacturing of America Corporation	Manufacture and distribution of farm implements, lawn tractors, sub-compact and RTVs	Dec. 1999	DEKRA
Kubota Industrial Equipment Corporation	Manufacture and distribution of farm implements and assembly of tractors	Dec. 2005	DEKRA
Kubota Saudi Arabia Company, LLC	1. Production of cracking coils for petrochemical companies, reformer tube for refinery and fertilizer companies 2. Valve maintenance for industries	2011	TÜV NORD CERT
SIAM KUBOTA Metal Technology Co., Ltd.	Manufacture of casting iron parts	Oct. 2012	MASCI*12
KUBOTA Engine (Thailand) Co., Ltd.	Manufacture of diesel engines	Oct. 2013	LRQA
SIAM KUBOTA Corporation Co., Ltd.	Manufacture of farm tractors with and without wheels and tires, including transmission and front axle, agricultural machinery (combine harvester), implements (rotary tillers, slasher)	Feb. 2014	LRQA
Kubota Engine (Wuxi) Co., Ltd.	Manufacture of water-cooled multi-cylinder diesel engines used in industrial machinery and agricultural machinery	Nov. 2014	SGS United Kingdom
Kubota Construction Machinery (Wuxi) Co., Ltd.	Manufacture of hydraulic crawler excavators (operating weight less than or equal to Kx175 type)	Dec. 2014	SGS United Kingdom
KUBOTA Precision Machinery (Thailand) Co., Ltd.	Manufacture of transmission assembly and linkage hitch hydraulic cylinders for agricultural tractors	Jul. 2015	LRQA
Kubota Baumaschinen GmbH	Development, distribution, procurement, manufacturing and service of construction machines	Feb. 2016	PÜG mbH
Kubota Sanlian Pump (Anhui) Co., Ltd.	Design and manufacture of clean water pumps, sewage pumps, axial flow pumps, mixed flow pumps	May 2016	CCS*13
KUBOTA (U.K.) Ltd.	Provision of groundcare, agricultural and construction machinery through an international dealership network	Aug. 2016	CQS*14
Kubota Europe S.A.S.	Tractor reassembly: Local market application	Sep. 2016	Apave Certification
Kubota Farm Machinery Europe S.A.S	Production and shipping of agricultural tractors, technical assistance and spare parts	Feb. 2017	BUREAU VERITAS
Kubota Agricultural Machinery (Suzhou) Co., Ltd.	Design and manufacture of harvesters and transplanters; manufacture of tractors	Apr. 2017	CAM
Kverneland Group Manufacturing Lipetsk	design, manufacturing and delivery of Seeding combinations AIRSEEDER; Cultivators CULTIBAR; Mechanical universal pneumatic precision seed drills OPTIMA, MONOPILL; Fertiliser spreaders EXACTA; Mower conditioners and rotary rakes TAARUP; Pneumatic seed drills DG, DG II; seeding combinations MSC; Field spayers Explorer, IXtrack; Trainling/Semi-mounted reversible ploughs PN/RN; Universal trailers, universal hitches, spreader trailers; Disc harrows Qualidisc; Seeders Miniair Nova; Reversible ploughs 150 S/B; Big bag lifters Exlift; Cultivators CTC Maxi; Sub-Soiler Great Plains SS1700; Cultivators Great Plains 8539 FCF; Seed drills Great Plains NTA 3510	Apr. 2018	IQNet

Company	Certification scope	Date of certification	Certifying body
Kubota (Deutschland) GmbH	Sales and customization of tractors, machines for ground care, attachments, spare parts, engines, engine accessories, service and customer support	Sep. 2018	EQ ZERT
KUBOTA Turkey Makine Ticaret Limited Sirketi	Manufacture of tractors and power tiller	Sep. 2019	LMS

*1 LRQA: Lloyd's Register Quality Assurance Ltd.
*2 DNV: DNV GL BUSINESS ASSURANCE JAPAN K.K.
*3 JICQA: JIC Quality Assurance Ltd.
*4 JCQA: Japan Chemical Quality Assurance Ltd.
*5 JUSE: Union of Japanese Scientists and Engineers
*6 Intertek: Intertek Certification Ltd.
*7 BSI-J: BSI Group Japan K.K.
*8 JSA: Japanese Standards Association
*9 BCJ-SAR: The Building Center of Japan
*10 MSA: Management System Assessment Center Co., Ltd.
*11 JQA: Japan Quality Assurance Organization
*12 MASCI: Management System Certification Institute (Thailand)
*13 CCS: China Classification Society Certification Company
*14 CQS: Certified Quality Systems Ltd.

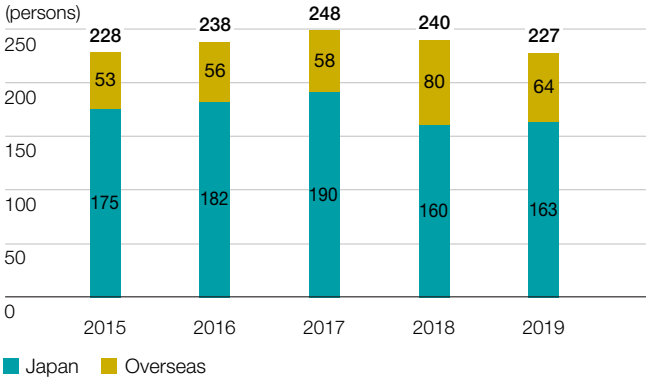
• Certification status among companies whose primary operation is manufacturing
Of the 39 Kubota Group companies whose primary operation is manufacturing, 24 have acquired certification.

Ensuring Skills to Maintain Customer Satisfaction

Holding the Kubota Group Technical Skills Competition

Kubota holds the Kubota Group Technical Skills Competition every year 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. The contest provides an important opportunity for contestants and staff members of the competition, as well as the supporters gathering from each base, to acquaint themselves with the skill levels of each base, communicate with each other, and get motivated. Kubota will continue to hold this competition in FY2020 and beyond, with the aim of further improving its manufacturing capabilities.

No. of Contestants in the Technical Skills Competition



Group photo of Gold Prize winners (at Sakai site)

Participating in National Skills Competition

To demonstrate the Kubota Group's position with respect to mastering advanced manufacturing skills and developing human resources fit to play leading roles in the workplace, Kubota entered at total of 14 competitors in the "lathing" and "mechanical assembly" categories at the National Skills Competition* in FY2019. From FY2020, we started initiatives under the "mechatronics" and "structural steel work" categories, and we will continue to expand the scope of our efforts.

* 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.


The lathing competition. In FY2019 a Kubota representative won the prize for effort

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 FY2019, 681 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.

To promote even further overseas development, we are currently establishing a China Dojo in Kubota Agricultural Machinery (Suzhou) Co., Ltd., which we aim to open for training in June 2020.


Local employees in an improvement practice at the 5-Gen Dojo in Thailand

Participants by country (Jan. 2019–Dec. 2019)

- Japan: 227
- North America: 33
- Thailand: 71
- China: 21
- Indonesia: 4

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

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 over 99%** for emergency orders for service parts in Japan. (Immediate delivery rate: Ratio of inventory supply to orders) (Full-year performance for 2017-2019).

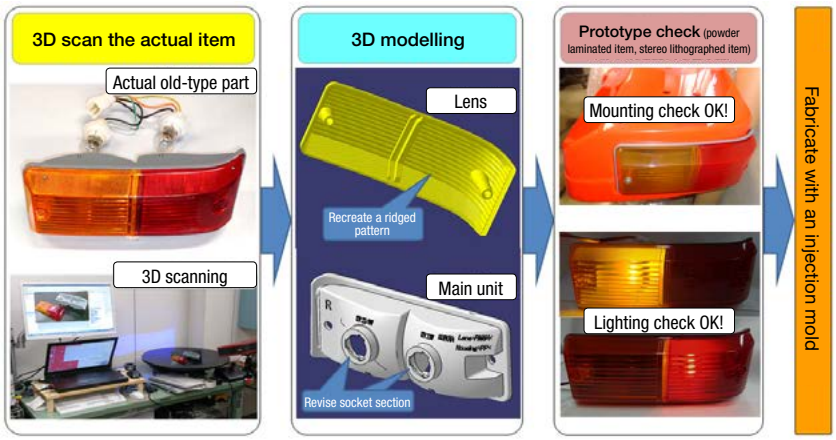
Service parts are usually the same as those produced during mass production. However, for various reasons, there are cases where the service parts which are the same as the mass produced part cannot be procured or produced. Kubota makes every effort to continue the supply for these parts, in these situations, **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 / 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
Redesigned by reverse engineering using 3D scanning



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.

Holding Contests for Service Technical Skills and Solution Proposal Skills

On December 5th, 2019, Kubota held the Service Technical Skills Contest, and followed by the Proposal Skills Contest on the 6th, both in Japan, and on the 11th we held the Service Technical Skills Contest for sales companies in Asia. In the Service Technical Skills Contest, top service representatives participated who had won qualifying heats in their respective districts. As the aftermarket service business is becoming an important source of revenue, the contestants competed on the Kubota Group's highest-level service skill, proper inspection and repair skills against malfunction, as well as the communication skill to satisfy customers.

In the 6th Proposal Skill Contest for advanced farmers, each representative competed to get the first prize of the proposal skill which realizes the customer's desire through the profitable presentations within a limited time.

All the participants competed with the pride of their respective companies. Kubota will continue to improve its service technologies and proposal-making skills through these contests, with the goal of the customer's trust and security.

Service Technical Skills Contest

Service Technical Skills Contest

Proposal Skills Contest for advanced farmers

Proposal Skills Contest for advanced farmers

Customer Satisfaction Survey

Kubota conducts a survey to obtain feedback related to domestic farm machinery from the customers of its dealers, and monitors customer satisfaction with its products. We share the feedback and survey scores received from the respondents with the dealers and related departments, and utilize the information to improve our sales and service activities, as well as our products.

"Overall customer satisfaction with store where purchased" for July 2018 to June 2019 declined from the previous year (surveyed from July 2017 to June 2018), from 64.5 to 63.8 points.

The Kubota Group will continue working to improve the value that it provides in response to higher levels of customer demand.

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/company/csr/stake_h/procure/pdf/csrprocure.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 FY2019 we asked around 170 major suppliers in Japan to conduct a self-assessment.

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 corporate social responsibility (CSR), 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 FY2019, 100% of the templates we sent out were returned.

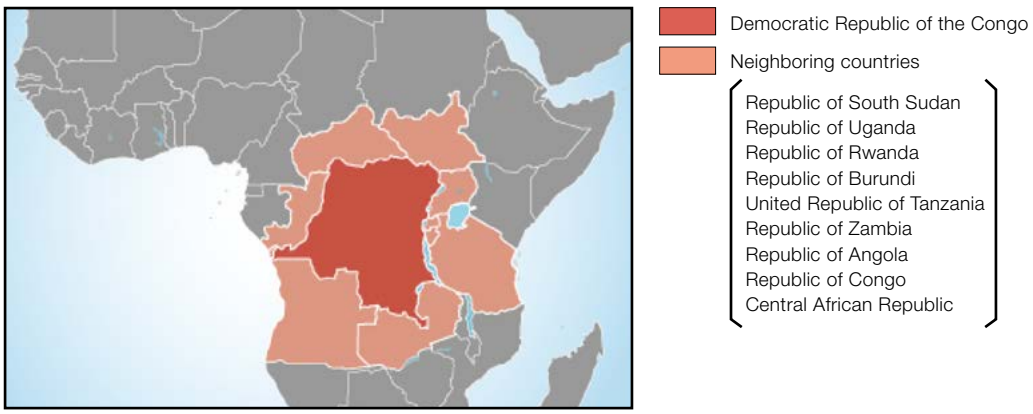
Addressing Risks

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 CSR 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.

In FY2019, Kubota held the 6th 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 in order 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.

Kubota Supplier Technical Skills Competition (April 2019)


Kubota Kaizen World Cup (January 2020)

Information Security Measures Kubota Requests its Business Partners to Implement

In promoting CSR management, Kubota requests its business partners that share confidential information with Kubota Corporation and its subsidiaries and affiliates (hereunder, "the Group") to implement certain information security measures. Thus the Company hereby presents the matters related to its information security measures.

Through proper management of confidential information, we will realize stable business continuity, thereby aiming for the ongoing synergistic development of the Company, 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/csr/SecurityStandardjp.pdf
English version www.kubota.co.jp/csr/SecurityStandarden.pdf

Information Security Measures Standards for Business Partners Check Sheet
Japanese version www.kubota.co.jp/csr/SecurityStandard_CheckSheetjp.xlsx
English version www.kubota.co.jp/csr/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.

Click here for the Green Procurement Guidelines.
www.kubota.co.jp/kubota-ep/main/files/green201801en.pdf

Click here for details of the Green Procurement activities.

Relationships with Our Shareholders and Investors

Constructive Dialogue with Shareholders

Kubota promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in the medium to long term.

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

Dialogue with Individual Shareholders

In 2019 we invited 40 shareholders to our Keiyo Plant where we produce ductile iron pipes in order to showcase the products we manufactured at the time of the company's founding. Around 60 shareholders also participated in private tours of Genmai Genkido, where our brown rice paste is made, and Kubota Farm.

In aiming to expand our number of actively supportive shareholders, we also held company information sessions and engaged in discussions around the country on 21 occasions.

And for the first time ever, last year we were one of the exhibitors at a women's seminar in an effort to enhance dialogue between our female Audit & Supervisory Board member and female investors.

Information for individual investors (only in Japanese)
www.kubota.co.jp/ir/sh_info/personal/


Plant tour for shareholders (Keiyo Plant)


Sweet potato digging experience at Kubota Farm


Tour at brown rice paste manufacturing plant


Women's seminar

Dialogue with Institutional Investors and Analysts

Kubota Corporation has approximately 320 individual and group meetings per year with institutional investors and analysts. Kubota Corporation also holds a year-end results briefing in February and an interim results briefing in August. Furthermore, Kubota Corporation strives to enhance early and fair disclosure by releasing its financial and other information in Japanese and English, including releasing the scripts and Q&A summary at the interim and year-end results briefings and supplementary information for the first and third quarter results on its website.

In addition, Kubota Corporation regularly holds tours and business briefing sessions at its domestic factories and overseas subsidiaries. Kubota Corporation held a product showcase tour and engine business briefing session in January 2019, and a briefing session about R&D strategy and smart farming in December 2019.


Information for investors
www.kubota.com/company/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 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 Plan (FY2018 to FY2022) has put forth a variety of strategies to achieve a goal of zero Class-A incidents,* with initiatives promoting inherently safe equipment; promoting safe operations; enhancing personnel development to support safety; and maintaining and improving a safe and healthy working environment as its pillars.

* 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, no work should be carried out without serious consideration of 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 Plan (FY2018 to FY2022) Target and Major Tasks

Kubota sets a target for the period up to FY2022 as the final year, and will mainly address the tasks below.

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 abnormality.

2. Promoting safe operations

(1) Based on the revised 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.

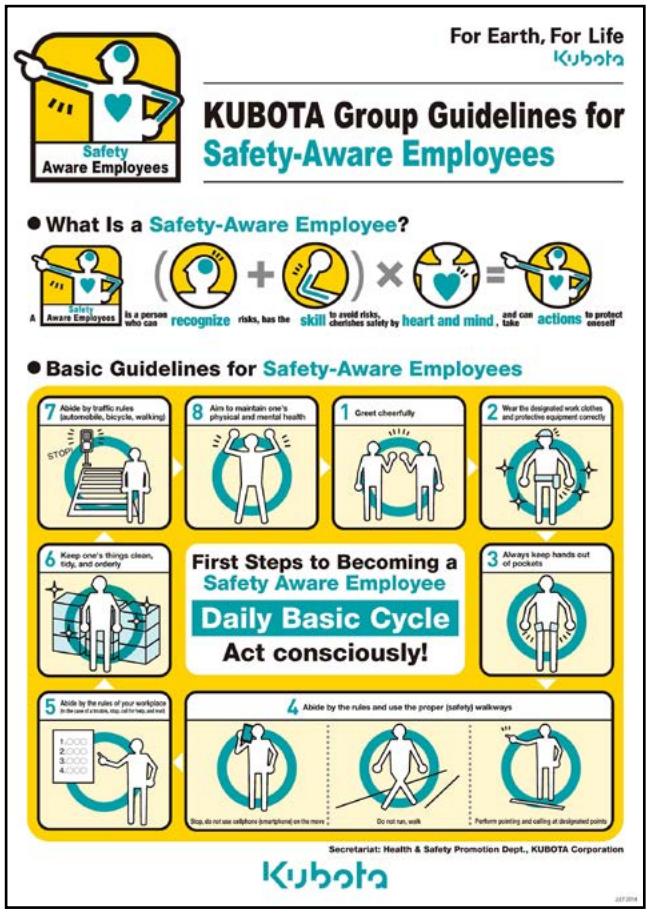
3. Enhancing personnel development to support safety (the Kubota Group Safety-Aware Employee Development)

(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) Accumulate improvement examples at model dusty workplaces before deployment to other offices and workplaces.

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



Initiatives Implemented for Priority Issues of FY2019

In FY2019, the initiatives below were implemented with regard to priority issues.

1. **Achievement of Level II for existing equipment and Level III for new equipment (6 domestic Group companies and 16 overseas Group companies)**
   Based on a newly formulated 5-year implementation plan, we are progressing with activities to upgrade to Level II all existing equipment still below that level under the Safety Control Guidelines for assessment and promotion of inherently safe equipment, which categorizes equipment into degrees of safety from Level I to IV. For new equipment, our policy is to ensure safety Level III at the time of its introduction, based on the risk assessment for machine safety that was revised in FY2017.
2. **Initiative to prevent recurrence of equipment abnormalities (all domestic Group companies)**
   When an abnormality arises in a piece of equipment, we work to prevent its recurrence through a process of 'visualization.' We are also engaged in activities intended to eradicate incidents that result from not stopping equipment when abnormalities occur.
3. **Promotion of risk assessments of work operation activities (all domestic Group companies)**
   We have revised our risk assessment for work operations with the aims of enhancing the ability to identify risk at worksite and plant departments and promoting measures against residual risk. Through training using the risk assessment, we are working to eliminate any areas of unidentified risk linked to Class-A incidents.
   We also hold guidance seminars where employees can receive instruction from external consultants who observe the actual work on our manufacturing floors so that we can improve our risk identification capabilities linked to Class-A incidents.
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)**
   As part of our rank-based education initiatives, we have established a defined way of how to teach safe operations that clearly describes specific approaches to work-related teaching and methods for confirming and assessing degrees of proficiency. With this, workers can receive easy-to-understand guidance regarding the work they are in charge of, allowing them to perform their work more safely once they learn methods to avoid risks and the rationale behind why they need to abide by those methods.
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 example of good practice, we work to maintain and improve standards Group-wide.

The Kubota Group Safety and Health Target for FY2020

Kubota has clearly set the target below for FY2020, 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
2. Promoting safe operations
3. Developing Safety-Aware Employees
4. Promoting sanitary management
5. Operating the Kubota Group health and safety management system
6. Taking action for Group manufacturing companies outside Japan

Construction departments

1. Developing Safety-Aware Employees
2. Promoting safe operations
3. Promoting inherently safe equipment
4. Promoting sanitary management
5. Promoting environmental management

Raising Awareness of Safety

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

1. Education through management messages

Messages from management (executive officers) 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 P115 Kubota Group Guidelines for Safety-Aware Employees/Basic Guidelines for Safety-Aware Employees

2. Education through conferences

For plant departments in Japan, we organized a Staff Conference in September for staff assigned to safety and health duties and a Section Manager Conference in November for section managers with safety and health responsibilities.

The aim of the Staff Conference was to eliminate any areas of unidentified risk linked to Class-A incidents in the workplace, while the section manager conference was held to review initiatives for the fulfillment of the Mid-term Plan and to set policy for the next fiscal year. Meanwhile, a Construction Safety and Health Manager Conference was held in April and in November for managerial staff in construction departments. The aims were to set up a system for application to department-wide construction projects which will identify risks before works start and draft associated risk reduction proposals, and to enhance the abilities of project directors who form the operational frontline.

In overseas regions, Safety and Health/Environmental Manager Conferences were organized jointly with the Environmental Protection Department for Group companies in the Asia region in September and in the Europe region in December.

The conferences were held with the aim of cultivating the ability of participants to identify issues at their own business bases and worksites using on-site patrols and to draft related improvement measures.

In the North America region, an August conference has been held since 2019 under an initiative by local Group companies with the aim of adopting examples of good practice from the activities and management of other participating worksites.

3. On-site guidance meetings with an outside consultant

In September and December, on-site guidance meetings to enhance the ability to identify risks linked to Class-A incidents were held with Noboru Furusawa, a leading safety expert and representative of the organization Supporting Safety and Developing Human Resources. The meetings were attended by section managers, assigned staff, supervisors and other relevant employees in the areas of safety, health and manufacturing, mainly from plant departments in Japan.

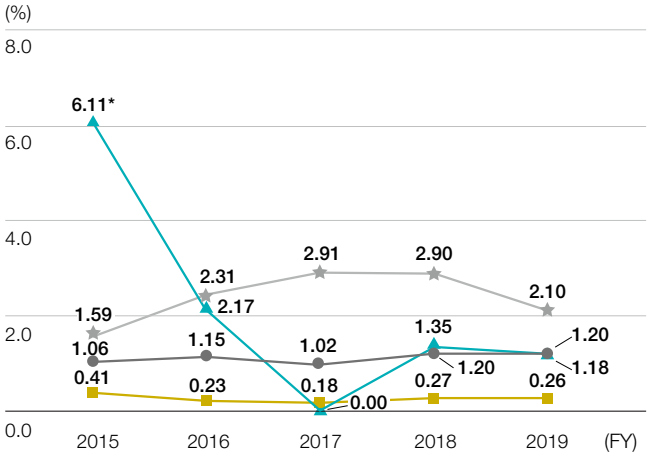
To learn how to look for danger and how to carry out inspections, the participants received on-site guidance in how to carry out risk assessment at the operational frontline. This included how to spot risks linked to Class-A incidents and how to motivate and educate through communication in the workplace.

Asia region Safety and Health/Environmental Manager Conference (September 3-4, 2019)

On-site guidance meetings with Noboru Furusawa (photograph far right) were held to enhance the ability to identify risks linked to Class-A incidents (September 25 and December 19, 2019)

Lost Time Incident Rate/Severity Injury Rate

Lost Time Incident Rate (Kubota Corporation)

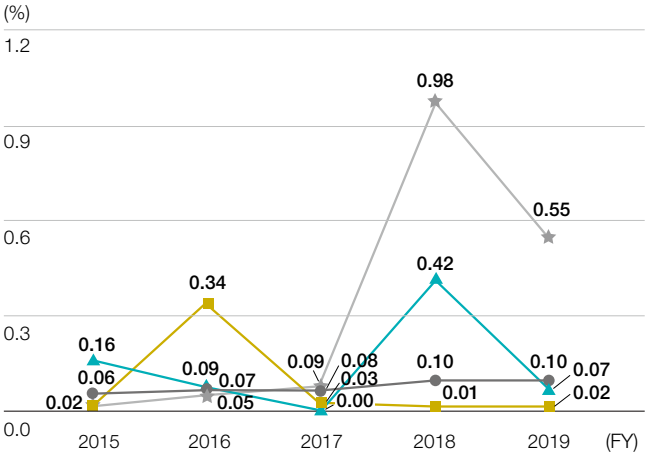


- Kubota (plants)
- Kubota (construction)
- Average for manufacturing industry
- Construction industry (average for projects by occupation)

* Due to the occurrence of accidents accompanied with multiple absences from work at one time
In 2015, tallied from April 1 to December 31.

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

Severity Injury Rate (Kubota Corporation)



- Kubota (plants)
- Kubota (construction)
- Average for manufacturing industry
- Construction industry (average for projects by occupation)

In 2015, tallied from April 1 to December 31.

<Severity injury rate>
Number of workdays lost ÷ total personnel hours × 1,000

Safety and Health Education Implementation Status in FY2019

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	5	355
Elementary (for young employees)	6	165
Semi-intermediate (for mid-career employees)	3	75
Intermediate (for workplace leaders)	2	50
Training for newly appointed lead persons	3	55
Training for newly appointed supervisors	4	70
Training for newly appointed foremen	1	10

Other than Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	2	170
Safety and health education for mid-career entrants at the time of employment	12	110
Equipment safety education	11	95
Training for newly promoted managers	1	130
Training for newly appointed section managers	4	65
Training for newly appointed department managers	1	20
Education for officers (Safety, Environment, and Quality Forum)	1	30

* Figures for the total number of participants are rounded to the nearest five, except in the case of "education for officers."

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 OHSAS 18001/ISO 45001 certifications for its business sites below, while establishing an occupational health and safety management system focusing mainly on risk assessment for other sites.

In Japan

Tsukuba Plant	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)	OHSAS 18001 certification acquired in Nov. 2003
Hanshin Plant (Amagasaki)	OHSAS 18001 certification acquired in Apr. 2005
Hirakata Plant	ISO 45001 certification acquired in Apr. 2019 (OHSAS 18001 certification acquired in Jun. 2007)

Overseas

Kubota Materials Canada Corporation	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	OHSAS 18001 certification acquired in Feb. 2017
KUBOTA SANLIAN 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

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 round 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.

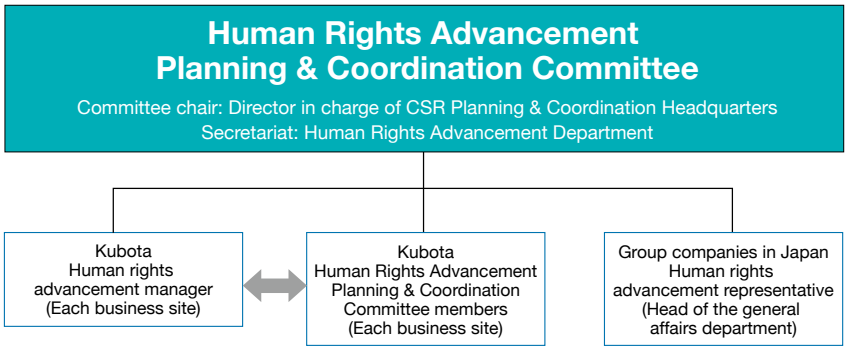
Code of Conduct (excerpts)

- 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 the director in charge of CSR Planning & Coordination Headquarters. 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 a video conference system.

The education programs include rank-based training, such as training for new employees, and human rights education provided at each site. In 2019, we introduced training through e-learning for increased user convenience. In 2019, 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 2019]

	Internal training	External training	Total
Kubota	17,898 people	338 people	18,236 people
Group companies in Japan	11,286 people	141 people	11,427 people

Major Internal Education Programs

Training for management executives	229 people (including presidents, etc. of Group companies in Japan)
Training for new employees	1,227 people (including those from Group companies in Japan, etc.)
Training for newly appointed foremen	12 people (including those from Group companies in Japan, etc.)
Training for newly appointed supervisors	43 people (including those from Group companies in Japan, etc.)
Seminar for harassment consultation office personnel	68 people (including those from Group companies in Japan, etc.)
e-learning courses on human rights advancement	10,549 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.

Major Education Themes

- Prevention of harassment
  [Includes prevention of sexual harassment, maternity harassment,*1 power harassment, and bullying or indirect disadvantaging of sexual minorities (LGBT,*2 SOGI,*3 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)
- Various human rights issues (such as color vision variations and universal color design)
- Results of surveys on CSR 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 Harassment relating to pregnancy, childbirth, childcare leave, etc.
*2 Acronym of lesbian, gay, bisexual, and transgender
*3 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.

Examples: Dowa and Human Rights Issue Awareness-Raising Seminar (for management-level employees) hosted by the Corporate Federation for Dowa and Human Rights Issues: 12 participants
Dowa and Human Rights Issue Awareness-Raising Introductory Seminar hosted by the Sakai City Human Rights Education Promotion Council: 74 participants
The 39th Human Rights and Dowa Issue Corporate Awareness-Raising Seminar hosted by the Executive Committee*4: 32 participants (including those from Group companies in Japan)
The 49th Buraku Liberation and Human Rights Summer Seminar hosted by the Executive Committee*4: 19 participants (including those from Group companies in Japan), etc.

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

Human Rights Training for Management Executives (Oct. 3, 2019)
(Theme: Human rights in the workplace—Creating a harassment-free work environment)
(Lecturer: Satomi Kuwano, CEO, Business Partner Office)

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 2019: 58 (20 of which were recognized)

[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, and so on.

Harassment Consultation Office Personnel Seminar (July 3, 2019)
(Lecturer: Keiko Miki, CEO, Atelier M)

[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 68 employees, focusing on newly appointed supervisors and including those who participated via a video conference system, took part in this seminar in 2019.

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.

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 2019, entries were received from a total of 17,702 applicants (an application rate of 83.1%) and the best slogan from each business site was posted on a long strip of paper. Starting from 2016, the awarded slogans have also been posted at distributors.

Human Rights Week Activities at Each Base

Installation of banners (Tsukuba Plant)

Installation of banners (headquarters)

Installation of standing signboards (Sakai Plant)

Awarding the winner of the human rights slogan contest (Group company in Japan)

Implementation of human rights training (Group company in Japan)

Display of human rights slogans (Hanshin 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 provides explanation to the employees.

Click here for details.
www.kubota.com/company/csr/stake_h/procure/pdf/csrprocure.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.

Awareness Survey on Harassment

An awareness survey on harassment is conducted collaboratively by the labor union and the Human Rights Advancement Department, targeting Kubota employees. The results of the survey are released through the Company intranet and on the newsletter distributed to union members. Details are explained in human rights education programs, etc.

External Related Organizations

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

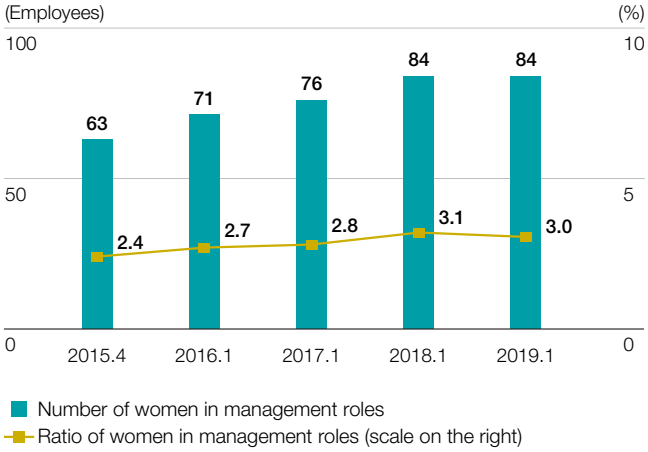
- The Corporate Federation for Dowa and Human Rights Issues, Osaka (also participating in Shiga, Wakayama, Hyogo, Chiba and Hiroshima)
- Osaka City Corporate Human Rights Promotion Council (with related organizations in each municipality)
- The Center for Fair Recruitment and Human Rights Advancement
- 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

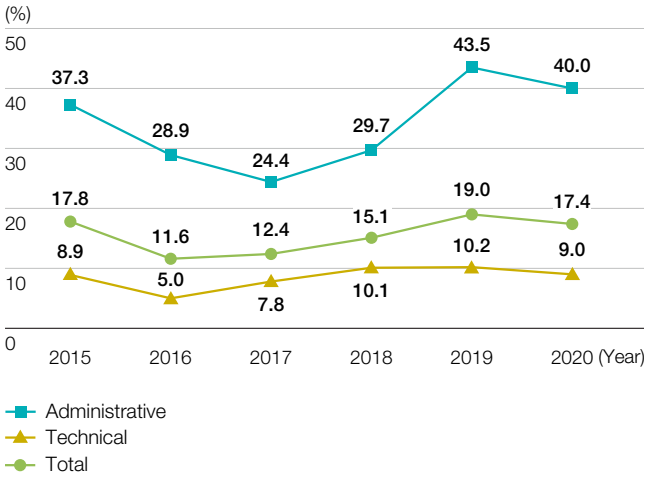
Empowering Women in the Workplace

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. Kubota steadily advances the promotion of women through expanding the occupational scope of women by implementing the consolidation of 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 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.

Participating Forums

1. Women's Networking Forum in Osaka
2. U.S. Posting Program

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 Disabled People

The Kubota Group is active in its initiatives towards the employment of disabled people 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 Co., Ltd. conducts cleaning work at various offices and work mainly involving business card and document printing. Kubota Sun-Vege Farm Co., Ltd., on the other hand, 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.

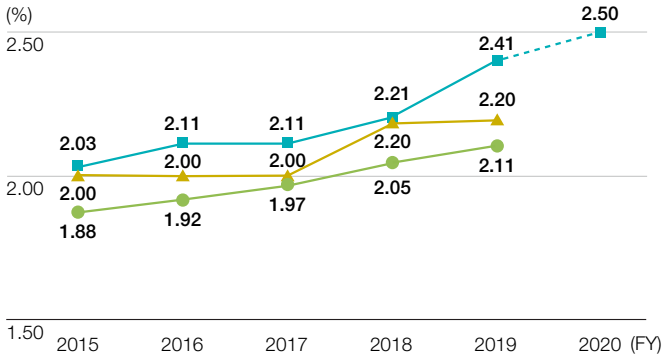
In addition, Kubota Staff Corporation (one of our Group companies) is actively involved in the employment of disabled people by outsourcing computer data entry and office work, and is promoting job creation.

* One of our subsidiary companies where organizers give special consideration to the employment of disabled people in order to promote employment of the disabled and to plan for their stability.

Kubota Sun-Vege Farm Co., Ltd.

Kubota Staff Corporation

Trend in Percentage of Employees with Disabilities (Applicable Kubota Group Companies in Japan)



* As of June each year

FOCUS

Communication through Rugby Events at Special Needs Schools

Kubota Spears aims to make a broad variety of social contributions and its range of activity is expanding year by year. The rugby events, which were designed to contribute to popularizing rugby and to promoting children's education and healthy development, were the first of their kind at special needs schools in both East and West Japan.

Osaka Prefecture: Osaka Prefecture Tamagawa High School for Special Needs Education: ca. 60 participants
Chiba Prefecture: Chiba Prefectural Ichihara School for Special Needs Education: ca. 90 participants

In Chiba, Kubota Spears players gave training sessions in passing and tackling. In Osaka, Kubota Works Co., Ltd., which has a record of employing people with disabilities, responded to a request from the school by arranging for ex-players from Kubota Spears to visit the school. Although nervous at first, the students soon relaxed and showed their enjoyment in broad smiles.

Practice in passing

Practice in tag rugby

Initiatives for Sexual Minorities Such as LGBT Groups

Received Work with Pride Silver 2019

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.

Creating a Vibrant Workplace

Maintenance and Enhancement of the Health of Employees

Kubota is working to promote health and productivity management by stepping up its Health Kubota and Genki Kubota initiatives to enable all employees to work vibrantly in good mental and physical health. Furthermore, Kubota, including all Group companies in Japan, has introduced the wellness projects Health Kubota 21 and the Health Mileage system to promote the maintenance and health of its employees, with the aim of encouraging employees to take spontaneous action to improve their health with interest.

Health Kubota 21

Slogan: For Tomorrow, For Smile

Objective: To raise the health literacy (self-management ability regarding health) of the insured, thereby increasing those who are able to take voluntary action to develop their health

Health Kubota 21 (2nd Phase) (2013–2022)

Priority Targets: 1) Nutrition and Diet 2) Physical Exercise 3) Quitting Smoking

Item	Nutrition and diet		Physical activity and exercise		Quitting smoking
Contents	Increase the percentage of people who maintain a suitable weight (BMI 18.5–24.9)	Decrease the number of people who skip breakfast three times or more a week	Increase the participation rate in the Walking Campaign	Increase the number of people who exercise at least 30 minutes a day	Decrease the smoking rate
2022 targets	75%	18%	80%	45%	18%

Started Free Loans of Wearable Devices

In FY2018, the Kubota Group started free loans of wearable devices to those who want them, to help individual employees to increase their health awareness.

The devices enable the wearers to confirm the number of steps and the amount of exercise they have taken each day, and also visualize sleep time and quality. They are intended to increase the number of employees to take a spontaneous interest in health literacy.

Maintenance and Enhancement of Mental Health

Based on the Safety and Health Guidelines of the Kubota Group, the Kubota Mental Health Improvement Targets were formulated. These targets specify activity objectives and goals, and the tangible actions that need to be undertaken in order to realize them. Based on these targets, our aim is to prevent mental health issues from arising, and detecting those that do at the earliest possible stage, doing so from the perspectives of self-care and line-care.

Mental health training session

In regard to self-care, stress check, training programs, consultation services with medical staff are available, giving individual employees opportunities to recognize their own stress levels and learn how to deal with stress. In FY2019, we conducted self-care training for managers and supervisors with a view to creating vibrant workplaces by having managers and supervisors conduct their own stress management. Personal training programs are also available for personnel in charge of promoting mental health to improve their individual skill levels.

A stress check system offers fine-tuned support for employees suffering from high stress, such as through meetings with medical doctors for those who want them, and support meetings with nurses for those who do not want to consult doctors. In addition, Kubota will conduct group analysis of the results of the stress checks for each workplace and, based thereon, start working on improving the working environment, with the aim of creating vibrant workplaces.

Securing a Work-life Balance

In promoting the action plan for general business operators set out in the Act of 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 Received 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

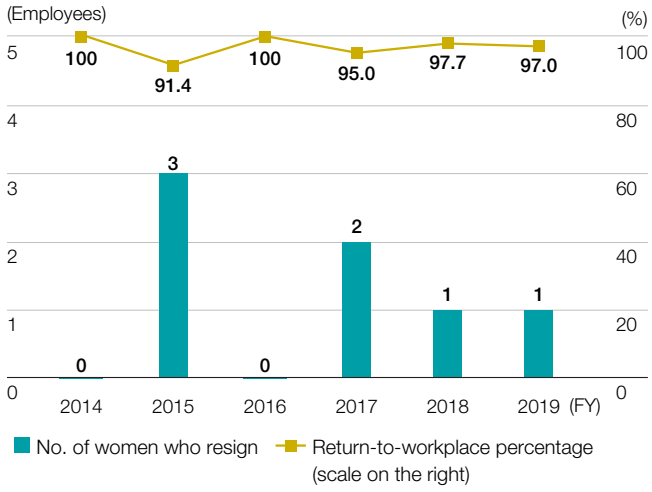
Kubota Corporation acquired the certificate on March 31, 2016. Kubota's efforts of "steadily advancing the promotion of women by consolidating job systems to expand women's job scopes and other means," and "establishing effective systems to support childbirth and childcare, while encouraging male employees 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 training for employees who have taken childcare leave, which their supervisors and spouses can 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.)



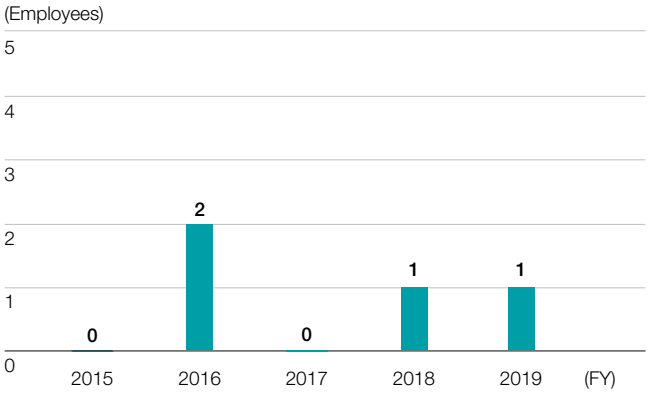
* Tallied from April 1 to March 31 of the following year for each year

Training for employees returning from childcare leave

Re-entry

This program is targeted at employees who have left Kubota for childbirth, parenting, or nursing care, or due to the transfer of their spouse, giving them the opportunity to re-enter the workplace.

Participants in Re-entry Program (Kubota Corp.)

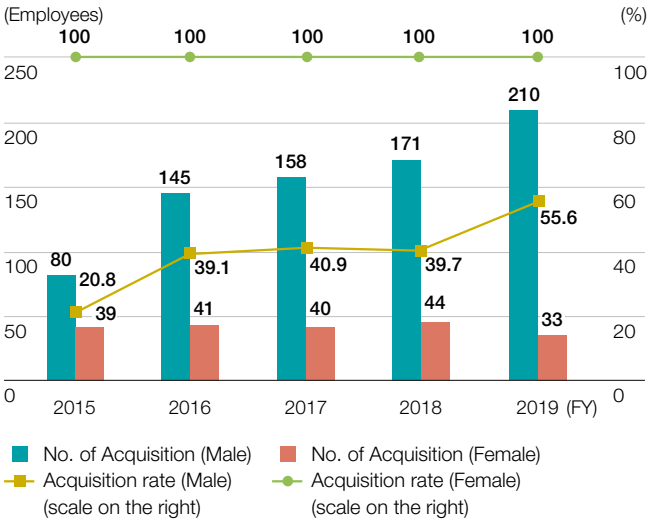


Commenced re-entry in Sep. 2012
* Nine months between April and December of FY2015 (settlement moved to December)
* From January through December, as of FY2016

Encouraging Employees to Take Childcare Leave

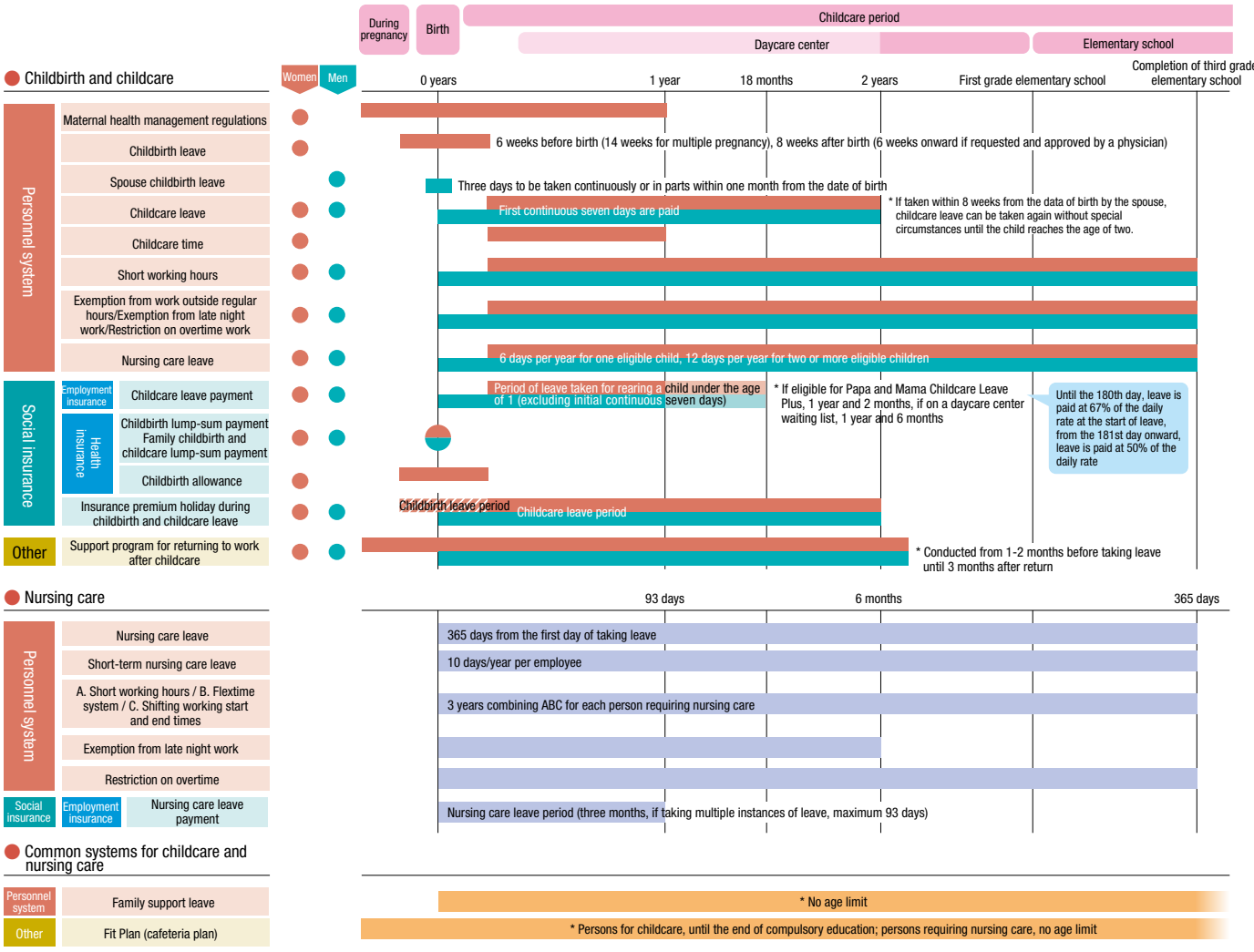
Kubota sets phased targets for the number of male employees taking childcare leave, and actively encourages its use.

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.

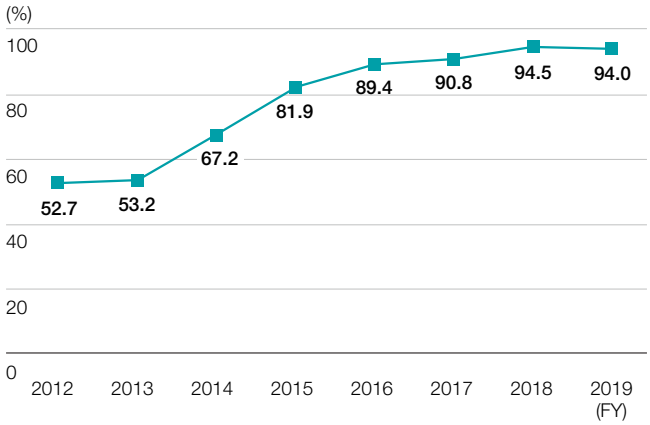
Promotion Policy

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.)



* Tallied from March 16 to March 15 of the following year for each year up to 2015
* Tallied from December 16 to December 15 of the following year for each year from 2016

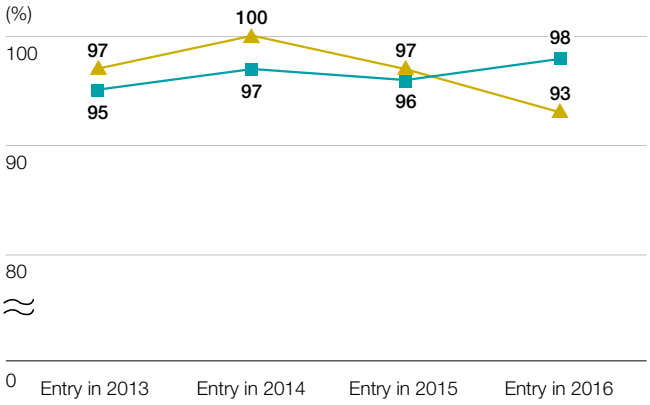
Initiatives to Improve the Retention Rate of New Employees

Every year, many new graduates (from universities and high schools) and mid-career entrants join Kubota.

Kubota endeavors to create an environment that allows new employees to retain and play active roles in early stages, 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



Promoting Workstyle Reforms

In 2017, Kubota launched the "Workstyle Reform Project Team (HK-PT)," and started introducing the Kubota Production System (KPS) approach used by the production divisions to the back-office divisions also. This involves standardizing back-office operations then reducing waste, and leading on to workstyle reforms. The activity enables employees to secure their work-life balance, upskill, and reskill, while enabling the company to control long working hours and promote productivity improvements.

In this activity, the people in charge receive instruction from consulting company counselors who already have considerable experience in giving guidance in the field of business process streamlining, and then they visualize business processes and proposing improvements. They shared these with other divisions at multiple output discussion meetings for exchanging information before finally creating manuals for all of their own duties. So far, around 430 employees in all 24 divisions have worked on the project.

[Improvement Examples]

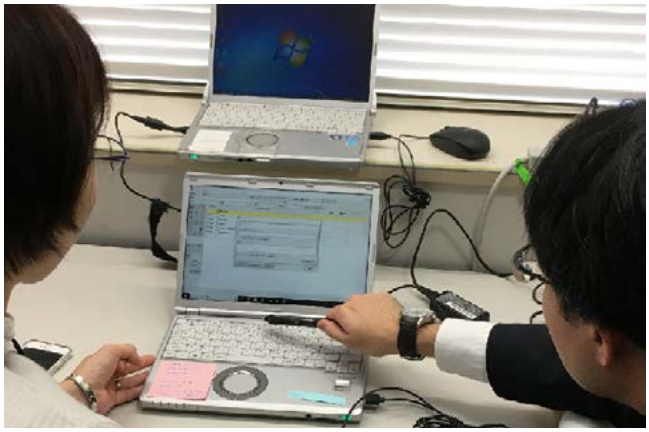
(1) Transition to paperless operations and time-saving through use of IT

i. Robot process automation (RPA) used to automate data entry operations
ii. Automation of material preparation using Microsoft Excel macros
iii. Enabling work to proceed outside of the office and streamlining work during business trips by using mobile devices (laptop PCs, smartphones, etc.)

(2) Adopt "best practices" (apply the most efficient processes uniformly)

i. Adopt audit process best practices
ii. Adopt voucher check process best practices
iii. Adopt daily work best practices (attendance management, travel fee claims, etc.)

In other areas, we adopted telework and a system for selecting work start times to create a work environment where each individual can work in the way that suits them. By fully introducing this system from April it has been used as a countermeasure to prevent the spread of COVID-19.



Guidance from counselors

Output discussion meetings

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 32 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.

VOICE

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. Since 2016, Kubota has dispatched trainees to agricultural universities in Europe to learn the latest precision farming for two years. Kubota will continue to dispatch employees overseas as one of its most effective initiatives to foster 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.

The Fourth Next-generation Management Training in North America Held

Kubota held the fourth-year session of the North America management training program to develop local management executives, which was launched in 2016 jointly by five companies in the North America area of the Kubota Group Machinery business, and Kubota's Machinery Overseas Administrative Division and Human Resources Department. The aim of the North America management training is to develop local management executives who are capable of contributing to the global management of Kubota, as well as to raise the motivation of local staff and foster a sense of unity among the training participants from each company. The six selected trainees received programs necessary for prospective leaders at the business school of Emory University in the United States.

Kubota will endeavor to activate exchanges between overseas and domestic operation sites, and also among overseas sites, thereby strengthening its global management system.

Manager Training for Executives in Europe

Since October 2018, we have been conducting manager training for executives at our bases in Europe. At our manager training in Europe, executives from all our European-based companies come together to set new business targets for future business development and share them. Then they acquire the knowledge necessary for creating strong organizations and strengthening cooperation frameworks to achieve their goals.

Furthermore, participants also talked about what is needed to form Kubota's corporate culture through respect for diversity with our teams and strengthening their spirit. As of the end of 2019, 212 employees have participated in the training.

Ongoing Foreign Language Training Abroad for New Employees

In an effort to foster global human resources with the necessary language skills and the ability to adapt to different cultures, since 2008, Kubota has been offering new employees the opportunity to participate in a foreign language education program abroad.

Employees are classified into different courses depending on their language ability at the time of employment and the needs of the department to which they are assigned, and sent to a language school in North America or the Philippines for about one month.

Employees who have acquired high language skills are provided with more practical learning opportunities, such as an internship program at an overseas company.

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	■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	■Department and section head class: management training ■Upcoming management assistants: selective training	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	Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the “5-Gen” principles
Evaluations	■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.		■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 nonexecutives 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)	■Five rankings ■Moves up in the rankings based on contribution to performance	■Seven rankings ■Moves up in the rankings based on contribution to performance (Some require testing)	■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, affiliated business 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. 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 21, 2019 (from our company newsletter)

Click here for the Kubota Global Identity.
www.kubota.com/company/corp-info/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 will mark 130 years since Kubota's establishment, there will be opportunities for employees to once again 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.

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 in parentheses are the percentage of people responding at least "somewhat satisfied" for degree of satisfaction at lectures held in Japan

Attendee Impressions (new employees)

- Over the course of its long history, Kubota has contributed to society in the areas of food, water, and the environment, so I think the company's very business is actually CSR. I look forward to becoming a part of it. [new mid-career hire]
- After watching the video about the founder, company history, and the people who work for Kubota around the world, I thought to myself why I am working for this company and how I should approach my work. I realized that our job is to carry on the spirit of embracing the challenge of solving social challenges—the very spirit that has been handed down since the company's founding. [new-graduate hire]

FOCUS

Internal and External SDGs Awareness & Publicity Activities

In FY2019, the Kubota Group implemented the following activities.

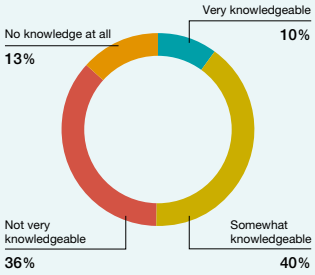
■ Activities to Instill and Improve Awareness of Our Corporate Principles in Kubota Group Employees

- Declaration of Kubota's commitment to implementing SDGs activities in earnest as a key point of instruction in Kubota's management policy for the fiscal year (January)
- Start of a series of special feature articles about the SDGs in company newsletters (from March)
- Production and display of original posters designed to instill further awareness among Group employees (from September)
- Explanations via rank-based training sessions (throughout the year)
- Education via CSR-awareness surveys and checking levels of awareness (August to October)

■ Introduction of Our Corporate Initiatives to Our Stakeholders

- Responding to requests to give talks to junior high school, high school, and university students
- Presentation of our initiatives at symposiums, lectures, exhibitions, investment expos, and other events
- Engagement with institutional investors
- Engaging in dialogue with CSR experts and external management

SDGs Awareness in the Kubota Group



From a FY2019 CSR awareness survey conducted on Kubota Group employees in Japan

In FY2020 we will continue to implement SDGs training for all Kubota Group employees around the world.

We will step up global initiatives aimed at achieving the SDGs through our primary business activities in an effort to contribute to the realization of a sustainable society.

Kubota's booth at TICAD7 (August 2019)

Giving a talk about the SDGs (Osaka Prefectural Yamada High School)

Rank-based CSR Training

Since the scope of CSR covers a lot of ground, when employees enter the company or are promoted, our CSR Planning Department conducts rank-based training to explain and educate employees about general CSR issues and compliance, in addition to more detailed information about such issues as product quality, the environment, safety, and human rights. The CSR Planning Department employs 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.

FY2019 Statistics (Lecturers from the CSR Planning Department)

	Participants	Timing	Length (per session)	Total participants	Notes
Kubota	Newly appointed section managers	May and October 2019	50 minutes	70	Split up into 4 sessions for participants
	Employees promoted to expert positions	February and March 2019	50 minutes	153	Split up into 2 sessions for participants
	New staff hires	April and May 2019	45 minutes	346	Two sessions on separate topics
	New mid-career hires	January to December 2019 (monthly)	60 minutes	113	Held in the month the employee was hired
	Newly appointed foremen	March 2019	60 minutes	12	
	Newly appointed supervisors	March and September 2019	90 minutes	42	Split up into 2 sessions for participants
	Hanshin Plant (Amagasaki) employees	February 26, 2019	60 minutes	113	
Affiliated companies	Affiliated companies (newly appointed section managers)	July and August 2019	65 minutes	50	Split up into 2 sessions for participants
	Affiliated companies (new employees)	April 4, 2019	60 minutes	55	
	Affiliated companies upon request (promoted employees and new hires)	November and December 2019	135 minutes/ 120 minutes	15	Separate sessions for each group
Agricultural machinery distributors	Senior managers from agricultural machinery distributors	February 2019	60 minutes	17	
	Candidates for branch directors of agricultural machinery distributors	November 2019	60 minutes	59	Split up into 2 sessions for participants
Overseas	Overseas supervisors (when leaving for their post in India or the Philippines)	February and June 2019	15 minutes	2	Held in the month when leaving for their post
TOTAL				1,047	

CSR Forum for Management-level Employees

In July 2019, 220 management-level employees attended a CSR Forum at the Kubota Head Office. The forum was also relayed via video conference to 15 offices.

The forum focused on the topic of manufacturing so that Kubota may make a fresh start as a vibrant manufacturing company by going back to its roots as a manufacturer in light of the 2018 issue of misconduct concerning inspection results records.

The keynote presentation was delivered by Professor Takahiro Fujimoto, an expert in manufacturing business administration at the University of Tokyo's Graduate School of Economics.

Professor Fujimoto incorporated plenty of case studies into a passionate lecture about manufacturing, which centered on the subject of a manufacturing strategy in the age of digitalization; namely, one that balances strong plant operations and a strong head office with good design processes.

For the participants, it was a meaningful opportunity to once again reflect on what it means to be engaged in "manufacturing."

CSR Forum for management-level employees

CSR Forums Held (in the Last Six Years)

Timing	Lecturer	Lecture topic	Participants (including participants via the video conference system)
Dec. 2014	Lawyer	Adapting to environmental changes and compliance	147
Sep. 2015	Lawyer	Global compliance management	163
Sep. 2016	University 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	University professor	Water, food, the environment, and SDGs	233
Jul. 2019	University professor	A manufacturing strategy in the age of digitalization	276

Employee CSR Awareness Survey

In August through October 2019, Kubota Group employees in Japan were surveyed regarding their awareness of CSR. With the addition of employees from some manufacturing plants, a total of 13,007 (up 167 from last year) people responded. The survey gauged the understanding and awareness of employees regarding Kubota's corporate principles, Code of Conduct, and CSR 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 at each Group company are also provided separately.

The CSR survey is a valuable form of communication between employees and the Company, and we plan to continue conducting it every year as a means of increasing employee awareness and identifying areas for continual improvement as a company.

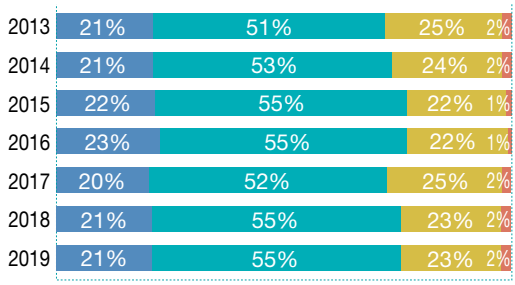
Respondents

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%

* The percentage of respondents that also provided an opinion

Answers to Key Questions in the Employee CSR Awareness Survey

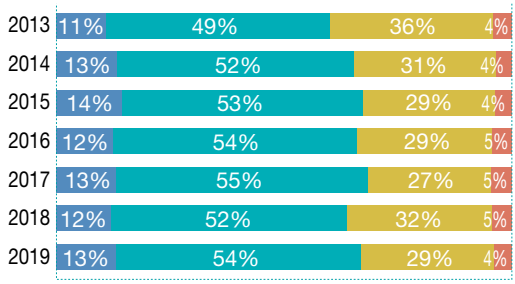
Are you aware of the Kubota Group's mission of helping to solve issues surrounding food, water, and the environment—the elements essential to human survival—as well as our brand statement "For Earth, For Life," and have you considered what you can do in your position?



* 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) is leading to an entrenched sense of awareness.

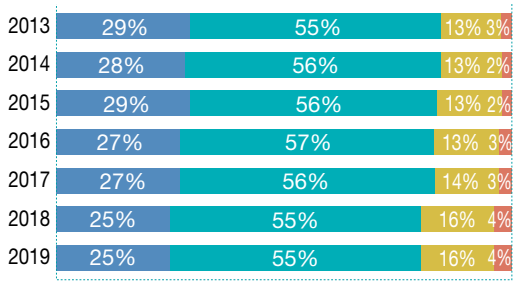
Do you have a good understanding of the Kubota Hotline system?



* Decimals rounded to the nearest whole number

Having carried out activities in FY2019 to once again inform employees about the Kubota Hotline (internal whistleblowing system), awareness has improved.

Does your superior listen to you and support you when you are troubled with something?



Communication is very important for good work performance. But some workplaces are too busy to allow for sufficient communication. We will advance workstyle reforms and promote initiatives to create more comfortable workplace environments.

Involvement with Local Communities

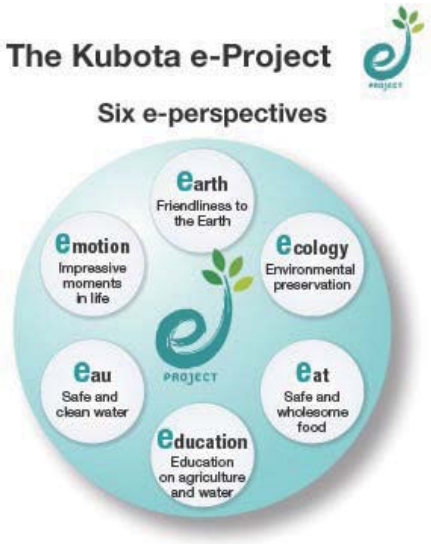
The Kubota Group respects the cultures and customs of each country and region in which it conducts business, and endeavors to establish relationships of trust with local communities. Moreover, Kubota proactively engages in social contribution activities in order to fulfill its responsibilities as a corporate 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 promises to continue to support 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.



Kubota e-Project (only in Japanese)
www.kubota.co.jp/epro/

Supporting Citizen Activities

Mainichi Earth Future Prize

In the field of food, water, and the environment, Kubota admires individuals and groups working on solutions to social issues at the grass-roots level in Japan and overseas, and sponsors activities that honor them publicly. Kubota has continued to sponsor the Mainichi Earth Future Prize, which began as the Mainichi International Exchange Prize in 1989. Since its renaming in 2011, a total of 716 individuals and groups have applied for the prize.

Solving Social Issues

Supporting the Regeneration of Abandoned Farmland

Kubota supports efforts to regenerate abandoned farmland across Japan with the use of agricultural machinery.

There are approximately 400,000 hectares* of abandoned farmland in Japan.

* From the 2015 Census of Agriculture and Forestry, Vol. 2, Agriculture and Forestry Management Entities Survey Report (Summary)

Preserving Terraced Rice Fields

With the aim of better understanding agriculture so that we can engage in manufacturing from the perspective of our customers, Kubota participates 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.

Employment of People with Disabilities and Utilizing Idle Farmland for Hydroponic Cultivation: Kubota Sun-Vege Farm Co., Ltd.

This company was established in February 2010 as a special subsidiary of the Kubota Group.

Today, in addition to supplying safe and reliable food of good quality, agriculture also plays the important, in fact critical, role for society of protecting the natural environment of rural communities. In this context, the company is utilizing unused farmland in the Minamikawachi District of Osaka Prefecture to produce and sell hydroponic vegetables. Through this business, the company has created employment for people with disabilities, and is striving to create a workplace environment in which employees with disabilities can work with enthusiasm.

The company currently employs 16 people with disabilities.

Kubota Sun-Vege Farm (only in Japanese)
www.kubota-works.co.jp/

Introductory video (only in Japanese)
www.kubota-works.co.jp/

Forest Conservation

Kubota Forest

Beginning with Kubota's sponsorship of the forest conservation activities of the Tokyo Metropolitan Government, we have named a 2.89ha lot of watershed forest managed by the Tokyo Waterworks Bureau as "Kubota Forest."

Since 2017 new employees have been engaged in the clearing of land, grass cutting, and tree planting.

Educating the Next Generation

Kubota Active Lab

Kubota Active Lab provides participating high school students the opportunity to independently learn about topics concerning food, water, and the environment. Kubota has sponsored this program since 1985, with close to 2,000 students taking part thus far.

The topic of Kubota Active Lab in 2019 was “Why do humans seek to explore space?” Astronaut Mamoru Mohri and Naohiko Kohtake of Keio University delivered lectures that examined the role space exploration can play in the context of the SDGs.

First up, Professor Kohtake talked about how space technology can contribute to the SDGs with a lecture entitled “Space Tech for SDGs.” Dr. Mohri then discussed the importance of wisdom in terms of how humans can survive comfortably in our limited global environment with a speech entitled “10 billion People Challenging Space.”

The participating high school students listened with great interest about the enormous potential of space exploration.

Kubota TERRA-KOYA Summer Camp

Kubota sponsors the “TERRA-KOYA” summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since this program began in 2007, a total of 268 children have participated.

Programs to Support Science Career Choices

Kubota provides opportunities to junior high school and high school students that support career pathways in the sciences (mainly through Kansai Kagakujuku) by offering experiences to operate agricultural machinery and attend lectures and panel discussions run by Kubota engineers.

Visiting Lectures

This program provides opportunities for young people from elementary school through to junior high school and high school to learn about farm machinery, water purification systems, and other issues related to food, water, and the environment.

Kubota Genki Agriculture Experience Workshop

This program aims to deepen understanding of agriculture and help promote the education of artistic sentiment through the experience of growing rice, including rice transplanting, harvesting, and the tasting of harvested rice.

FOCUS

Basketball Clinic for Elementary and Junior High School Students

Since 2017 Kubota has collaborated with the professional basketball team Osaka Evessa* to invite students from elementary and junior high schools in Naniwa Ward, where its Head Office is located, to basketball games.

The aim of this project is to help children develop a healthy mind and body by directly communicating the excitement and pleasure of sports.

* Osaka Evessa is the only Osaka-based team competing in the B.League, the men's professional basketball league in Japan.

[Past contributions]
2017 360 tickets
2018 400 tickets
2019 133 tickets and basketball clinic

In 2019 the coach of Osaka Evessa was kind enough to run a basketball clinic for elementary and junior high school students in Naniwa Ward in the Kubota Head Office gymnasium. Participants in the clinic also received tickets to see Osaka Evessa's game later that same day.

Irrespective of any basketball experience, all of the children had a lot of fun learning how to dribble and shoot. They later watched an Osaka Evessa game at a gymnasium in Naniwa Ward.

Regional Exchanges

Kubota e-Day

Kubota employees volunteer to take part in regional community beautification and cleanup activities. Since 2008, when company-wide involvement started, approximately 8,000 people have participated in this program each year.

Japan Cup Cycle Road Race

In the Japan Cup Cycle Road Race, held each year in Utsunomiya, the employees of three Kubota Group companies in Tochigi Prefecture (Kubota Utsunomiya Plant, Kubota ChemiX Co. Tochigi Plant, and Kubota Air Conditioner Tochigi Plant) assist with sentry duties during the race and clean-up activities afterward.

Social Contribution Activities through Corporate Sporting Events

Managing the Rugby League Team Kubota Spears, Contributing to the Spread of Rugby and Promotion of SDGs through Rugby

Kubota is part of the Japan Rugby Top League, the top rugby league in Japan, and manages the Kubota Spears, a rugby team based in Funabashi, Chiba. Having concluded a home town agreement with Funabashi City in 2017, the team aims to foster the adoration of the community through teaching and promoting rugby and proactively participating in local events. The team also promotes the SDGs through rugby.

Working together with the Board of Education, a visiting lecture was conducted at a neighboring elementary school (coaching tag rugby)

An under-15 development project taught rugby to junior high school students

A rugby experience event, “First Rugby with the Spears” for people who want to try rugby for the first time

A rugby clinic at the Funabashi Municipal Medical Center

Disseminating and coaching rugby in regional areas by participating in Rice Paddy Rugby tournament

Crime Prevention Patrol Running undertaken by the players

Kubota Spears Official Website (only in Japanese)
www.kubota-spears.com/

FOCUS

Participating in “Rice Paddy Rugby” in Various Areas

Since they created “Rice Paddy Rugby,” the Kubota Spears have been participating in competitions nationwide to promote rugby and stimulate community activities.

“Rice Paddy Rugby” started in Fukuchiyama, Kyoto in 2015, and is now played throughout Japan. Rice Paddy Rugby events are held before the paddies are planted, from April to June.

[Participation in 2019]

Sunday, April 21 Rice Paddy Rugby in Ukiha (Ukiha, Fukuoka)
Saturday, May 11 Rice Paddy Rugby in Mima (Mima, Tokushima)
Sunday, May 19 Rice Paddy Rugby in Fukuchiyama (Fukuchiyama, Kyoto)
Saturday, June 1 Teganuma Rice Paddy Rugby (Kashiwa, Chiba)
Sunday, June 9 Rice Paddy Rugby in Soja (Soja, Okayama)

FOCUS

Players in the 2019 Rugby World Cup

PIETER “LAPPIES” LABUSCHAGNE

Position: Flanker
Height/Weight: 189 cm/106 kg
Country of origin: South Africa
Appeared in all five matches representing Japan, served as Game Captain in the matches against Ireland and Samoa

DUANE VERMEULEN

(Left Kubota Spears in May 2020)

Position: Number 8
Height/Weight: 193 cm/118 kg
Country of origin: South Africa
Helped the South African team win the cup as a representative of South Africa
Selected as Player of the Match in the final match

Kubota Spears Official Website (only in Japanese)
www.kubota-spears.com/

Overseas Activities to Contribute to Society

Donating Toys to Children

Great Plains Manufacturing, Inc. (United States) collects toys and money each year to donate underprivileged children. As of 2019, this program had provided $200,000 to approximately 20,000 children.

Participation in Community Volunteer Activities

Kubota Tractor Corporation (US) collaborates with community volunteer groups with various activities such as tree planting and lakeside clean up.

Support for Well Construction

In order to reduce the number of people without access to safe water as much as possible, the Kubota Group is working to provide local support through NGOs that have been active in Asian countries for many years. Through these efforts, six wells had been completed by 2018.

Cooperation in Rural Community Development Programs

Kubota Agricultural Machinery India Pvt. Ltd. has a cooperative arrangement with a local Rotary Club to regenerate wells for household water use, and to install facilities for water treatment to produce potable water.

Supporting the Young Farming Generation

SIAM KUBOTA Corporation Co., Ltd. (Thailand) is helping younger-generation farmers to become more knowledgeable about farming, fostering their motivation to take up farming by instilling a positive attitude, teaching them various skills, and more.

Park Restoration

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) repaired broken facilities and renewed mats and other items at a park in a residential area near the business site.

Donating Books for Children

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) donates books for children to provide the children in its neighborhoods with opportunities to read books.

[Number of books donated]

2016 300 books
2017 144 books
2018 220 books
2019 399 books

Environmental Education for Elementary School Students

PT. Kubota Indonesia (Indonesia) conducts environmental education through environmental activities such as donating LED lamps for local elementary schools.

[Number of lamps donated]

2016 500 lamps
2017 420 lamps
2018 225 lamps
2019 140 lamps

Donating School Bags to Children

SIAM KUBOTA Corporation Co., Ltd. (Thailand) donated school bags with Kubota logos on them to children living in Thailand and neighboring countries.

[Number of Bags Donated]

Thailand: 47,000 bags
Cambodia: 20,000 bags
Laos: 9,000 bags

Drawing Contests for Elementary School Students

Kubota Farm Machinery Europe S.A.S. (France) has hosted two drawing contests for nearby elementary school students.

The recent contest had the theme of “agriculture.” The submitted works were displayed within the plant, and employees voted for the best drawings. Winners were presented with award certificates and prizes at the school end-of-year ceremony.

Donation of a Tractor to an Agricultural Technical College

Kubota Farm Machinery Europe S.A.S. (France) donated an M7 tractor to a local agricultural technical college in 2017, with the goal of providing an opportunity for young technicians to study the latest technologies featured on tractors. The company has built an ongoing relationship with the technical college, including accepting students for internships.

Support for Rejuvenation and Reconstruction of Areas Affected by Natural Disasters

The Great East Japan Earthquake

Supporting the Youth, Bearers of the Future, through Farming

—Cooperating with Rice Farming at Agricultural High Schools in Miyagi and Fukushima

As part of efforts towards reconstruction after the Great East Japan Earthquake, Kubota supports the youth who will play a role in Tohoku's agricultural industry in the future. At Miyagi Agricultural High School and Fukushima Iwaki Agricultural High School, Kubota helps with practical rice farming using the approach of directly sowing iron-coated seeds.* Kubota hopes to contribute to the reconstruction of the disaster-affected areas and the development of strong human resources by imparting the latest cultivation technologies.

* Directly sowing iron-coated seeds: 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.

Supporting the Youth, Bearers of the Future, through Farming

—Implementing Agricultural Machinery Maintenance Training and Special Lectures with Trial Rides

Since 2018, we have conducted agricultural machinery maintenance training and special lectures with trial rides for advanced technical schools in disaster-stricken areas. Each year, around 40 students participate.

By having students actually see and touch the latest agricultural machinery, they are provided with opportunities to learn about agriculture and agricultural machinery.

Supporting the Youth, Bearers of the Future, through Farming

—JENESYS 2018 Japan-ASEAN Students Conference

Kubota received a request from the secretariat of the JENESYS 2018 Japan-ASEAN Students Conference, one of the "Japan's Friendship Ties Programs" promoted by the Ministry of Foreign Affairs of Japan, to facilitate exchanges between young people and farmers helping the recovery from the Great East Japan Earthquake. We responded by holding an observation event at the Miyagi Prefecture Agriculture High School and Mitazono Farm, which is run by graduates of the school.

Providing Soup and Bread to People in Disaster Areas

Students from Miyagi Prefecture Agricultural High, to which the Kubota Group has been providing technical support and the like since the earthquake, provided original-recipe soup at a memorial service held at the Yuriage Elementary and Junior High School in Natori, Miyagi Prefecture. The soup used whitebait caught near Natori, which is the northernmost limit for catching the fish.

On the day of the event, Kubota dispatched employees as volunteers to help run the event. At the same time, as part of the initiative to establish ties between disaster-afflicted areas, Kubota distributed brown rice bread made by Nakakyushu Kubota using rice produced in Kumamoto Prefecture.

Students provide original-recipe soup

Distributing brown rice bread

For more information (only in Japanese)
www.kubota.co.jp/kubotainfo/index140.html

Support for Disaster-stricken Areas throughout Japan

In the area along the Chikuma River in Nagano Prefecture, a total of 128 people, mainly new employees, undertook volunteer activities. The area along the river is home to farmers, many of them customers of Kubota, who were affected when 70 m of embankments were destroyed by Typhoon No. 19. The volunteers tried to help them recover as much as possible by removing mud from apple orchards and homes that were affected by the disaster, as well as cleaning up houses.

Thinking that the residents of the affected area might be cheered through rugby, the Kubota Spears held a “Rice Paddy Rugby” event in areas struggling in the aftermath of the 2018 floods in western Japan.

As prizes at events (such as summer festivals) sponsored by business sites in the Kubota Group, delicacies from stricken areas were served.

For more information (only in Japanese)
www.kubota.co.jp/kubotainfo/index141.html

Kubota Group's Products Playing a Part in Reconstruction Support

Various Kubota Group products are being used in the restoration, recovery and community development of disaster-stricken areas. Examples include the restoration of water supply and sewage lines, the construction of pipelines and the treatment of effluent for temporary housing, and the restoration of agricultural water.


Ductile iron pipe (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines)


Plastic pipes (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines)


Pumps (used for emergency drainage as a countermeasure for flooding caused by heavy rainfall and high tides)


Valves (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines, by controlling liquids and gases)


Water treatment plant (used to purify wastewater, including residential and industrial sewage)


Wastewater treatment tanks (used to process wastewater from temporary housing in regions with insufficient sewage lines)


Spiral welded steel pipes (used as foundation piles in a variety of structures, such as bridge foundations, ports, rivers, and building foundations)


Construction machinery (used for removing debris and various civil engineering work)


Truck scales (used to weigh truck cargo, such as debris)


Manhole pumps (for pneumatic transportation of sewage)

Response to disasters (only in Japanese)
www.kubota.co.jp/message/

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, 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 hardship and mental burden of the people receiving treatment and their families.

For details please see: www.kubota.co.jp/kanren/ (Only in Japanese)

Governance Report

<SDGs related to this section>

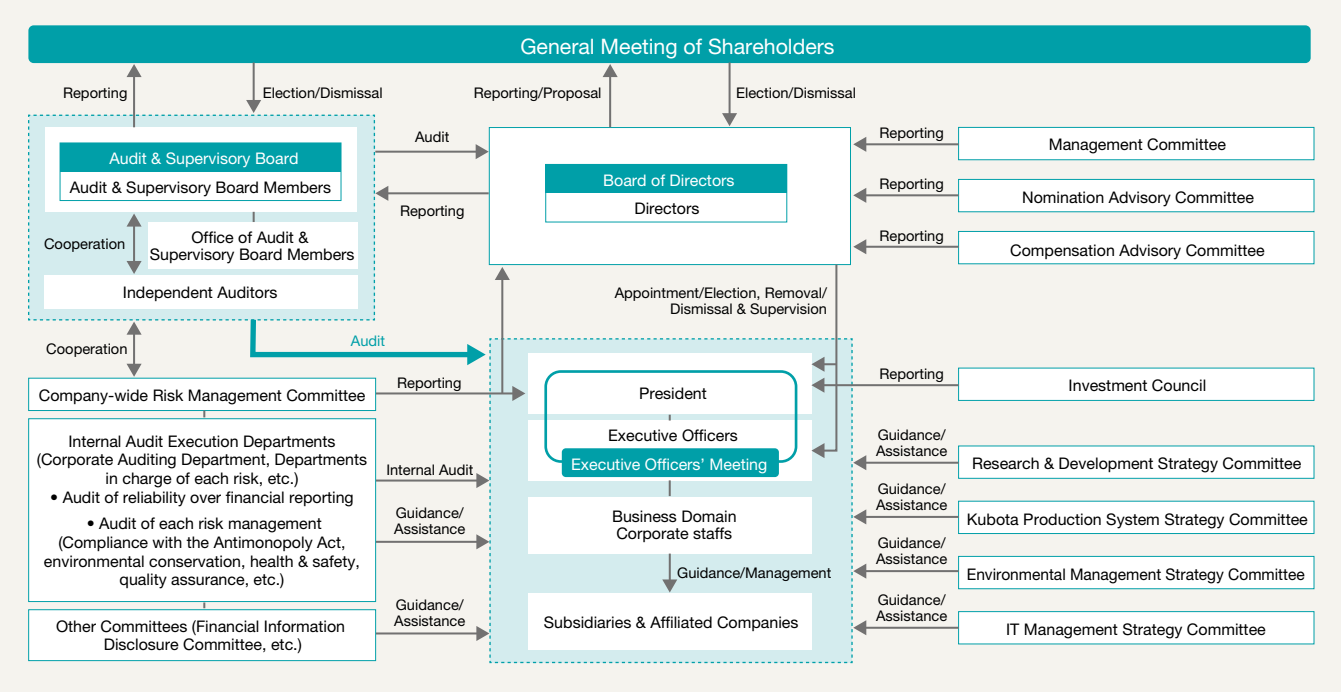
Corporate Governance

In order to speed up its response to management conditions and achieve enhanced transparency in its management, Kubota has been committed to enhancing its corporate governance structure. Moreover, by building an internal control system and implementing steady improvements continuously during its business activities, Kubota not only enforces the observance of laws and regulations, but also reduces risks.

Corporate Governance Structure

Ensuring Quick Response to Management Conditions and Improving Management Transparency

In order to speed up its response to management conditions and achieve enhanced transparency in its management, Kubota has adopted the following corporate governance structure.



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 whether directors are executing their duties properly.

In addition to its regular monthly Audit & Supervisory Board Meetings, it also meets as and when required to discuss and make decisions with regard to auditing policy, audit reports, and other matters.

Executive Officers' Meeting

Kubota has adopted the Executive Officer System in order to strengthen business execution by each department and make prompt and appropriate business decisions. In addition to its regular monthly meetings, it also meets as and when required. Executive Officers are instructed on and notified of policies and decisions made by the Board of Directors. The Executive Officers report the status of their execution of duties.

Management Committee and Investment Council

Kubota has a Management Committee and Investment Council in place in order to discuss and make decisions in regard to specific and important issues. The Management Committee meets to deliberate on important management matters, such as investments, loans, and mid-term management plans, before they are discussed by the Board of Directors. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as special matters.

Nomination Advisory Committee and Compensation Advisory Committee

Kubota has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee meet to deliberate on nominations of candidates for Directors, and the compensation system and compensation level of the Directors with appropriate involvement and advice from the Outside Directors.

The Nomination Advisory Committee met once during the fiscal year for the purpose of discussing the nomination of candidates for Directors, and the nomination of Advisors. Meanwhile, the Compensation Advisory Committee met three 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 plan. (Including one resolution in writing.)

Policy for Appointing Outside Directors and Outside Audit & Supervisory Board Members

In selecting candidates for the positions of the Outside Directors and the Outside Audit & Supervisory Board Members, Kubota considers experience outside Kubota, professional insight, and other qualifications, and makes a recommendations for their suitability at the General Meeting of Shareholders after approval by the Board of Directors.

Kubota established policies related to criteria for independence when electing the Outside Directors by reference to the rules for Independent Executives defined by the TSE. Kubota elects those who have no conflict of interest with ordinary shareholders accordingly.

Reasons for Appointing Outside Directors (Independent Executives)

Kubota elected Yuzuru Matsuda as an Outside Director since Kubota wishes to receive his advice about general management based on his adequate experience and considerable insight in management which he acquired through his duties as the long-time president of a listed company. Kubota has no business relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings, Inc., and JSR Corporation, for which Mr. Matsuda currently plays an important role. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there appears to be no conflict of interest with ordinary shareholders.

Kubota elected Koichi Ina as an Outside Director since Kubota wishes to receive his advice about general management based on his adequate experience and considerable insight into management which he acquired through his duties as a president, chairman, and plant and manufacturing manager in the motor vehicle industry. Kubota has a business relationship with Daihatsu Motor Co., Ltd., at which Mr. Ina started his career, but the amount arising from the above transactions for the year ended December 31, 2019 was less than 2% of total consolidated revenues of the Company. Kubota has no business relationship with Sansha Electric Manufacturing Co., Ltd., for which Mr. Ina currently plays an important role. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there appears to be no conflict of interest with ordinary shareholders.

Kubota elected Yutaro Shintaku as an Outside Director since Kubota wishes to receive his advice about general management based on his accomplishments in actively promoting strategy and experience which he acquired through his duties as a member of the senior management of a medical device manufacturer. Kubota has no business relationship with Terumo Corporation, at which Mr. Shintaku stated his career, and Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., Tonen International Scholarship Foundation, and Hitotsubashi University Business School, for which Mr. Shintaku currently plays an important role. Kubota has a business relationship with KOZO KEIKAKU ENGINEERING Inc., for which Mr. Shintaku concurrently plays an important role, but the amount arising from the above transactions for the year ended December 31, 2019 was less than 2% of total consolidated revenues of the Company. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there appears to be no conflict of interest with ordinary shareholders.

Reasons for Appointing Outside Audit & Supervisory Board Members (Independent Executives)

Kubota elected Masaki Fujiwara as an Outside Audit & Supervisory Board Member since Kubota expects him to further enhance its auditing procedures during this period of further global advancement of the Company. Having served in key administrative and executive roles at Panasonic Corporation and its subsidiaries and affiliated companies, he has both considerable knowledge relating to administration and corporate accounting, and a good feel for global business through his long-standing experience stationed overseas. Kubota has no business relationship with Sansha Electric Manufacturing Co., Ltd., for which Mr. Fujiwara concurrently plays an important role. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there seems to be no conflict of interest with ordinary shareholders.

Kubota elected Kumi Arakane as an Outside Audit & Supervisory Board Member since Kubota wishes her to further enhance its auditing procedures based on her long career at KOSÉ Corporation serving as a Director and being in charge of various areas of business, including product development, research, quality control, and purchasing. Ms. Arakane is also well versed in those duties. Kubota has no business relationship with KOSÉ Corporation, at which Ms. Arakane started her career. Kubota places her as an Independent Executive since there is no particular vested interest between Kubota and her, and there seems to be no conflict of interest with ordinary shareholders.

Kubota elected Yuichi Yamada as an Outside Audit & Supervisory Board Member since Kubota expects him to further enhance its auditing processes through his expert viewpoints and from an independent standpoint. Having 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. Kubota has no business relationship with Japan Finance Corporation, Yuichi Yamada Certified Public Accountant Firm, and Sumitomo Metal Mining Co., Ltd., for which Mr. Yamada concurrently plays an important role. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there seems to be no conflict of interest with ordinary shareholders.

Attendance Rate of Outside Executives (Mar. 2019–Feb. 2020)

Attendance rate of Outside Directors at Board of Directors' meetings	Yuzuru Matsuda 100%	Koichi Ina 100%	Yutaro Shintaku 100%
Attendance rate of Outside Audit & Supervisory Board Members at Audit & Supervisory Board meetings	Masaki Fujiwara 100%	Kumi Arakane 100%	Masato Hinenoya 75%

* Mr. Masato Hinenoya attended 3 of 4 Audit & Supervisory Board Meetings held after his appointment in March 2019 until his resignation effective May 31, 2019.

System Supporting Audit & Supervisory Board Members

Kubota established the Office of Audit & Supervisory Board Members and has assigned five employees to exclusively support the Audit & Supervisory Board Members in performing their duties. Those employees' independence is ensured as the employees' appointment and evaluation require a discussion with and consent from the Audit & Supervisory Board Members.

As of March 19, 2020, Kubota places four members in the Office of Audit & Supervisory Board Members, to engage in audits exclusively for subsidiaries in order to provide support for Kubota's Audit & Supervisory Board Members and improve internal control over the Kubota Group. Also, Kubota put in place a system where in any expenses incurred related to execution of duties by the Audit & Supervisory Board Members are to be disbursed with no delay.

Internal audit departments and the Independent Auditors of Kubota report audit plans and the results of audits to the Audit & Supervisory Board Members periodically, and as needed collaborate with each other.

Compensation of Directors and Senior Managements

1) Policy for Determination of Remuneration, etc. and Calculation Method for Directors and Executive Officers

Kubota Corporation's remuneration plan for the Directors and Senior Managements is designed and put in place in order to sustain corporate growth in the areas of food, water, and the environment and share corporate value with shareholders.

The remuneration for the Directors (excluding Outside Directors) consists of basic remuneration, which is set by each position, variable remuneration (bonuses for Directors) which acts as 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 and Audit & Supervisory Board Members consists of basic remuneration only because of the roles they play and the need to preserve their independence.

The maximum aggregate amount of cash remuneration for the Directors was set at ¥510 million or less per year (¥60 million or less per year for the Outside Directors) at the 128th General Meeting of Shareholders held on March 23, 2018. The maximum aggregate amount of stock remuneration for the Directors was set at ¥300 million or less per year and the total number of common shares of Kubota Corporation to be issued or disposed of was set at 400,000 shares or less per year at the 127th General Meeting of Shareholders held on March 24, 2017.

The maximum aggregate amount of remuneration for Audit & Supervisory Board Members was set at ¥144 million or less per year at the 119th General Meeting of Shareholders held on June 19, 2009.

Kubota Corporation's remuneration plan for the Directors and Senior Managements are deliberated by the Compensation Advisory Committee and then determined by the Board of Directors in order to increase objectivity and transparency. The Compensation Advisory Committee consists of five members: three Outside Directors, the Director in charge of secretarial affairs, and the Director in charge of financial affairs, and one observer: the Outside Audit & Supervisory Board Member, as a finance expert. The Compensation Advisory Committee deliberates on the following issues:

a) matters related to remuneration for the Directors and the Executive Officers;
b) matters related to bonuses for the Directors and the Executive Officers;
c) matters related to remuneration for the Special Corporate Advisor and Advisors; and
d) other matters delegated by the Board of Directors.

The Compensation Advisory Committee met three times during the fiscal year (one of which was a written resolution) to discuss both the consistency of compensation levels paid to the Directors, Executive Officers, and Advisors, as well as the appropriateness of the stock compensation plan. The appropriateness of compensation levels is verified by the Compensation Advisory Committee, based mainly on a management compensation database for major domestic companies provided by external specialist organizations.

2) Performance-linked compensation for a single fiscal year

Kubota Corporation 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 increases as profit for the year increases. In the fiscal year 2019, the ratio of non-performance-linked remuneration (basic compensation and stock compensation) to performance-linked remuneration was roughly 6: 4, with the higher the position, the higher the ratio of performance-linked remuneration.

Performance-linked remuneration shows the degree of performance achievement and is decided by determining the amount of bonus for each position conjunction with profit attributable to the owner of the parent which is an index used to return profits to shareholders, taking into consideration the degree of performance achievement in organizations of which the individual is in charge.

3) Restricted Stock Compensation

Kubota Corporation 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 share its value with shareholders. Stock compensation generally accounts for approximately 15% of total compensation.

4) Compensation 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.

Director and Auditor Remuneration (Jan.–Dec. 2019)

Position	Number of persons	Total amount of compensation (millions of yen)	Total amount by type (millions of yen)		
			Remunerations	Bonuses	Restricted stock compensation
Directors (excluding Outside Directors)	9	662	372	201	88
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	71	71	—	—
Outside Directors and Outside Audit & Supervisory Board Members	8	81	81	—	—

Training for Executives

Every year, the Company holds executive forums given by visiting lecturers for all of its Directors, Audit & Supervisory Board Members, and Executive Officers to provide opportunities to acquire and update knowledge necessary for supervising operations.

<Results of forums for fiscal 2019>

Forums were held on four occasions on the themes of environmental quality, crisis management, human rights, and ICT.

The Company conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. Moreover, for Outside Directors, the Company conducts inspections and engages in discussions with on-site executives at the regional offices, and subsidiaries and affiliated companies in Japan and overseas, so that those in attendance can gain a deeper understanding of the Group's business activities and make appropriate management decisions.

Themes of the Forums for FY2019 and the Attendance of Executives

Date	Title of forum	Theme	No. of attending executives
July 26, 2019	CSR Forum	A Manufacturing Strategy in the Age of Digitalization—balancing strong plant operations with a strong head office based on good design processes	33
October 2, 2019	Safety, Environment and Quality Forum	Risk Management that the Management Team Should Keep in Check—Risk management for proactive management	30
October 3, 2019	Human Rights Training	Human Rights in the Workplace—Creating a harassment-free work environment	29
December 24, 2019	Corporate Communications Forum	Importance of Corporate Communications for Crisis Management: Approaches and Strategies	31

<Results of on-site visits by Outside Directors for fiscal 2019>

On-site visits in Japan: conducted twice with a total of two Outside Directors participating in exhibitions

On-site visits outside Japan: conducted five times with a total of six Outside Directors participating

Exhibitions of the Company: conducted twice with a total of five Outside Directors participating.

For Audit & Supervisory Board Members, meetings attended by the President are regularly held to share management issues, and exchanges of opinion also involving Outside Directors are regularly carried out in order to improve governance.

<Results for fiscal 2019>

President's meetings: held on four occasions with the President and all five Audit & Supervisory Board Members participating in all of them

Outside Directors' meetings: held on three occasions with all three Outside Directors and all five Audit & Supervisory Board Members participating in all of them.

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

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., Corporate Communication Dept., CSR Planning 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 briefings 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 such means as holding on-site factory tours for individual shareholders and inviting them to product exhibitions.

Also, in addition to holding company information sessions for individual investors to provide an opportunity for the President and individual investors to directly engage in dialogue, the Company also works on public relations to improve understanding of the Company's business activities through such activities as exhibiting in investor forums.

(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 Deputy General Manager of CSR Planning & Coordination Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Corporate Communication Dept., General Manager of Accounting Dept., General Manager of Global Management Promotion Dept., and General Manager of Corporate Auditing Dept.; and observers, who are full-time Audit & Supervisory Board Members. 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/company/ir/

Directors, Audit & Supervisory Board Members and Executive Officers (as of March 19, 2020)

Directors

Chairman and Representative Director
Masatoshi Kimata

President and Representative Director
Yuichi Kitao

Director and Executive Vice President
Masato Yoshikawa

Directors and Senior Managing Executive Officers
Shinji Sasaki
Toshihiko Kurosawa
Dai Watanabe

Outside Directors
Yuzuru Matsuda
Koichi Ina
Yutaro Shintaku

Audit & Supervisory Board Members

Audit & Supervisory Board Members
Toshikazu Fukuyama
Yasuhiko Hiyama

Outside Audit & Supervisory Board Members
Masaki Fujiwara
Kumi Arakane
Yuichi Yamada

Executive Officers

Senior Managing Executive Officers
Haruyuki Yoshida
Yuji Tomiyama

Managing Executive Officers
Kunio Suwa
Kaoru Hamada
Yasuo Nakata
Kazuhiro Kimura
Takao Shomura
Kazunari Shimokawa
Mutsuo Uchida
Nobuyuki Ishii
Kazuhiro Shinabe
Ryuichi Minami
Yoshimitsu Ishibashi
Yasukazu Kamada
Katsuhiko Yukawa
Ryoji Kuroda
Eiji Yoshioka
Hiroto Kimura

Executive Officers
Muneji Okamoto
Koichiro Kan
Hirohiko Arai
Tomohiro Iitsuka
Kazushi Ito
Koichi Yamamoto
Mampei Yamamoto
Hitoshi Inada
Shingo Hanada
Nobushige Ichikawa
Shinichi Fukuhara
Hideki Mori
Junji Ota
Takanobu Azuma

Executive Skills Matrix

Name		Outside	Areas of specialization					Nomination Advisory Committee	Compensation Advisory Committee
			Manufacturing/ R&D	Sales/ Marketing	Finance	Legal affairs/ Risk management	Overseas experience		
Masatoshi Kimata	Chairman and Representative Director		●	●			●	●	
Yuichi Kitao	President and Representative Director		●	●			●	●	
Masato Yoshikawa	Director and Executive Vice President			●	●	●	●	●	●
Shinji Sasaki	Director and Senior Managing Executive Officer		●	●					
Toshihiko Kurosawa	Director and Senior Managing Executive Officer			●					
Dai Watanabe	Director and Senior Managing Executive Officer			●	●		●		
Yuzuru Matsuda	Director	●	●	●			●	●	●
Koichi Ina	Director	●	●	●				●	●
Yutaro Shintaku	Director	●		●	●	●	●	●	●
Toshikazu Fukuyama	Audit & Supervisory Board Member (full-time)				●	●	●		
Yasuhiko Hiyama	Audit & Supervisory Board Member (full-time)			●			●		
Masaki Fujiwara	Audit & Supervisory Board Member	●			●		●		
Kumi Arakane	Audit & Supervisory Board Member	●	●	●					
Yuichi Yamada	Audit & Supervisory Board Member	●			●	●			

(Notes) 1. The above Directors and Audit & Supervisory Board Members all possess expertise in corporate management (planning, human resources management, etc.).
2. The above table shows the areas in which each individual has the greatest specialist expertise based on experience and other factors. It is not intended to show the full range of their knowledge.
3. In addition to those shown in the above table, the membership of the Compensation Advisory Committee includes Managing Executive Officer Kazuhiro Kimura.

Directors and Audit & Supervisory Board Members

1. **Masatoshi Kimata** Chairman and Representative Director
2. **Yuichi Kitao** President and Representative Director
3. **Koichi Ina** Outside Director
4. **Yutaro Shintaku** Outside Director
5. **Dai Watanabe** Director and Senior Managing Executive Officer
6. **Yuzuru Matsuda** Outside Director
7. **Shinji Sasaki** Director and Senior Managing Executive Officer
8. **Masato Yoshikawa** Director and Executive Vice President
9. **Toshihiko Kurosawa** Director and Senior Managing Executive Officer
10. **Masaki Fujiwara** Outside Audit & Supervisory Board Member
11. **Toshikazu Fukuyama** Audit & Supervisory Board Member
12. **Kumi Arakane** Outside Audit & Supervisory Board Member
13. **Yasuhiko Hiyama** Audit & Supervisory Board Member
14. **Yuichi Yamada** Outside Audit & Supervisory Board Member

Internal Control

Internal Control System

The internal control system of the Kubota Group is a mechanism for clearly providing the rules that should be followed during the performance of business, and for checking whether or not business has been managed according to those rules. This system consists of the segments of business management, which entails the performance of business operations based on rules, and risk management, which entails the management of major risks in management.

In business management, basic matters necessary for operating businesses are determined in business rules, and each business division checks its daily business operations in accordance with the business rules. Business rules comprise common business rules (basic rules) and functional business rules.

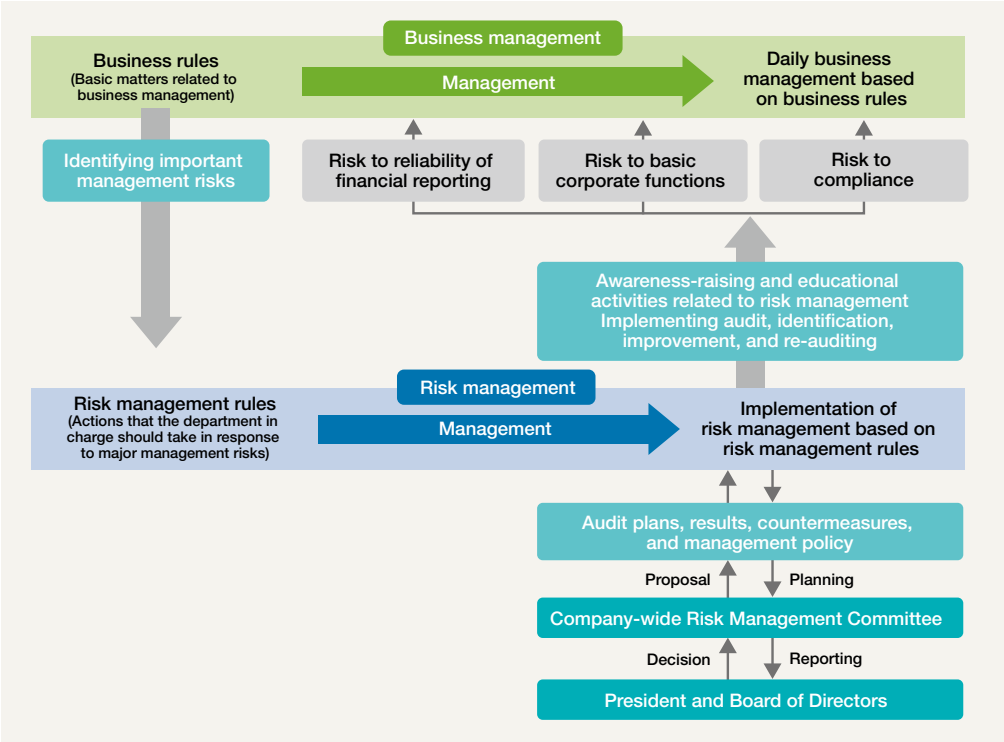
In risk management, operations that each department in charge of risk management should implement are determined in the risk management rules. Based on these rules, necessary actions to be promoted for risk management are identified and the departments are audited, thereby verifying the effectiveness of the risk management.

In the internal control system, major risks in Kubota's management are classified into the following three categories:

1. Internal control over reliability of financial reporting
2. Internal control over the basic functions of the company, such as fair trade, environmental conservation, and health and safety
3. Internal control over compliance, such as compliance with rules and regulations related to equipment, and import and export control

To avoid these risks, each department in charge implements necessary actions to be promoted and conducts audits of the relevant operational division, and reports the results and the measures for the next fiscal year to the President and the Board of Directors. Thus the PDCA cycle for risk management is implemented properly.

Internal Control System Overview



Internal Control System Operation Activities (Risk Management Activities)

Kubota positions risk management activities as part of its business activities. Based on the awareness that risk management is the foundation of business activities, Kubota identifies risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting, and exerts efforts to manage risks appropriately through continuous steady improvement to "immediately correct any inadequacies." 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 FY2019*1
Internal control over reliability of financial reporting	Financial reporting	• Risk to reliability of financial reporting	7,196
Internal control over the basic functions of the Company	Fair trade	• Bid-rigging and price cartels • Unfair trading concerning trading with distributors, etc. • Non-compliance with the Subcontract Act	97
	Environmental conservation	• Non-compliance with laws and regulations • Environmental accidents • Past environmental debt	11,284
	Health and Safety	• Occurrence of serious accidents • Occupational illnesses • Administrative disposition and litigations	1,304
	Quality assurance	• Occurrence of quality problems detrimental to the Kubota brand, etc.	378
	Labor management	• Breach of obligation on attention to safety of employees • Improper management of working conditions • Improper management of employees under irregular employment, and contract and temporary workers • Occurrence of overseas labor problems	7,298
	Information security	• Computer virus infection • Information leakage • Information system failure	1,908
	Intellectual property	• Infringement of other companies' intellectual property	774
Internal control over compliance	Compliance with rules 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	560
	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	136
	Compliance with the Construction Business Act	• Non-compliance with the Construction Business Act	810
	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	178
	Prevention of illegal payments	• Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Making inappropriate payments to overseas public servants	46
	Classified information management	• The outflow of classified information including plans for development and sale of new products	1,197
	Protection of personal information	• Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information	208
	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	124
	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 distribution, including the Labor Standards Act, etc.	713

*1 Number of audited items is a 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 support 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.

[Types of contact points and matters handled]

- CSR Planning Department: Compliance issues other than human rights (anonymous reporting acceptable)
- Human Rights Advancement Department: Issues of human rights (anonymous reporting acceptable)
- Outside lawyers: Compliance in general including human rights issues

* Human Rights Advancement Consultation Office has been established at each company and business site so that people can more easily seek consultation.
* Starting from 2017, consultation by e-mail, in addition to telephone, is acceptable for outside lawyers.

[Available to]

Full-time, part-time and temporary employees of Kubota and its Group companies in Japan

* Each overseas location handles reporting individually and notifies the Kubota head office of any significant issues.
* Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.

[Protection of informants]

The Whistleblowing System Operation Rules clearly state:

- "the informer shall not be disadvantaged as a result of reporting an issue."
- "excluding cases necessarily requiring investigations and official reporting, the content of the reported issue, personal information obtained during investigations, and all other information shall not be used or disclosed."

[Activities to raise awareness of the system]

Various creative ways have been employed to alleviate unease about the system, which is often the result of a lack of understanding.

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 for using the Hotline
- The objective of the system, protection of informants, handling of anonymity, etc.

[Number of cases reported (in Japan)]

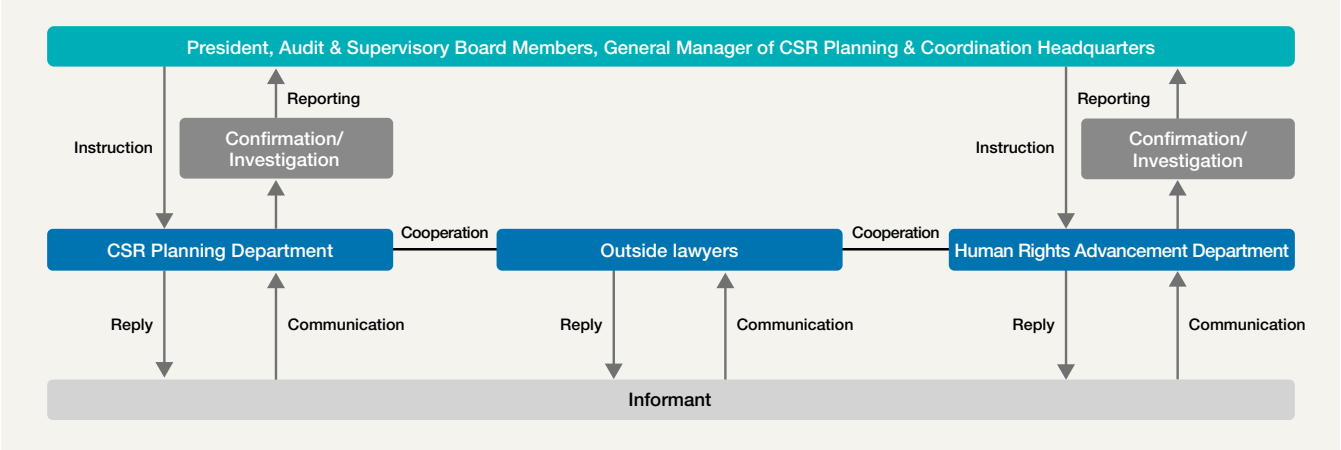
Period	Number of cases
Jan.–Dec. 2016	30
Jan.–Dec. 2017	52
Jan.–Dec. 2018	71
Jan.–Dec. 2019	59

* Including enquiries and matters that were found not to be problematic as a result of investigation

[Other]

Moreover, we have set up a space to write free comments in the Kubota Group Employee CSR Awareness Survey, which is answered in anonymity. 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 regular internal audits.

Kubota has also created a system for evaluating the effectiveness of internal controls on a Group consolidated basis. This assessment is based on the results of the abovementioned auditing results, and conforms to the internal control reporting system related to financial reporting stipulated by the Finance Instruments and Exchange Act (J-SOX) and other ordinances.

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 preventive action against 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 both in Japan and overseas, 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, including on-site inspection, targeting Kubota and its Group companies in Japan. For overseas Group companies, Kubota conducts written audits, on-site interviews, and opinion exchange meetings, through which it determines the status of risk management.

Maintaining and Expanding the Consultation System

Kubota shares information with the relevant business departments and Group companies on matters related to business activities of Kubota and its Group companies that require examination under the Anti-Monopoly Act, and implements necessary measures including facilitating advance consultation with lawyers and other external experts.

Compliance with the Act against Delay in Payment to Subcontractors

Kubota conducts written surveys targeting each of its business divisions and Group companies in Japan on a periodic basis. Kubota also offers training programs to promote understanding of the Act against Delay in Payment to Subcontractors at each business site and Group company and holds consultancy sessions concerning practical operations, such as ordering, related to the Subcontractors Act, thereby developing voluntary risk management systems.

Information Management

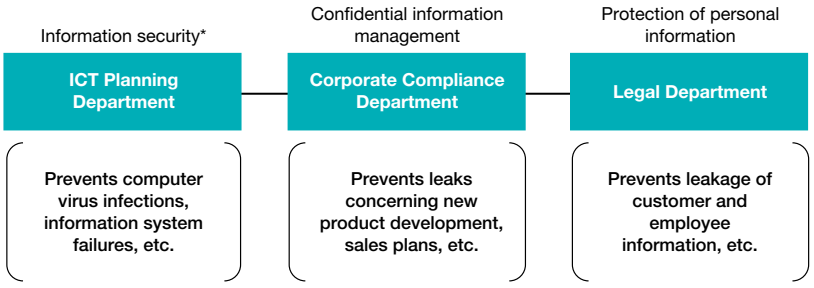
Kubota is aware that the appropriate protection and management of personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

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.

In FY2019, responding to recent trends including the increasingly inventive and sophisticated nature of exterior threats—notably e-mail scams—we strengthened countermeasures with the main aims of damage limitation and rapid detection and response.

With Kubota-CSIRT—an organization for managing information security-related incidents/accidents—at the helm, in FY2020 Kubota will further enhance its initiatives to prevent information security-related incidents/accidents, respond promptly if they occur, and minimize damage.

Information Management System



* Initiatives to ensure information security

To enhance security for personal information and other information assets of the customers, Kubota promotes on a company-wide basis the implementation of the initiatives below:

(1) Establishing the Group-wide information security policy, continuously developing various regulations and guidelines, and monitoring the status of compliance therewith.
(2) Assigning personnel in charge of promoting information security (IT Manager) at each workplace, and implementing Group-wide measures based on the policies formulated by the department in charge.
(3) Introducing to all PCs an automatic monitoring program to constantly monitor the status of various security protection measures, such as anti-virus systems. Overseas, taking into consideration each local situation and improving information security in cooperation with the IT managers of each local site.
(4) Providing IT managers and sub-managers with education and enlightenment programs on a periodic basis. For Group employees, also providing e-learning courses on personal information protection and information security, with the aim of raising understanding of the information security matters that each employee should observe.

Information Security Structure

Prevention of Illegal Payments

Among illegal payments, Kubota has placed particular focus on preventing bribery, and will work to achieve SDG 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. In the message, our executive leadership made a clear commitment by declaring that 'the Kubota Group rejects bribery and all other inappropriate business practices.'

Meanwhile, as an initiative directed toward outside the company, a Request to Suppliers (Japanese only) was posted on the Kubota website in the name of the General Manager of CSR Planning & Coordination 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.

Anti-bribery training session in Europe

Furthermore, Kubota has established the Committee on Prevention of Illegal Payments to investigate whether preventive frameworks are in place and sufficiently functioning in accordance with the Rules on Prevention of Illegal Payments, as well as whether or not there have been any illegal payments. In FY2019, Kubota conducted document surveys at 19 departments/companies in Japan and 30 overseas base.

As an initiative to educate officers and employees on prevention of bribery, Kubota runs a continuous program of training sessions in Japan and overseas. In FY2019, training sessions were held at four departments or companies in Japan and at 26 overseas bases in Europe and China etc. At these sessions, information on bribery-related legislation and enforcement conditions in different countries is presented and case studies and other materials are used to disseminate the latest information and to promote awareness of bribery prevention. 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, South Korea, Indonesia, Myanmar, the Philippines, Vietnam, and Mexico.

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 Audits & 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.

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, the Kubota Group never allows any 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 pledge 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.

* As part of its efforts to prevent recurrence of inappropriate actions regarding inspection reports, in FY2018 all employees of Kubota read out the Kubota Group Charter for Action & Code of Conduct at their respective workplaces. Workers reaffirmed the importance of compliance and points that require particular care. In FY2019, this initiative was extended to all Group companies in Japan, with group reading sessions held in every workplace.

Period	No. of participants
Nov.-Dec. 2019	27,018

Employees who were absent or otherwise unavailable during the period were given a separate opportunity to participate in the initiative at the workplace.

Kubota Group Charter for Action & Code of Conduct (items)

1. Winning Customer Satisfaction
   (1) Product Safety and Superior Quality
   (2) Responding to Customer Requests and Complaints
   (3) Appropriate Advertising and Labeling
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
   (1) Legal Compliance and Observance of Corporate Ethics Are Basic Conditions for Corporate Activities
   (2) Observance of Laws of Individual Countries and Regions, as well as International Rules
   (3) Early Detection and Prevention of Misconduct
   (4) Compliance with Fair Trade Laws and Regulations
   (5) Fairness and Transparency in Transactions
   (6) Compliance with Internal Rules
   (7) Prohibition of Activities Contrary to the Proper Interest of the Company
   (8) Preservation of Company Assets
   (9) Respect for and Usage of Intellectual Property
   (10) Management of Confidential Information
   (11) Security of Electronic Information
3. Respecting Human Rights
   (1) Respecting Human Rights
   (2) Prohibition of Harassment
   (3) Protection of Personal Information
4. Building up a Safe and Vibrant Work Environment
   (1) In-depth Supervision of Safety, Sanitation, and Health
   (2) Building up a Vibrant Work Environment
5. Conserving the Global and Local Environment
   (1) Environmental Conservation Efforts in All Business Activities
   (2) Global Environmental Conservation
   (3) Environmental Protection to Create a Symbiotic Relationship with Local Societies
   (4) Our Voluntary and Organized Efforts in Environmental Conservation
6. Achieving Symbiosis with International and Local Societies
   (1) Respect of Culture and Customs of All Countries and Regions
   (2) Compliance with Export and Import Laws and Regulations
   (3) Elimination of Relationships with Antisocial Elements
   (4) Proper Relationships with Political Groups and Government Organizations
   (5) Rules for Entertainment, Gifts, and Donations
   (6) Contributing to Society
   (7) Firm Commitment to Safe Driving
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability
   (1) Appropriate and Timely Disclosure of Corporate Information
   (2) Proper Accounting/Taxation Treatment
   (3) Emphasis on Internal Audits
   (4) Prohibition of Insider Trading

See here for the Kubota Group Charter for Action & Code of Conduct
www.kubota.com/company/csr/policy/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-raising

Code of Conduct Guidebook

A guidebook describing the Kubota Group Charter for Action and Code of Conduct in a straightforward way using illustrations and explanations. In September 2019, the guidebook was revised and issued to all domestic Kubota Group employees. It was then used in group reading sessions held at each workplace.

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

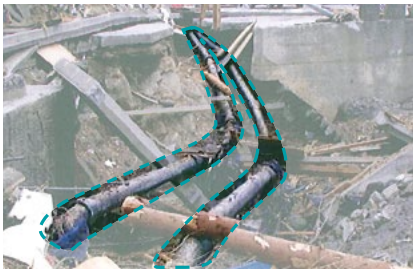
This is a feature appearing in the Company newsletter, which is issued every other month. Using examples from the Kubota Hotline for whistleblowers, readily relatable cases that could occur at any workplace are presented as a way of improving individual commitment to and awareness of compliance and preventing recurrence. Following an outline of the real-life example in the form of a *manga* cartoon, its main points are discussed.

Closing Feature

—Aiming for a Disaster-Resistant World

Prepare and Endure

Able to continue delivering water during disasters
Earthquake-resistant ductile iron pipes



Used in Landslide areas overseas
Large-diameter, earthquake-resistant ductile iron pipes (United States)

Protecting life from flood damage
Storm water drainage pumps

Protecting life from earthquakes and tsunamis
Steel pipe piles (Tuvalu)

Recover and Rebuild

Used for draining water during floods
Pumper vehicles (Thailand)

Used for restoring and maintaining life lines
Plastic pipes

Used for removing debris
Mini excavator

Restoration work on a water purification plant
Kubota Environmental Service

Used for transporting people during floods
Tractor (Thailand)

Used for salt and pollution removal in earthquake-affected areas
Tractor

Used for draining water during floods
Sump pump engine (Thailand)

Used to treat wastewater from temporary housing
Johkasou

Corporate Data (as of December 31, 2019)

Corporate name:	Kubota Corporation	Capital:	¥84.1 billion	Revenue (consolidated):	¥1,920.0 billion
Head Office:	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka	Total number of shares issued:	1,220,576,846	Employees (consolidated):	41,027
Established:	1890	Number of shareholders:	44,523		

Urgent measures are needed to prevent and reduce the impact of natural disasters such as earthquakes and tidal waves and climate change-related floods and droughts.
The Kubota Group will contribute to the development of resilient, sustainable societies through products, services, and people.

Be There for People

Providing necessary supplies after disasters

Volunteer activities in disaster-affected areas

Engaging with people in temporary housing

Supporting agricultural training for the next generation in disaster-affected areas

Reduce and Prevent

Commercial air humidifier-purifiers—for sense of security and comfort in the air environment

Pure Washer

This is a new kind of purifier made by Kubota that harnesses the power of water to clean the air. It not only sterilizes the air but can also be used to sterilize individual objects and surfaces with the help of an easily accessible supply of slightly acidic electrolyzed water* generated within the device. Pure Washer is in service in medical and nursing care institutions, nurseries, and other facilities that rely on a safe and comfortable indoor environment.

The slightly acidic electrolyzed water* generated within the device can be used without modification for a wide range of purposes such as sterilization of indoor spaces and floor cleansing.

* A water solution whose main component is hypochlorous acid prepared by electrolyzing hydrochloric acid, this water offers both high safety and strong sterilizing effect (available chlorine concentration: 10-30 ppm, pH5.0–6.5).

Devices were donated to local governments and medical care facilities during the COVID-19 crisis

Pure Washer main unit

Installed in a hospital waiting room

Installed in a nurse station

Slightly acidic electrolyzed water

Electrolyzed water donated to a local government office

KUBOTA Group

Global Network www.kubota.com/network/index.php

Third-Party Comments

Third-Party Comments on the KUBOTA REPORT 2020

Katsuhiko Kokubu

Professor
Graduate School of Business Administration, Kobe University

The World After COVID-19

2020 will go down in history as the year of the worldwide COVID-19 pandemic. In a global crisis of this kind, I think possessing the DNA of the Kubota Group—whose founding mission was a wish to rescue humanity from the scourge of cholera—is highly significant. The Kubota Group's business fields of water, food and the environment are the foundation on which the world's values will be rebuilt. In this task, the concept of being a "platform provider supporting life" presented by President Yuichi Kitao in his message will be very important, and I expect to see great results from its concrete rollout.

Contributing to the SDGs through innovation

The highly interesting interview between Hiroko Kuniya and Chairman Masatoshi Kimata illustrates the detailed content of the Kubota Group's initiatives in support of the SDGs and the strength of its commitment. Among his comments on related activities, it is significant that the Chairman says that he wants to hand this mission on to the rising generation of young people. To ensure that the SDGs amount to more than just sloganizing by giving responsibility to the younger generation, the necessary structures also need to be put in place. For example, the Kubota Group has been engaged since 2013 in activities to instill the corporate principles. In coordination with these activities, I wonder whether you have considered setting up and supporting concrete SDG projects led by the younger generation? I think that bringing the corporate principles and SDGs together in this way could stimulate fresh innovation.

Advanced environmental information disclosure

The Kubota Group is rolling out advanced environmental information disclosure, including information disclosure on climate change-related risks and opportunities in line with TCFD standards and information disclosure on greenhouse gases including Scope 3 emissions in the supply chain. These activities at world-leading level have been highly commended by the Carbon Disclosure Project. However, as far as the assessment of risks and opportunities is concerned, in many instances this is still at the qualitative stage, so I think the task going forward will be to move on to quantifying activity where possible. If risks and opportunities can be visualized, it will be possible to improve the accuracy of the resulting measures.

Overseas activities

Agriculture, which is the Kubota Group's main business, is one that helps create shared values with local communities. In light of this, the policy of actively localizing business management deserves strong commendation. As apparent in the introduction of the overseas trainee system and the example of Thailand, your approach here has been very carefully thought out. As one example, it has included attention to creating a conducive environment for female employees. You have successfully translated the positive aspects of the Kubota Group in Japan to the overseas environment to help solve local problems. I think that this localization approach can serve as one model for global expansion by Japanese enterprises, and I hope to see you accumulating a record of practical achievement that will set the standard for other companies.

In Response to the Third-party Comments

We wish to express our sincere appreciation to Dr. Kokubu for having provided invaluable third-party comments.

KUBOTA REPORT 2020 highlights the Kubota Group's role—from its foundation and into the future—as a global leader in identifying and resolving issues. Put together around themes including business development responsive to local needs, innovation, total solutions, and Kubota's unique sustainability as a platform provider supporting life, the report also focuses on the SDGs, particularly in the area of climate change.

In his piece entitled The World After COVID-19, Professor Kokubu has given a very generous assessment of the Kubota Group, the mission and the business fields it has pursued since its foundation, and its concept of being a platformer supporting life, which has provided us with great encouragement.

We intend to take on board the opinions the professor has voiced and give them serious consideration going forward. We hope that the professor will continue to provide us with invaluable insights.

For the Kubota Group, the corporate principles expressed in Kubota Global Identity is at the core of its management approach. With the three business fields of food, water, and the environment at the center of its operations, Kubota looks forward to continuing expansion in both its business opportunities and social responsibilities.

Towards its goal of becoming a Global Major Brand able to contribute the maximum to society, the Kubota Group and its 41,000 employees will continue uniting in efforts to grow as a corporate group that society trusts and values as essential.

Kunio Suwa

Managing Executive Officer, General Manager of CSR Planning and Coordination Headquarters
Kubota Corporation

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308-1	New suppliers that were screened using environmental criteria	—	—
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405-1	Diversity of governance bodies and employees	· Relationships with Employees -Creating a Safe Workplace for All Employees -Promotion of Diversity	 114-119 124-126
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411-1	Incidents of violations involving rights of indigenous peoples	n/a	—
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412-1	Operations that have been subject to human rights reviews or impact assessments	—	—
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412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	—
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GRI 413: Local Communities 2016			
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414-1	New suppliers that were screened using social criteria	—	—
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ISO 26000 Comparison Table

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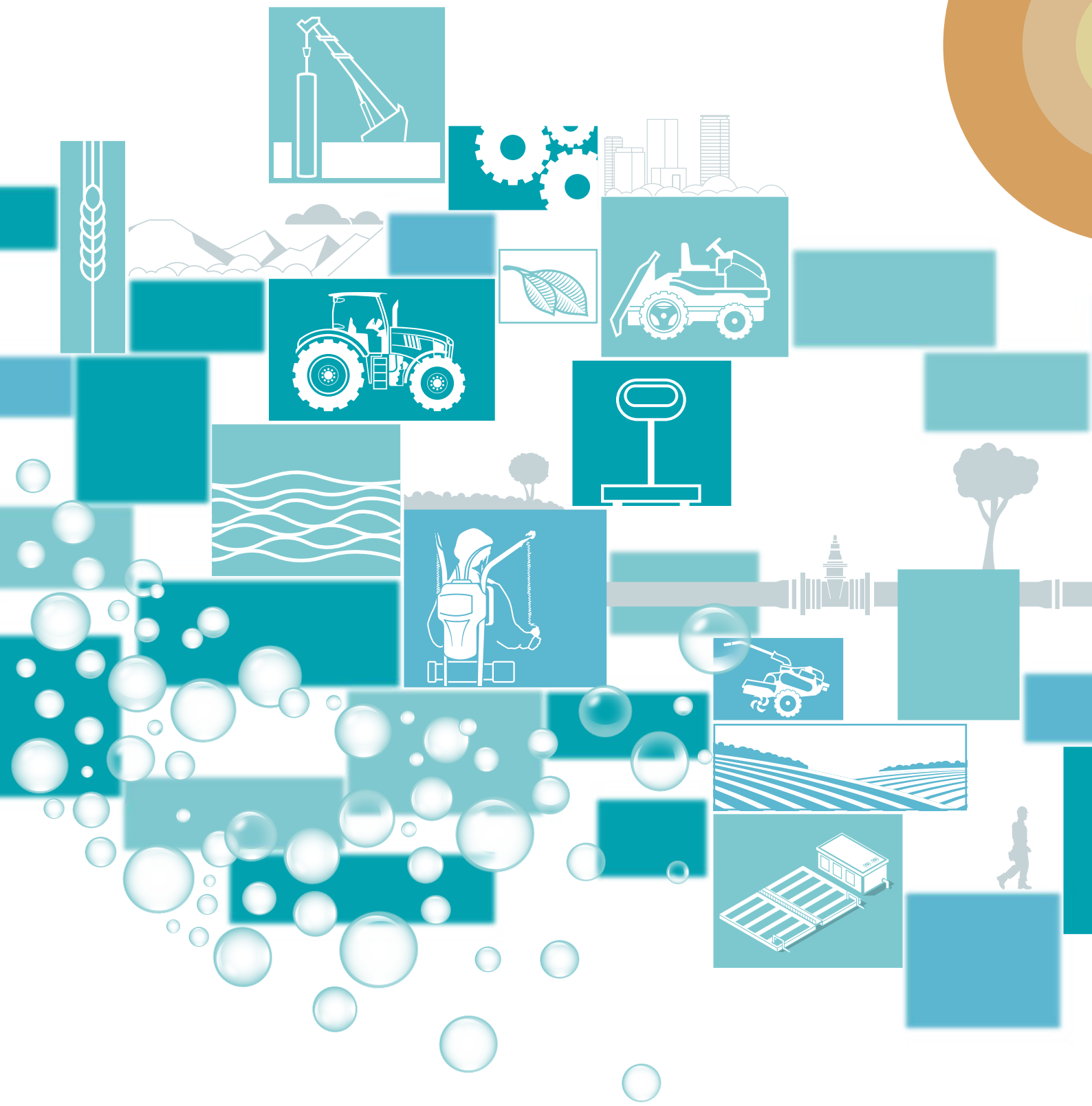

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