For Earth, For Life

Kubota

KUBOTA REPORT 2021

Full Version

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Corporate Data (as of December 31, 2020)

Corporate name:	Kubota Corporation	Capital:	¥84.1 billion	Revenue (consolidated):	¥1,853.2 billion
Head Office:	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka	Total number of shares issued:	1,208,576,846	Employees (consolidated):	41,605
Established:	1890	Number of shareholders:	45,559		
KUBOTA Group Global Network https://www.kubota.com/network/index.html					

Editorial Note

The Kubota Group publishes this Kubota Report so that all stakeholders may gain a better understanding of the Group's initiatives and value creation.

With this 2021 report we have endeavored to redesign the conventional layout to produce an integrated report on both our business operations and ESG strategies for the purpose of communicating our medium- to long-term vision as a corporation.

In producing this report, we referred to the Ministry of Economy, Trade and Industry (METI)'s *Guidance for Collaborative Value Creation*, among other resources, in an effort to concisely compile information that is most important (material issues) to the enhancement of the Kubota Group's corporate value.

* 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 an easy-to-understand overview of the Kubota Group, focusing on the Group's long-term vision and medium-term management plan.

Full Version (PDF download)

In addition to the content of the Digest Version, we have published a comprehensive Full Version that includes more detailed information about ESG and other topics.

Period covered by the KUBOTA REPORT 2021

From January 2020 to December 2020.

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

Boundary of the KUBOTA REPORT 2021

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.172.

- ISO 26000, guidance on social responsibility

A comparison chart for the guidelines above can be found on p.180.

- *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 185 affiliates (172 subsidiaries and 13 equity method affiliates)

Environmental Report

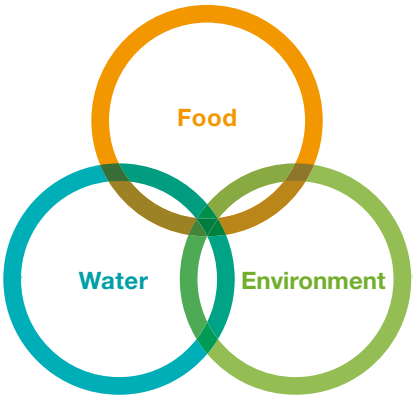
The Environmental Report contains the results of environmental activities carried out by Kubota Corporation as well as 171 consolidated subsidiaries and 8 affiliated companies accounted for under the equity method (partial).

Social Report / Others

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

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.

History of the Kubota Group

Ever since its founding in 1890, Kubota has been tackling global issues related to food, water and the environment.

In 1890, Gonshiro Kubota, the founder of the Kubota Group, started his metal casting business at the age of 19. Believing that “If you try hard, you can get it done” and “Do not be afraid of making mistakes,” he became the first producer of iron water pipes in Japan as well as mechanizing agricultural production, thereby contributing to the development of society.

“For the prosperity of society, we need to put all our efforts into creation.”

“Our products should not only be technically excellent, but also useful for the good of society.”

Inheriting the founder’s beliefs to this day, 40,000 employees of the Kubota Group are promoting the company’s businesses all over the world as part of their efforts to realize the vision of the Kubota Group: “Global Major Brand Kubota.”

Corporate Principles

Kubota Global Identity

Spirits

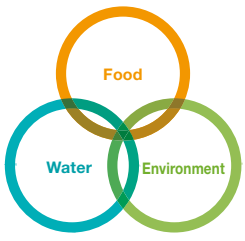
- Work for the development of society by drawing on all of our capabilities and know-how to offer superior products and technologies.
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees.
- Challenge the unknown with creativity and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

Brand Statement

For Earth, For Life
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

2030 > Our Goal

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

Aiming to achieve the SDGs

Becoming a global corporation

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

An engine conforming to stage 4 emission standards

2014
Established a large upland farming tractor manufacturing company in France

Large tractor for use in expansive farmland

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

Water purification plant constructed in Thilawa Industrial Park

Together with the development of society

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

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

1968
Started manufacturing the original model of the modern rice transplanter

The original model for modern rice transplanters

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

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

Business foundation

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

Kubota iron pipe shipping site around 1905

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

First cultivator

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

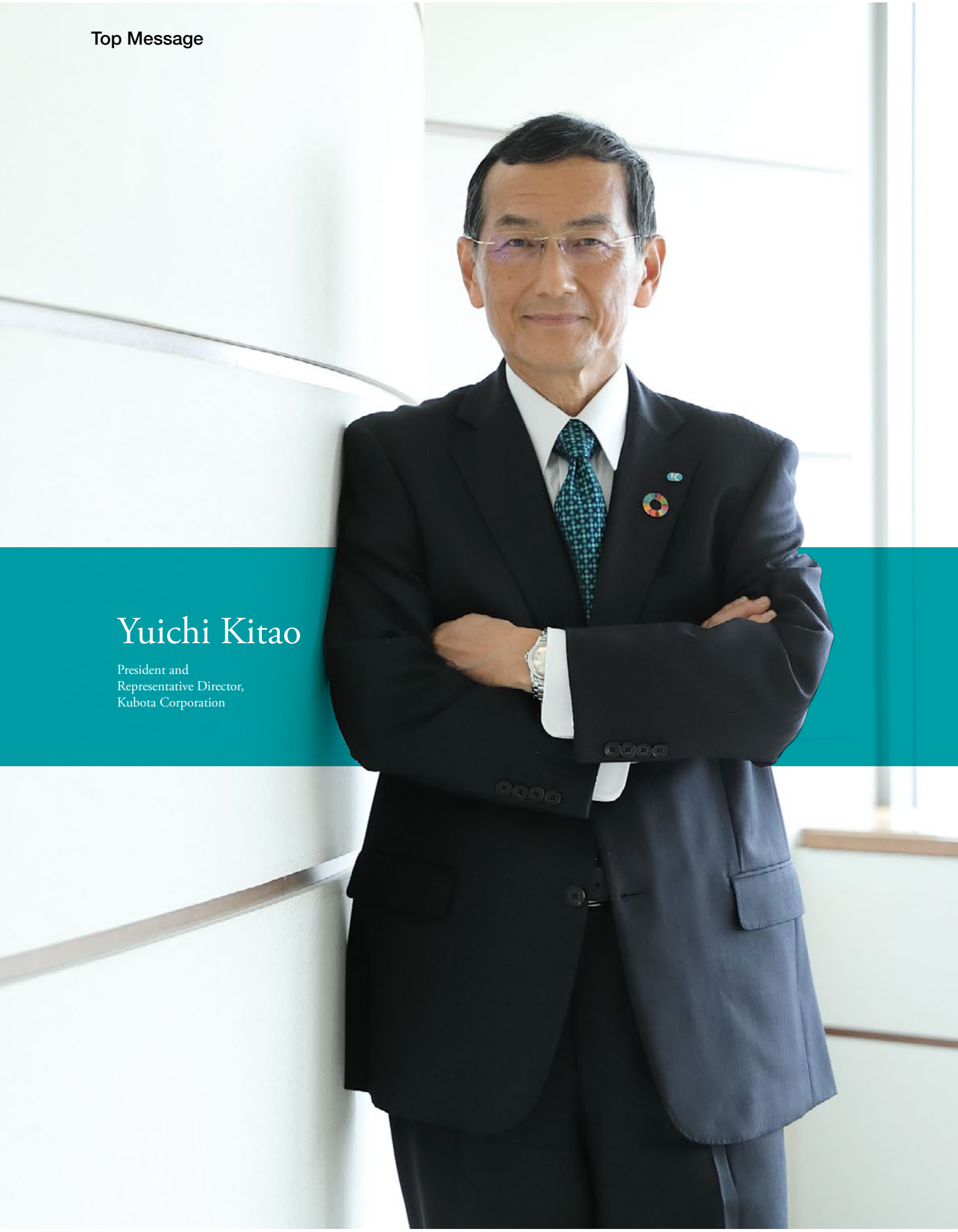
A ride-on upland farming tractor

Founded in 1890

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

Food Water Environment

Top Message



Yuichi Kitao

President and
Representative Director,
Kubota Corporation

Foreword—a look back at 2020

In 2020, our business faced a difficult situation due to proliferation of the new coronavirus disease (COVID-19) and the resulting economic stagnation. However, thanks to the support of our customers and other stakeholders involved in our business, we have managed to overcome these challenging conditions. This was a year in which I was reminded once again that Kubota's business is supported by deep-rooted needs and expectations, even during the COVID-19 pandemic, and that it is an essential concern that is deemed a necessity for society.

This year marks the start of our newly formulated long-term vision and new mid-term business plan. The Kubota Group's vision is to be "a company that can make the greatest contribution to society by earning the trust of the greatest number of customers," and to that end we aim to accelerate innovation to solve issues related to food, water and the environment around the world.

Our long-term vision for the next decade: GMB2030

I strongly feel that around the world humanity has come to a common realization that the current state of society cannot be sustained forever due to the complex and interconnected nature of environmental issues such as climate change and air pollution, natural disasters and pandemics, population and resource issues, as well as global political issues. We have formulated our long-term vision GMB2030 with the hope that all 40,000 employees of the Kubota Group will share this vision, considering what Kubota should do and how we should proceed in order to face the various challenges that may arise over the next 10 years, in order to preserve a lifestyle that is sustainable day-to-day.

Our vision for 2030 is to be an "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature that reaffirms what Kubota has been doing for the past 130 years. Looking back on our business activities over the past 130 years, we will continue to support a rich society, the cycle of nature and social infrastructure as an

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

The entire Kubota Group will come together to support the enrichment of people's lives in the fields of food, water and the environment, which are indispensable to the survival of humankind, as well as contributing to the resolution of social issues.

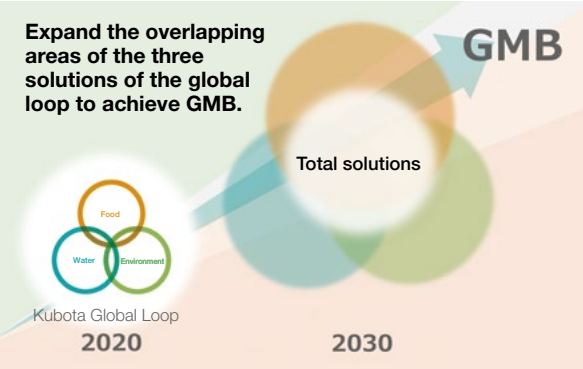
"essentials innovator." Here an "essentials innovator" refers to a company that provides a service that you must use when you want to do something. To this end, we are using the term "essentials innovator" to express our aspiration to become a company that is indispensable to society by ensuring that Kubota's products and services are used in the fields of food, water and the environment. We will reach out to related companies and organizations to participate in the platform we are building, as we seek to build a foundation for cooperation. In order to achieve this goal, we are investing in various start-up companies to complement the areas where we are lacking, as we try to build a win-win relationship with these enterprises. We believe that it is our mission and role to continue to contribute to the food, water and the environmental fields by providing our products and services in 2030 and beyond to 2050.

Three solutions to pursue as pillars of business development going forwards

Our vision identifies three solutions as pillars of business development: "Enhancing the productivity and safety of food," "Promoting the circulation of water resources and waste," and "Improving urban and living environments."

We believe that each of these solutions, including those that we are already working on as well as those that are in the beginning stages or are still under consideration, has great potential for growth by leveraging the synergies of each of our businesses, with highly competitive products and technologies at their core. By building an ecosystem with various business partners, we will provide total solutions and transform ourselves into a "solution provider" that directly contributes to solving the world's social issues.

Top Message



Kubota's Vision and Direction

The first solution seeks to "enhance the productivity and safety of food." For the production of crops such as rice, wheat, and fruit trees, we will develop automated and unmanned agricultural machinery and provide automated management systems that utilize AI. We will provide solutions for the entire food value chain as part of an "Open Agri-Platform" that can be shared not only with the agricultural sector but also with other industries.

The second solution seeks to "promote the circulation of water resources and waste." This involves the creation of a platform to support the entire water and waste cycle. For example, for waste generated from agriculture, water circulation and economic activities, we will build a total solution for resource recovery and reproduction based on the recovery technology of phosphorus or valuable metals, combined with technologies owned by other companies.

The third solution seeks to "improve urban and living environments." We will provide a monitoring and management platform for water supply and sewage facilities and river floods that utilizes plant information and sensors, and contribute to the development of efficient, disaster-resistant and sustainable infrastructure. Furthermore, we will promote the smart construction of underground infrastructure and construction equipment, in addition to giving consideration to services that build an integrated platform for underground information.

Furthermore, the foundation for these new solutions will be the existing businesses that we are currently developing. Based on the activities of the existing businesses, the R&D department will play the role of promoting the commercialization of new businesses, while the Innovation Center and Corporate Planning Department will keep an eye on social trends as well as searching for the seeds of new businesses. We will continue to search for new technologies and business by uniting and aligning these vectors and create new value by integrating existing businesses, the development of our long-term vision, and the promotion of these three solutions.

Shift to business operations with Kubota's unique ESG at the core of management

In line with the targets of the SDGs and the Paris Agreement that are shared with other global long-term goals, in order for Kubota to continue to be a sustainable company in the face of increasing demands for corporate social responsibility, we will promote initiatives with a greater awareness of ESG (Environment, Society and Governance) than ever before. As a company engaged in the reduction of environmental impact and the resolution of social issues in its business activities in the fields of food, water and the environment, we have defined K-ESG as the Kubota Group's unique ESG measures—measures that are rooted in the

Business Development to Realize GMB2030

■ Provide total solutions by creating an ecosystem with business partners active in various fields

Business Development	How our businesses are developing (current snapshot)
1 Solutions to enhance the productivity and safety of food Food Water Environment	● Yield expansion, crop quality improvement, and productivity improvement (e.g. advanced Smart Agriculture) ● Solving problems across the entire food value chain ● Next-gen crop production
2 Solutions to promote the circulation of water resources and waste Food Water Environment	● Reduction of environmental impact from social and industrial activities ● Purification and reuse of domestic wastewater and sewage ● Zero landfill waste and resource recovery from waste (e.g. provision of resource recovery solutions) ● Establishment of an eco-system for CO_2 reduction
3 Solutions to improve urban and living environments Water Environment	● Improving the efficiency of urban social infrastructure management (e.g. building a water environment platform) ● Creation of higher quality, more comfortable and safer living spaces

Kubota Global Identity that we will seek to promote.

In order to accelerate and strengthen these initiatives, we will raise awareness of ESG throughout the Group, oversee various measures, and use ESG as a basis for decision-making regarding future business development. In addition, we have formulated an “Environmental Vision” to show the direction of our business from an environmental perspective toward 2050. The vision states that we will “contribute to the realization of a carbon-neutral and resilient society in the fields of food, water and the environment, while facing the challenge of achieving zero environmental impact.” We will meet the challenge of carbon neutrality by 2050 through two approaches: reducing CO_2 emissions from Kubota as a company and the products we manufacture, and through the various solutions we provide.

New mid-term business plan

In the new mid-term business plan, we have positioned the five years from 2021 as a period for laying the groundwork for the realization of GMB2030 and this is also when we will construct the framework for our business activities. During this period we will continue to address various business challenges, in addition to responding to the changes in the business environment surrounding the Kubota Group. To this end, we will implement measures across five main themes: promoting of ESG management, laying the foundation for the realization of GMB2030 to support the next generation, expanding existing business sales, improving profit margins and developing infrastructure to support sustainable growth. We will also work to promote digital transformation (DX), which is a common thread across all these themes.

In addition, we will search for development and business themes from a long-term perspective and allocate management resources intensively. By 2025, we hope to have secured several candidate themes that can become drivers of future growth by completing everything from theme selection to the establishment of a business management system within the period of the mid-term business plan. At the same time, we will vigorously pursue reforms to our profit structure, including targeting steady growth in high-margin fields, building a profitable business structure and thorough streamlining of business operations. As a result, we aim to achieve net sales of 2,300 billion yen and operating income of 300 billion yen by 2025.

In closing

It will not be easy to achieve the goals of GMB2030 and the new mid-term business plan, but we will do our utmost to make them a reality. The entire Kubota Group will work together to achieve the goals of the mid-term business plan, and we will further expand our business by contributing to the SDGs and solving various social issues that may arise in the future. We will accelerate our activities toward the realization of GMB2030 by mobilizing the collective strength of the 40,000-strong Kubota Group, and we will push forward in the belief and expectation that we will develop as a sustainable company.

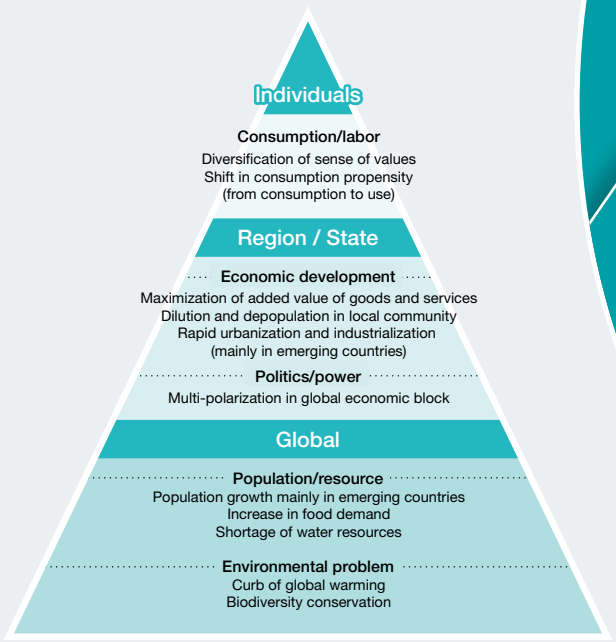
The Kubota Group's Goal

GMB2030—Our long-term vision looking 10 years ahead

Megatrends that attract Kubota's attention

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

Future social issues



Value we provide 3: Contributing to resolving social issues in a variety o communities

What

Business developr
Initiatives for New So

Total solutions across all products, tec

- Solutions to enhance the productivity and safety of food
- Solutions to promote th circulation of water resources and waste

Expansion of existing b

Expansion of more suitable businesses, products, a

Value we provide 2: Realizing development of a sustainable socie a circulation loop

- **Innovation** — Building a foundation to create innovation
- **Investment** — Investment to strengthen business structure
- **Global Management** — Global management and utilizing human resources

Business foundation to be

How

Philosophy

Spirit of the Founder

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

Founder: Gonshiro Kubota

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

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

Realizing Global Major Brand Kubota

Our vision for the Kubota Group in 2030

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

Value we provide 1: Providing solutions to support infrastructure in the areas of food, water, and the environment

ment
olutions

hnologies and services

Solutions to improve urban and living environments

usinesses

nd services to the regional society

DX

Digital transformation

KPS

management efficiency by positioning ining of manufacturing at the core

ESG

Management based on rehensive corporate value

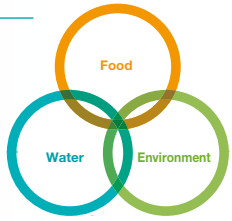
strengthened

ty and

Kubota Global Identity

Mission

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



Special Feature 1 Dialogue

Participants: Kubota Corporation

Masatoshi Kimata	Yuichi Kitao	Masato Yoshikawa	Shinji Sasaki	Toshihiko Kurosawa	Dai Watanabe
Chairman and Representative Director	President and Representative Director	Director and Executive Vice President	Director and Senior Managing Executive Officer	Director and Senior Managing Executive Officer	Director and Senior Managing Executive Officer

*Correct as of October 2020

DIALOGUE

Contributing to the realization of a with our long-term vision GMB2030

Since its establishment in 1890, the Kubota Group has contributed to the world in the fields of food, water and the environment for 130 years. 2020 was a year in which the spread of the new coronavirus disease (COVID-19) deepened our awareness of our enterprise as an “essential business that supports society.”

Against this backdrop, we invited Ms. Hiroko Kuniya, a journalist who has been engaged in reporting on and raising awareness of the SDGs, to talk with our management team about our long-term vision GMB2030, and about the future of the Kubota Group post-COVID-19.

Kuniya: Can we share our thoughts about the realization of a sustainable society? As symbolized by the SDGs, this was a year in which society as a whole woke up to the importance of comprehensively resolving the issues of the environment, economy, and society, rather than partial optimization. The long-term vision GMB2030 that Kubota has formulated incorporates global trends, and I feel that the company is aware of how it can provide solutions to these trends as part of its business.

Kimata: First and foremost, Kubota’s ultimate goal is to realize Global Major Brand (GMB) Kubota, a goal that has remained unchanged since I was President of the company. Kubota is “a company that can make the greatest contribution to society by earning the trust of the greatest number of customers,” which is the spirit of our founder and continues to be our corporate mission.

Kitao: Based on this premise, I have taken the lead in formulating a long-term vision that spans the next 10 years in order to share the direction Kubota should take with the entire Group and accelerate the realization of GMB.

Kuniya: Nowadays, investors are also being asked to take

Hiroko Kuniya
Facilitator

Project Professor, Graduate School of Media and Governance, Keio University. Formerly a newscaster/journalist, Kuniya is currently a member of the Board of Trustees of the Tokyo University of the Arts (special assignment for the president), holds the post of Director at the Natural Energy Foundation, and is also a Goodwill Ambassador for the Food and Agriculture Organization of the United Nations (UNFAO).

sustainable society

responsibility for global sustainability. In addition, as the world grapples with the new coronavirus pandemic, the concept of Build Back Better*1 (BBB) has become more important, which is how to deal with risks and how to build a more resilient society.

Kitao: Even if we have a vision, I think it is important to look backwards from that vision and consider what we should do now as well as the sense of urgency required. From now until 2030, Kubota is determined to make technological innovations to further enhance customer value from the perspective of the entire supply chain.

Kuniya: I feel that Kubota is putting a considerable amount of effort into environmental management. You have established clearly organized policies such as setting environmental materiality, identifying opportunities and risks, and then formulating specific measures, but what are the challenges in implementing these policies?

Kitao: At the same time as the long-term vision, we have formulated an environmental vision and new medium- and long-term goals for environmental conservation. In terms of CO_2 reduction, Kubota has set a target of achieving a 30% reduction in CO_2 emissions in 2030 (compared to the 2014 level of domestic emissions) and virtually zero CO_2 emissions in 2050, thus contributing to the realization of a carbon-neutral society.

Kuniya: I understand that there always has to be a balance between "cost" and "profit"—can you tell us what the management stance is on this?

Yoshikawa: In deciding where to invest in our business activities, the balance between "profit" and "cost" is an important issue. As the world becomes increasingly concerned about environmental issues, including CO_2, Kubota must conduct research and development toward resolving these issues. We also need to make significant upfront investments in technologies that do not impose environmental loads, technologies that reduce environmental loads, and solution technologies to solve issues centered on the SDGs. We will expand our business and increase customer value in a way that allows us to secure sufficient management resources and at the same time does not lower our bottom line, and we will increase our upfront investment more than ever while generating those resources. We are making significant investments in Europe, Thailand and North America,

*1 Build Back Better: The phrase used by the United Nations to call for a more sustainable, resilient and inclusive society as we embark on our post-COVID-19 recovery.

including a new R&D Center in Sakai, Osaka, and we are also planning to expand the functions of the Innovation Center, which will create new added value, globally.

Kurosawa: As an example of "resource recovery solutions," one of the priority measures set forth in GMB2030, many local governments have already adopted initiatives to recover digestion gas—another name for methane gas—generated from sewage, and to use this gas to generate electricity and supply it to surrounding areas. Kubota would like to provide recycling-oriented solutions that recover energy resources such as methane gas and phosphorus from sewage and waste treatment processes and utilize them to generate electricity and in fertilizers.

Kuniya: I think it is very important to recover resources from waste and recycle them. At the same time as efforts to decarbonize society, such circular solutions are accelerating worldwide. In what areas do you plan to demonstrate Kubota's strength in terms of circular solutions?

Kurosawa: With regard to facilities related to social infrastructure, such as water supply, sewage and waste treatment, which was mentioned earlier, we are starting to see implementation of public-private partnerships such as PFI/PPP*2. We would like to be actively involved in these partnerships and make full use of Kubota's technologies. We can contribute to the realization of a "zero landfill society" by proposing social systems for recycling, including the field of agricultural production, which is where we have an advantage, with the aim of creating a circular economy.

Kuniya: Globally, it is said that four system changes are important: energy, food, cities and the circular economy. Of those four, Kubota is trying to work on the entire system change in food, which is a very progressive approach. How do you plan to collaborate with various stakeholders, from production to consumption, in implementing this initiative?

Kitao: I think we need a system that connects the demand side and the production side with IT; in other words, a system that can connect and share data across various companies, local governments and other organizations. This means that we need to understand where problems are occurring and what is going on, analyze them, and solve them throughout the supply chain. Our strength lies in the fact that we are connected to many producers as we have developed our business with farming at the core. In order to realize this challenge, we would like to collaborate more than ever with those who are doing business on the output side, such as distributors.

Kuniya: I hope that you will lead the way as a change leader in the food system, and make it possible to eliminate food loss through IT. In the future—with "resource recycling society" becoming a megatrend—the amount of resource input will become a KPI and one of the ways in which the company can strengthen competitiveness, as stated in the long-term vision. In the midst of this circular movement, what are your thoughts on R&D, innovation, and sales strategies for "resource minimization"?

Kitao: We are already working on improving the transmission efficiency of our machinery, making it lighter and more compact in the R&D stage, but in the future, we will go one step further and review at the design and development stage by adopting biomass-derived resins, and we will also start recovering valuable metals from urban mines, which has become a social issue. In addition, we will need to consider entering the used construction equipment business and recycling at the time of disposal, which are areas where we have not been so involved thus far.

Kuniya: It is an important issue. Furthermore, it is also important to have a business model that allows the product to be used repeatedly for a longer period of time, including maintenance, inspection, and after-sales service.

Kitao: There is a concept called "life cycle cost"—for example, tractors and combine harvesters are generally used for longer than 10 years, and the question of how to ensure that they can be used without failure or waste can also be considered an area of business. If the product breaks down, it is a waste of resources, so we need to make a preliminary diagnosis and replace service parts so that our customers can use their product for a long time. In order to do this, we propose improving efficiency through collecting information digitally. In addition, we are paying attention

*2 PFI/PPP: A scheme in which the public and private sectors work together to provide public services is called a Public Private Partnership (PPP), and a Private Finance Initiative (PFI) is a method of PPP that utilizes the private sector's financial, managerial and technical capabilities to construct, maintain and operate public facilities.

to hydrogen as an energy source. In particular, I would like to work on engine development in collaboration with other companies.

Kuniya: Is there a possibility of making hydrogen from water, as is the case in Europe?

Sasaki: Regarding hydrogen production, the general method is to use electricity that cannot easily be stored from solar or wind power generation for electrolysis and to store this energy as hydrogen, and then use that hydrogen in FT synthesis*3 to make liquid fuel. In the future, for example, this fuel could be used in construction and industrial machinery. We are also looking at this as a carbon-free fuel, and I think this is a possible option.

Kuniya: Japan has a wide range of technologies, and I hope that Kubota, as an essentials innovator in the environmental business, will show leadership in connecting these technologies. You also mentioned next-gen crop production as one of the new solutions in GMB2030. What do you intend to do in this regard?

Kitao: We are working with a start-up company to commercialize this. Rather than a conventional plant factory, this will be an "artificial light-type plant factory" that can stably produce nutritious, safe and secure food in a space-saving manner without being affected by abnormal weather or other external conditions. From a long-term perspective, this kind of initiative will lead to solutions to food shortages and environmental problems, and I believe it has great potential as a business.

Kuniya: In Europe and elsewhere, it is said that it is important to promote agriculture as regenerative*4—as something that can contribute to global environmental regeneration. As shown in examples from other companies, it will become commonplace for people to absorb more than they emit, so is there any possibility that Kubota can expand the nature of agriculture to become a carbon sink*5?

Watanabe: Kubota has long been involved in the agricultural machinery business, mainly in Asia. In the past 10 years, the development of Asian countries has led to accelerated mechanization, which has freed them from labor and increased productivity, but it has also caused air pollution problems due to the burning of large amounts of agricultural waste. As a manufacturer of agricultural machinery, we are thinking of contributing to environmental issues by proposing ways to recover agricultural waste instead of burning it, to use it effectively for other purposes, and even to return it to the soil.

Sasaki: From a research and technology standpoint, there is data showing that the amount of phosphorus and nitrogen remaining in Japanese farmland is many times higher than the average of OECD countries, and I wonder if we can find a way to approach this problem. Japanese farmers have always tended to apply fertilizer to their fields at a certain time of the season, based on past experience. In the future, we will not only rely on empirical data but also use soil sensing technology to visualize where and how much fertilizer should be applied to each field in real time. I would like to contribute to the realization of agriculture that is friendly to both farmland and the planet.

Kuniya: Last but not least, water issues are becoming an important theme for humanity to confront. How does Kubota intend to address this issue?

Kurosawa: There is a limit to how much water sources can be secured depending on the country and land, and there is also the issue of cost in terms of water quality. In particular, large amounts of water are used for agricultural production, so it can be said that our food problems are really a water problem. From water intake to water discharge, I would like to further refine the pipeline and water transmission facility construction and water operation management technologies that we have cultivated over the years, in addition to contributing to securing precious water resources in the agricultural sector.

Kuniya: In order to promote change in the agricultural sector, what challenges do we face at the global and local levels with regard to agriculture and water? I feel that it is necessary for people to know what kind of technologies and techniques are available to solve these problems. It is said that the next five years are very important. I think we need to hurry up and make changes.

Kitao: In the fields of agriculture and water, which are indispensable for life, can we create added value by leveraging Kubota's strengths, and can we establish this as a business model? We are beginning discussions and examinations to that end with more determination than ever before. In order to achieve speedy solutions to specific issues in the business domains of food, water and the environment, Kubota will shift to business operations with a greater focus on ESG management than ever before, and will make concerted efforts by the 40,000 employees of the Group. Please look forward to Kubota's initiatives for the future.

*3 FT synthesis: A catalytic reaction that synthesizes basic chemicals such as light oil and other petroleum substitute fuels, alcohols, and olefins from syngas (a mixture of carbon monoxide and hydrogen).
*4 Regenerative: The concept of not only pursuing sustainability of the global environment, but also allowing the entire ecosystem to flourish while regenerating the global environment.
*5 Carbon sink: Addition to forests and oceans, the ability of soil to absorb and fix carbon dioxide is attracting attention.

Mid-term Business Plan 2025

Kubota positions the 5 years in Mid-term Business Plan 2025 as the period to complete the establishment of foundation for the realization of GMB2030, and the entire group will work together on the 5 main themes.

GMB2030

An "Essentials Innovator for Supporting Life,"

Committed to a Prosperous Society and Cycle of Nature

Toward the realization of GMB2030, backcasting what should be in 2025

2025

Current status

Mid-term Business Plan 2025

Main Themes

1. Promotion of ESG management
2. Establishment of the foundation for realizing GMB2030 that supports the next generation

Investing management resources aggressively, organizationally, and in a planned manner

3. Expansion of revenue in existing businesses
4. Improvement of profit margin

Achieving both investment and improvement of profitability

5. Development of infrastructure that supports sustainable growth

Outline of Mid-term Business Plan 2025

GMB2030

1. Promotion of ESG management

Shift to business operations that position ESG at the core of management

As a company that engages in reducing environmental impacts and solving social issues through business, Kubota promotes its own unique ESG management.
ESG Management Strategy Meeting is established under the direct control of the President, and ESG will be recognized as the basis for decision-making on future business development.

2. Establishment of the foundation for realizing GMB2030 that supports the next generation

Initiatives to secure candidates of growth drivers for the next generation

3. Expansion of revenue in existing businesses

Promotion of business strategies that take advantage of growth opportunities

4. Improvement of profit margin

Improvement of profit structure by strengthening the business foundation in the mid-term

5. Development of infrastructure that supports sustainable growth

Reform of a business operation structure

Initiatives to secure and strengthen human resources

Strengthening risk management

Contributing to all five main themes

Promotion of DX as a common theme

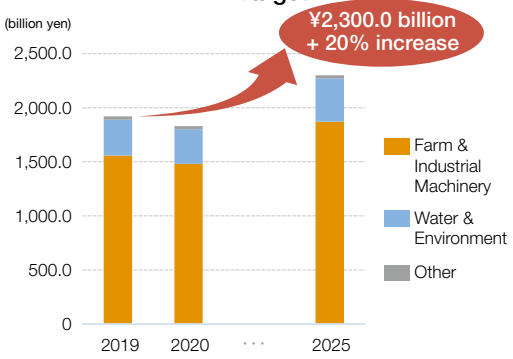
Develop and utilize a platform that is the foundation for DX. Bring about innovation in “products, services, and production sites”, “business processes”, and “communications and collaborations”.

Financial targets for 2025	Revenue	Operating profit	Free cash flow (cumulative total of 5 years: 2021-2025)	ROE (over 10% or for 2021-2024)
	¥ **2,300.0** billion	¥ **300.0** billion	¥ **280.0** billion	over **11**%

Financial Targets (PL) of Mid-term Business Plan 2025

(billion yen)	2019.12 (Actual)	2025.12 (Target)	Changes from FY2019 Amount	Changes from FY2019 %
Revenue	1,920.0	2,300.0	+380.0	+19.8
Farm & Industrial Machinery	1,558.3	1,870.0	+311.7	+20.0
Water & Environment	330.1	400.0	+69.9	+21.2
Other	31.6	30.0	-1.6	-5.1
Operating profit	10.5% 201.7	13.0% 300.0	+98.3	+48.7

Revenue Target



Financial Targets (Other) of Mid-term Business Plan 2025

	2019 (Actual)	2021-2025 (Target)
ROE	10.7%	Maintain over 10% / over 11% in 2025
Shareholder return ratio	42.7%	Set the mid-term target of over 40%, and aim at 50%
Operating cash flow	82.4 billion yen	880.0 billion yen (cumulative total of 5 years)
Free cash flow	-12.4 billion yen	280.0 billion yen (cumulative total of 5 years)

Mid-term Business Plan 2025

Mid-term Business Plan: Specific Initiatives

Shift to business operations that position ESG at the core of management

Kubota will promote ESG management using the company's own approach to advance initiatives that are more ESG aware than ever.

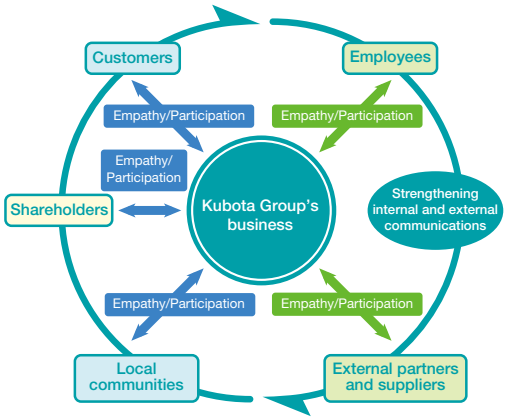
As a company that engages in reducing environmental impacts and solving social issues through business, ESG Management Strategy Meeting and ESG Promotion Department are established under the direct control of the President in order to promote its own unique ESG initiatives (K-ESG) in addition to general initiatives. ESG Management Strategy Meeting is positioned as the institution that determines the Group's important business management policies, and ESG will be recognized as the basis for decision-making on future business development.

We will also add stakeholder contribution as a perspective to the S (Society) of ESG, and provide all stakeholders with opportunities to contribute to solving social issues through gaining empathy with and participation in Kubota's business.

K-ESG (examples)

E: Environment	• Formulating an environmental vision • Initiatives aiming at carbon neutral by 2050 • Promoting resource recycling as a business (environmental impact reduction + CO_2 reduction) • Commercialization of reducing environmental impact in manufacturing
S: Society	• Promoting to solve social issues as a business ⇒ Realization of the concept that "Growth of Kubota's business leads to solution of social issues" • Providing all stakeholders with opportunities to contribute to solving social issues through gaining "empathy" and "participation" for Kubota's business
G: Corporate Governance	• Expanding internal communication ⇒ Unification of intentions in a range of management to all employees • Promoting appropriate information disclosure to each stakeholder

Relationship with stakeholders



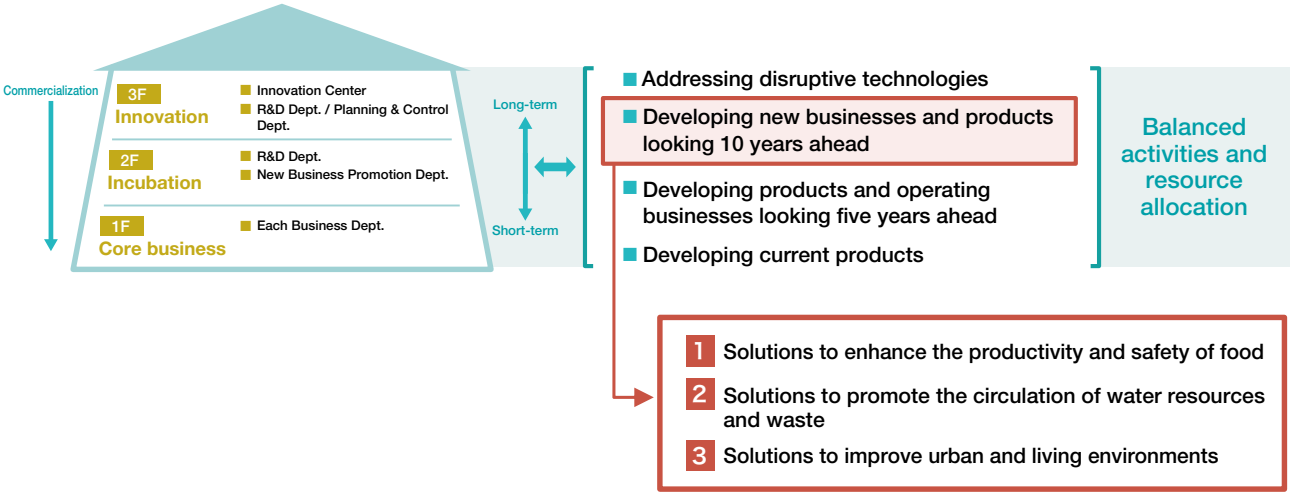
Initiatives to secure candidates of growth drivers for the next generation

Establishment of a structure from selection of themes to commercialization

The ESG Management Strategy Meeting oversees the selection of development themes, R&D organizational structure and role sharing, as well as business incubation in order to realize GMB2030 as important matters for the future.

Initiatives of R&D and commercialization

Aiming to secure multiple business models, products, services, and market candidates that become the growth drivers in the next generation by 2025



Promotion of business strategies that take advantage of growth opportunities

Status-analysis and basis strategies

Analyze the current situation, and then deepen our existing businesses.

Strengths

- Strong sales networks (North America, Thailand and Japan)
- Wide range of products
- Technology (miniaturization technology, material technology such as casting, environmental technologies, etc.)

Opportunities

- Increase in demand for food and water
- Development of urbanization in emerging countries
- Aging urban infrastructure in developed countries
- Room to expand product lineup (compact track loaders, etc.)
- Room to utilize abundant operating machineries

Weaknesses

- Insufficient sales networks (Except for North America, Thailand and Japan)
- Lack of internal resources regarding cutting-edge digital technologies
- Delay in preparation for disruptive technologies
- Tightness of human resources
- Delay in IT infrastructure development

Address through the other themes in Mid-term Business Plan

Threats

- Tightening measures against global climate change
- Entry from different industries by technological innovation
- Possibility of sudden changes in business environment in North America

Deepening existing businesses

- Expanding product lineup
- Expanding business through taking advantage of increasing demand for mechanization
- Expanding after-sales business by utilizing abundant operating machineries
- Expanding business related to renewal, maintenance and management of aging infrastructure
- Development of sales networks mainly in emerging countries
- Strengthening measures for crops other than rice

Setting and promoting growth drivers

The following businesses are positioned as growth drivers for the next five years.

North America/Construction Machinery Business

Aiming for a significant increase in market share by expanding product lineup and locally integrated operations of development, production, and sales

ASEAN/Farm & Industrial Machinery Business

Aiming for a further increase in sales of farm equipment and construction machinery along with urbanization

Farm & Industrial Machinery/After-market Business

Aiming to expand “after-sales business” by utilizing abundant operating machineries on a global level

Water & Environment/Solution Business

Aiming to shift from equipment sales-oriented business to O&M- and solution-oriented business by utilizing IoT and other technologies

Improvement of profit structure by strengthening the business foundation in the mid-term

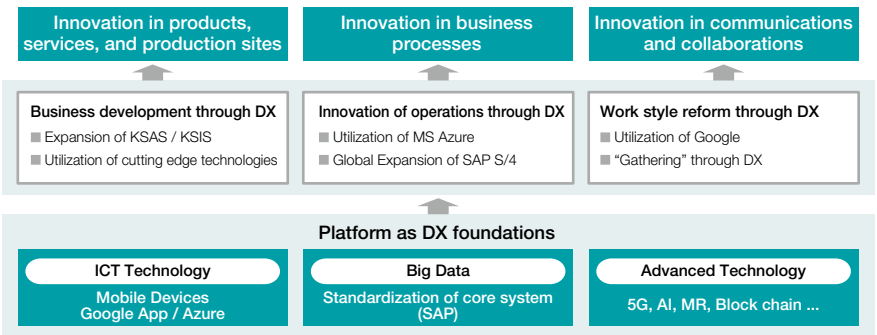
Sustainable growth requires proactive resource investment, as well as investments to prepare for various risks such as disasters, improvements to the working environment and other purposes in the ESG field. We will address measures as described to the right to generate investment resources without causing profit margins to decline.

Development of infrastructure that supports sustainable growth

- **Reform of a business operation structure** ····· Transforming operation structure in response to globalization
- **Initiatives to secure and strengthen human resources** ····· Strengthening human resources who support sustainable growth by strengthening recruitment and cultivation, as well as providing opportunities
- **Strengthening risk management** ····· Developing and expanding organization that can develop countermeasures more actively in response to various risks

Promotion of DX as a common theme

Bringing about innovation in “products, services, and production sites”, “business processes”, and “communications and collaborations” by developing and utilizing a platform that is the foundation for DX, and ensuring the promotion of the five main themes



The Kubota Group in Numbers

Kubota dedicated to solving social issues in all areas of the world

Toward the goal of realizing "Global Major Brand," the Kubota Group is expanding its business globally in accordance with local needs to solve food, water and the environmental issues around the world.

Europe
Group Companies
42 companies
Group Employees
4,123

Japan
Group Companies
56 companies
Group Employees
22,763

Asia
Group Companies
41 companies
Group Employees
8,614

■ Total tractor production volume

More than
4.8 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 producing 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.

Revenue ¥1,853.2 billion

Overseas revenue (Overseas revenue ratio)
¥1,258.0 billion (67.9%)

Operating profit (Operating margin) ¥175.3 billion (9.5%)

Group companies 186

Overseas group companies 130

Consolidated employees 41,605

Business footprint 120+ countries

North America

Group Companies

37 companies

Group Employees

5,737

Other

Group Companies

10 companies

Group Employees

368

(As of December 31, 2020)

■ Sales Volume of Mini Excavators

Global No.1 for 19 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 2020."

■ 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 6,500 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.

The Kubota Group's Products and Services

Farm & Industrial Machinery

The Farm & Industrial Machinery Business manufactures agricultural machinery and agriculture-related products that contribute to stable food production across many countries and regions, as well as combustion engines and construction machinery.

The Kubota Group's major products

Tractors

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

Combine harvesters

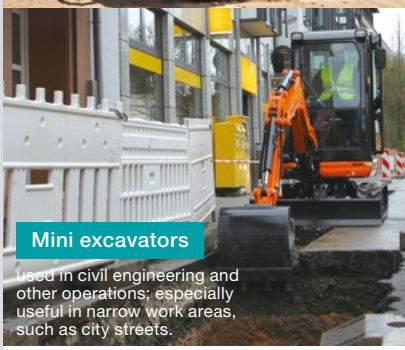
used for simultaneous harvesting and threshing of crops such as rice, wheat and pulses.

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.



Mini excavators

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

Compact track loaders

used mainly for transporting and stacking tasks (at construction sites, farms, etc.).

Engines

responding to a variety of needs as compact industrial engines.

Diesel

Gasoline, LPG, natural gas

Kubota's Innovation

Kubota Aims for Smart Agriculture

As the farming population ages and the scale of farms expands, 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.

The automated agricultural system Agri Robo series

Kubota's automated agricultural machinery Agri Robo series consists of three agricultural machines for rice farming: tractors, combine harvesters and transplanters. Kubota will continue to develop ICT and robot agricultural machinery to address challenges faced by Japan's agriculture industry, thereby commercializing an integrated farming system using automated agricultural machinery.

TOPICS

The "Kubota Farm" demonstration farm is launched in Thailand

Since the establishment of a manufacturing and distribution hub in Thailand back in 1978, Kubota has been promoting agricultural mechanization in the ASEAN region while contributing to regional economic development. Specifically, recent development efforts are focused on agricultural machinery suitable for local crops, rice paddy conditions and farming systems. Moreover, Kubota Research and Development Asia—an R&D hub—was launched in Thailand in 2016 to further expand the product lineup.

As part of these efforts, "Kubota Farm" was also established in Thailand in August 2020, where farming and management techniques using advanced machines and technologies are tested and demonstrated in this extensive experimental farm. Equipped with dedicated facilities, the farm also provides distribution dealers and customers (farmers) with first-hand experience of advanced agricultural techniques, which in turn promotes sales and educates local farm workers.

Kubota is committed to expanding operations in the growing ASEAN market, serving the needs of local communities and contributing to the development of local agriculture.

Opening ceremony attended by Her Royal Highness Princess Maha Chakri Sirindhorn

A rice paddy at Kubota Farm

The Kubota Group's Products and Services

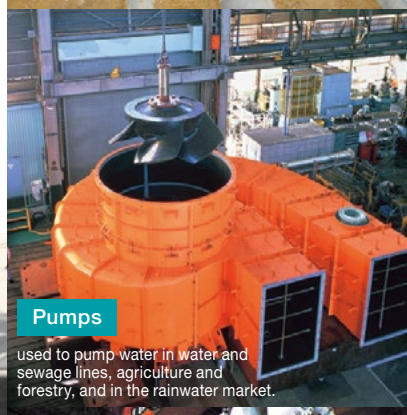
Water & Environment

The product lineup of the Water & Environment Division includes pipeline infrastructure products (ductile iron pipes, plastic pipes, valves for the public sector, formed and fabricated materials, spiral welded steel pipes, air-conditioning equipment, etc.) and environmental products (environmental plants, pumps, valves for the private sector, etc.).

The Kubota Group's major products

Ductile iron pipes

used in infrastructure, including water, sewage and agricultural water pipelines.



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.

Waste incinerator plants and ash and melting furnace plants

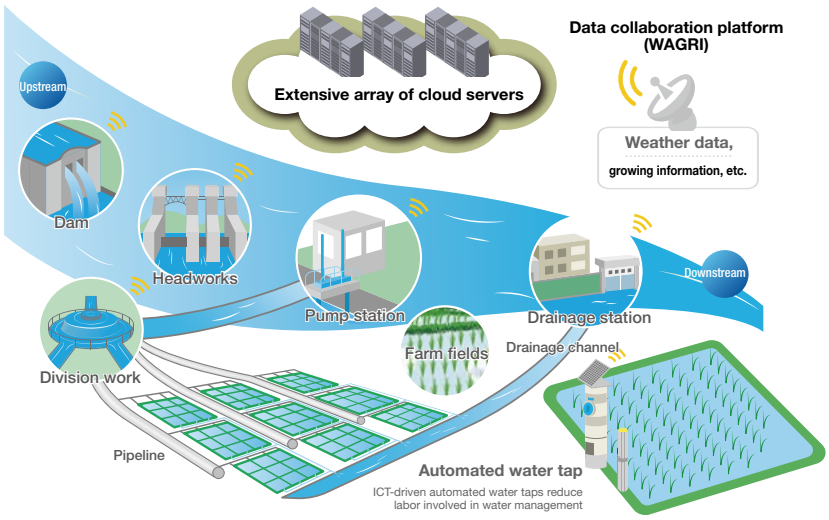
used to incinerate and reduce the volume of municipal waste, as well as to contribute to decarbonization of society by using the large quantity of waste heat to generate electricity.

Kubota's Innovation

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 underway, 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.

KSIS
KUBOTA Smart Infrastructure System



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 while monitoring water levels on a smartphone or PC.

TOPICS

Contributing to the sustainability and development of water infrastructure through participation in DBO projects for water treatment plants

While the recent trend has been to mobilize the resources of the private sector in designing, building and operating key infrastructure for sewage treatment and rainwater drainage as well as for water supply systems including water purification facilities, the Kubota Group contributes to sustainability and development of water infrastructure through PPP*1 projects such as those based on DBO*2.

For example, in March 2020 an agreement was concluded with Bizen City, Okayama Prefecture, on the construction of the Sakane Water Purification Plant and the Mitsuishi No.1 Pressure Pump Station. In this DBO project for water supply facilities (including UV treatment facilities), which is the first of its kind in Japan, the Kubota Group will undertake civil and construction work for water purification facilities and pressure pump station, in addition to the designing, building and installation of mechanical equipment as well as operation and maintenance of municipal water supply systems.

Another agreement was concluded in March 2020 with Hirosaki City, Aomori Prefecture, on the renovation of the Hinokuchi Water Purification Plant, the Iwakigawa Intake Pump Station and the Tokiwazaka Booster Pump Station. Each one of these locations needs to be renovated immediately due to dilapidation and poor earthquake resistance. Specifically, the Kubota Group will undertake designing, building and installation of mechanical equipment at the water purification plant and the pump stations as well as operation and maintenance of the municipal water supply system to ensure long-term, stable and efficient operation of Hirosaki City's water project as a means to safeguard and secure water supply. The Kubota Group will continue to mobilize its resources in solving social challenges as a total solution provider for water management, offering various products, technologies and services related to water supply and sewage.


Rendering of the Sakane Water Purification Plant


Rendering of the new Hinokuchi Water Purification Plant

*1 PPP: Public Private Partnership
*2 DBO: Design, Build and Operate

Special Feature 2 Open Innovation

Driving force for creation of new values

Open Innovation

■ The Kubota Group's intangible assets

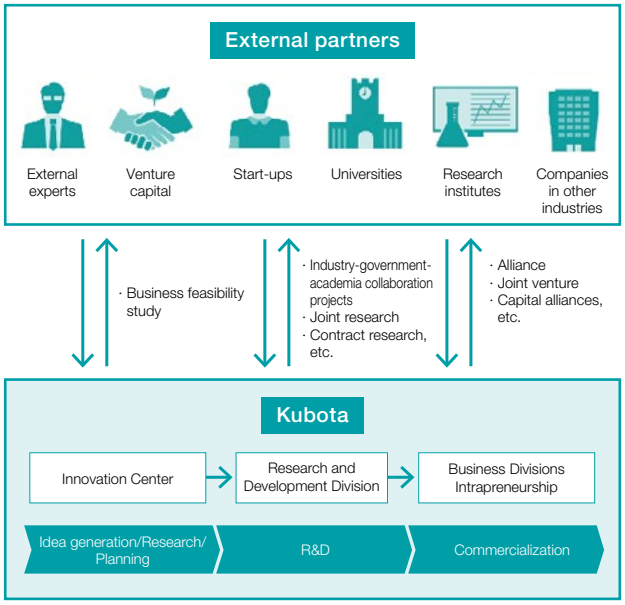
Global social challenges are becoming increasingly complicated and diversified as the population increases and global warming intensifies. Addressing these growing challenges, meanwhile, involves continuous efforts to create entirely new values at an unprecedented pace. With its focus on food, water and the environment businesses, Kubota is committed to providing solutions through open innovation, and considers its business partners to be valuable intangible assets.

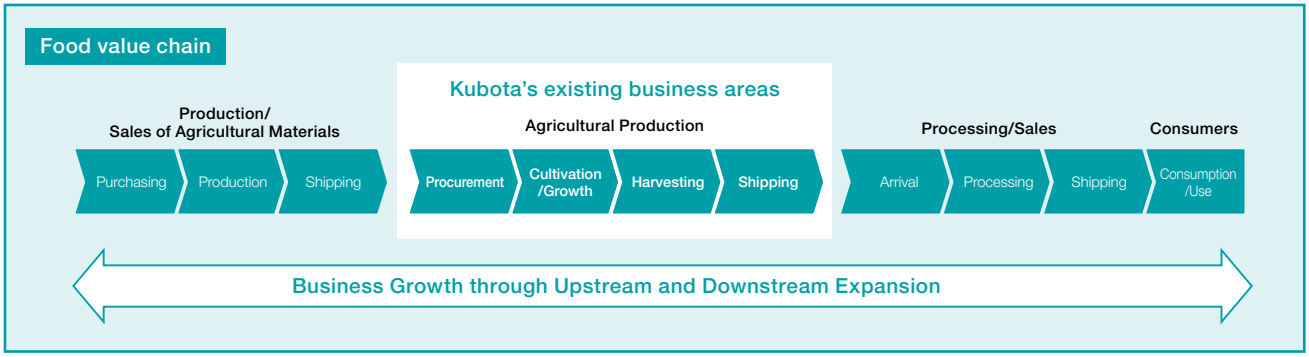
■ Kubota's concept of open innovation

Kubota is pushing ahead with open innovation that strengthens partnerships with external parties such as start-ups, universities and research institutions. As quite a few partners boast advanced technologies that can have a significant impact on society, we will incorporate them into our experience and expertise to develop solutions and new businesses, forecasting challenges that may emerge in the future.

■ Kubota's ideal open innovation

Kubota is creating new values by leveraging advanced technologies such as ICT and AI. The food business, for example, aims to provide total solutions for food value chains that encompass the entire process of agricultural production, from purchasing to processing, distribution and consumption, which involves promoting smart crop production and the upstream and downstream expansion of food value chains through open innovation. We will also act as a liaison between all partners to develop an agri-platform.





Open innovation initiatives

Demonstrating the feasibility of autonomous orchard and vineyard farming system using drones and IoT

Kubota and Aurea Imaging, a Dutch start-up announced a strategic partnership, under demonstration of the feasibility of autonomous orchard and vineyard farming systems that combine Kubota's machine technology with Aurea's crop intelligence technology. Aurea Imaging provides services such as fruit yield forecasting and soil map preparation, leveraging AI to analyze data collected through drones and IoT sensors. Its advanced sensing technology, coupled with Kubota's proprietary machines, is expected to provide total solutions for fruit growing.

Investing in an agri-tech company developing artificial lighting for plant cultivation designed for plant factories

Plant factories using artificial lighting ensure stable, high-yield crop production regardless of external environmental factors such as abnormal weather. Kubota has a stake in PLANTX, which is developing artificial lighting systems for plant cultivation, leveraging its advanced technology.

The partnership with PLANTX will be enhanced for business cooperation in an effort to streamline and stabilize food production.

Testing agricultural machinery sharing services

Agricultural machinery with improved performance and automated functions is expected to accelerate the recent trend, particularly among those who are entering the agriculture industry for the first time, to switch from "ownership" to "use."

To this end, Kubota is trialing agricultural machinery sharing services in some areas in Japan to propose new ways to use agricultural machinery while efforts are underway to identify and review challenges prior to the provision of full-scale services.

Activities supporting open innovation

As a strong network with external partners is key to promoting open innovation, Kubota takes part in partnership programs with start-ups from Europe and America while engaging in activities led by international agricultural organizations, with the ultimate intention of taking the lead in incorporating advanced technologies.

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, soybeans, maize, sugarcane • 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*4. **Against a backdrop of a farming population and a grain harvest area that will not be increasing, a 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*5. • 840 million have still not received basic water supply*5. • 4.5 billion have no access to "safely managed" sanitary facilities*5. **Development of safe water, sewage and sanitary facilities is expected.**	Water: Contribute to the supply and restoration of reliable water by enhancing water infrastructures.
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 operations of water and sewage projects are expected.**	
• **The world's urban** population ratio is expected to rise from 55% in 2017 to 60% in 2030*4. • The number of cities with a population of 10 million or more (megacities) will increase from 33 in 2018 to 43 in 2030*5. **According to an urbanization, further development in a social infrastructure is also expected.**	Environment: Contribute to creating and preserving a comfortable living environment by enhancing social infrastructures.
• 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. **Proper disaster preparation, and measures to ensure prompt recovery after a disaster are expected.**	
• Goals for solving the 17 global items indicated in SDGs **The corporate staff departments will take the lead, 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 2018 Revision of World Urbanization Prospects, United Nations
*5 Progress on Drinking Water, Sanitation and Hygiene 2017, WHO/UNICEF
*6 Design-Build-Operate system, in which everything from design and construction to operation and maintenance are all contracted out to a single private business
*7 Demonstration businesses spearheaded by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) since 2011 to promote the use of innovative sewage technology

Contributions to SDGs

Main related SDGs	The Kubota Group's SDGs KPI	Examples of main initiatives for achieving KPIs in FY2020
2 ZERO HUNGER 1 NO POVERTY	• **Contribution to food production through further spread of agricultural machinery**	• Trial start of agricultural machinery sharing service to assist new farmers and expand business scale • Opening of Kubota's Farm on roughly 350,000m² of land in Thailand as a community-based demonstration farm to help develop local agriculture • Partnership with a local company and commencement of mass production of tractors at production sites in India, the world's largest farm machinery market
	• Promotion of smart agriculture using IoT and robot technologies (Kubota Smart Agri System (KSAS))	• Expansion of lineup—from 28 through to 60 horsepower—of straight self-steering tractors for the domestic market • Continuation of development of battery-powered tractors • Unveiling of full-size "dream tractor" concept model based on the theme of agricultural sustainability • Expansion of partnerships with, and equity stakes in, companies worldwide that possess proprietary technology in order to accelerate the shift to smart agriculture
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.**	• Founding of a fellowship for young researchers at Japanese universities to engage in research on futuristic water supply topics • Delivered submerged membranes and *Johkasou* to improve the water environment in China and Southeast Asia • Kubota's KTZ-type large *Johkasou* for treating household wastewater from large buildings outside of sewage works areas received the Chairman's Award at the 46th Outstanding Environmental Systems Awards hosted by the Japan Society of Industrial Machinery Manufacturers
	• 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	• Participation in water treatment plant construction for the city of Hirosaki under a DBO*6 contract, as well as participation in operation management business for the city's waterworks • Order from the city of Hiroshima for the construction, operation, and maintenance of a water supply monitoring system that uses KSIS to integrate water supply monitoring with a cloud-based mapping system • Participation in MLIT's B-DASH Project*7 with a demonstration business that leverages IoT- and AI-driven technology for efficient preventive maintenance and management of manhole pumps
11 SUSTAINABLE CITIES AND COMMUNITIES 7 AFFORDABLE AND CLEAN ENERGY	• **Contribution to the development of environment-friendly, sustainable urban infrastructure**	• Development of large-scale industrial diesel engines—alongside the continued development of the 200 HP range, development is underway on the 300 HP range, Kubota's most powerful class • Currently proceeding with development of micro hybrid engine • Development of a smartphone app to streamline construction machinery repairs • Start of building of a new manufacturing site in the US for small construction machinery with the goal of further promoting of those in that area • Ongoing development of eco-friendly construction machinery (battery-powered small construction machinery) • Participation in the Japan Hydrogen Association to promote global partnerships and the creation of hydrogen supply chains with the goal of utilizing hydrogen to help lower CO_2 emissions • Start of joint demonstration testing on the effectiveness of organic fertilizer produced from domestic animal waste by harnessing the power of insects
	• Contribution to development of sustainable, resilient urban infrastructure that is resistant to disasters	• Delivery of extra-large diameter (2600 mm) earthquake-resistant ductile iron pipes (US-type, R method) to the Tokyo Metropolitan Government • Delivery of drainage pump vehicles for flood disaster relief to MLIT, MAFF, and municipal governments • Development of an AI-powered diagnosis system for use on river and waterway pump gates for flood prevention
Common points for food, water and the environment: Expansion of eco-products (sales ratio of eco-products)		Sales ratio of Eco-Products for FY2020: 66.2%
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Endeavoring to improve indicators in the categories of quality assurance, environment, procurement, safety, and personnel	(Quality Assurance) Number of recalls: 3 cases (Environment) CO_2 emissions from the Kubota Group in Japan: 26.3% reduction compared to FY2014 (Procurement) Promotion of CSR procurement: CSR procurement questionnaire survey conducted at 170 suppliers; response to the regulations of conflict minerals (Safety) No class-A incidents: Not achieved (Personnel) Percentage of employees with disabilities: 2.44% Percentage of employees taking childcare leave: 59.1% (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, 2020

For the year ended December 31, 2020, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased by ¥66.8 billion [3.5%] from the prior year to ¥1,853.2 billion. Domestic revenue decreased by ¥30.2 billion [4.8%] from the prior year to ¥595.2 billion because revenue in Farm & Industrial Machinery decreased due mainly to the COVID-19 pandemic and the effect of a hike in consumption tax the prior year. Water & Environment also experienced a decrease in sales of consumer products such as environment-related products and plastic pipes. Overseas revenue also decreased by ¥36.6 billion [2.8%] from the prior year to ¥1,258.0 billion, due mainly due to a substantial decline in Farm & Industrial Machinery resulting from delays in production and shipment, along with a slight decline in Water & Environment, despite growing stay-at-home demand amid the pandemic.

Operating profit decreased by ¥26.4 billion [13.1%] from the prior year to ¥175.3 billion. This decrease was due mainly to a deterioration in profit performance of production plants caused by temporary production suspension and decline in production volume, along with decreased revenues in domestic and overseas markets, despite factors contributing to increased profits such as the effect of raised product prices and declining interest rates in the United States. Profit before income taxes decreased by ¥23.1 billion [11.1%] from the prior year to ¥185.9 billion primarily because operating profit decreased. Income tax expenses were ¥47.0 billion. Share of profits of investments accounted for using the equity method was ¥2.5 billion. Profit for the year decreased by ¥17.7 billion [11.1%] from the prior year to ¥141.4 billion. Profit attributable to owners of the parent company decreased by ¥20.5 billion [13.8%] from the prior year to ¥128.5 billion.

Five-year Summary of Key Financial Data

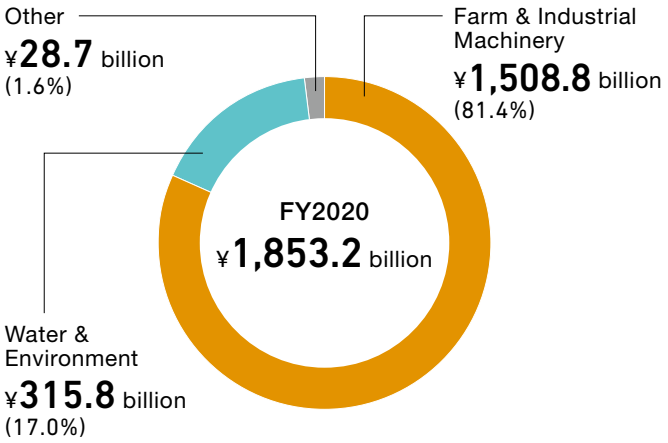
* From the fiscal year ended December 31, 2018, International Financial Reporting Standards (IFRS) has been applied instead of U.S. GAAP that was applied previously. For the fiscal year ended December 31, 2017, financial figures in accordance with IFRS are presented as well.
Terminologies which differ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

	U.S. GAAP		IFRS			
	2016.12	2017.12	2017.12	2018.12	2019.12	2020.12
Operating results for fiscal year (billions of yen)						
Revenues / Revenue	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,853.2
Operating income / Operating profit	188.8	198.8	200.0	189.3	201.7	175.3
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	197.0	212.9	214.0	197.2	209.0	185.9
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	132.5	136.4	134.2	138.6	149.1	128.5
Capital expenditures*1	65.4	52.2	52.2	64.1	86.7	87.2
Depreciation and amortization*1	43.4	45.3	45.1	49.6	48.9	53.2
R&D expenses	43.0	48.1	43.4	53.8	53.1	55.3
Net cash provided by operating activities	185.0	222.3	137.2	89.1	82.4	142.9
As of fiscal year-end (billions of yen)						
Total assets	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 3,189.3
Shareholders' equity / Equity attributable to owners of the parent	1,198.8	1,301.3	1,291.1	1,339.9	1,442.8	1,476.0
Interest-bearing debt / Interest-bearing liabilities	818.0	836.6	834.1	839.3	903.0	874.4
Per share data (yen)						
Earnings per share (EPS)	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 105.85
Book-value per share (BPS)	966.19	1,054.86	1,046.55	1,087.44	1,182.72	1,221.95
Annual cash dividend	30	32	32	34	36	36
Financial indicators						
Operating margin (%)	11.8	11.4	11.4	10.2	10.5	9.5
ROA*2 (%)	7.6	7.7	7.8	6.9	6.9	5.9
ROE*3 (%)	11.3	10.9	10.8	10.5	10.7	8.8
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	44.9	45.6	45.6	46.3	46.0	46.3
Payout ratio (%)	28.1	29.0	29.5	30.2	29.6	34.0
Shareholder return ratio*4 (%)	32.7	38.6	39.3	32.3	42.7	49.4
Net debt equity ratio*5 (times)	0.54	0.47	0.47	0.46	0.49	0.44

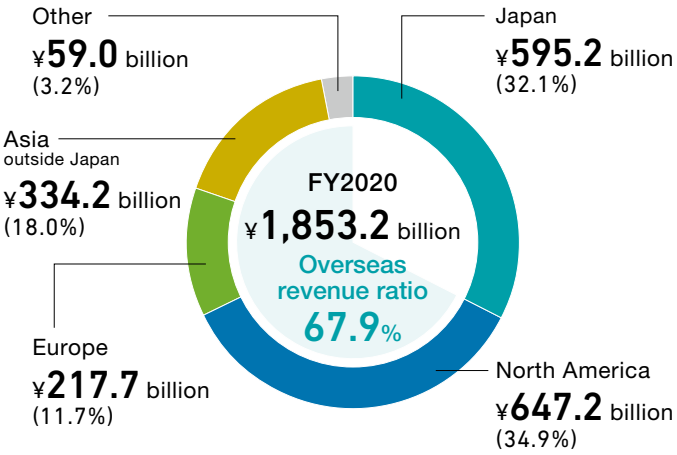
*1 Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 *Leases* are not included.
*2 ROA:
[U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
[IFRS] Profit before income taxes ÷ Total assets (average of beginning and end of fiscal year)
*3 ROE:
[U.S. GAAP] Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
[IFRS] Profit attributable to owners of the parent ÷ Equity attributable to owners of the parent (average of beginning and end of fiscal year)
*4 Shareholder return ratio:
[U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
[IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent
*5 Net debt equity ratio:
[U.S. GAAP] (Interest-bearing debt – Cash and cash equivalents) ÷ Shareholders' equity
[IFRS] (Interest-bearing liabilities – Cash and cash equivalents) ÷ Equity attributable to owners of the parent

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

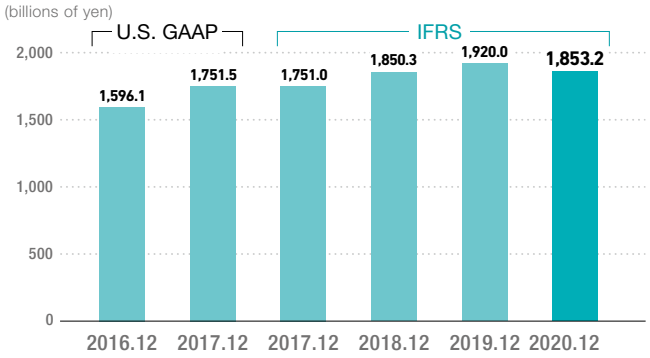
Revenue by Reportable Segment



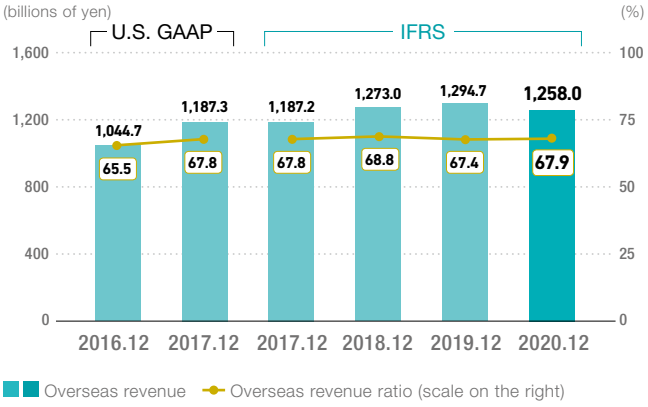
Revenue by Region



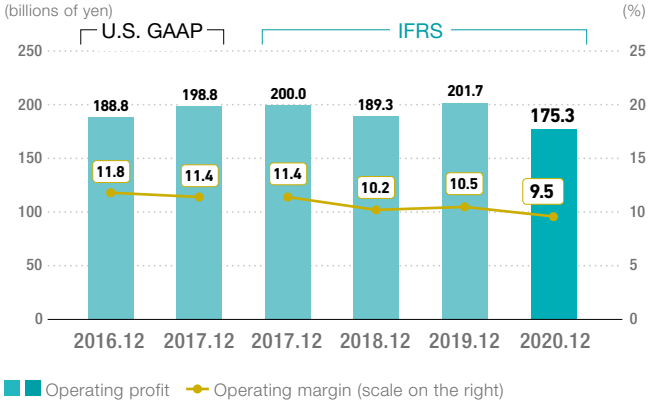
Revenue



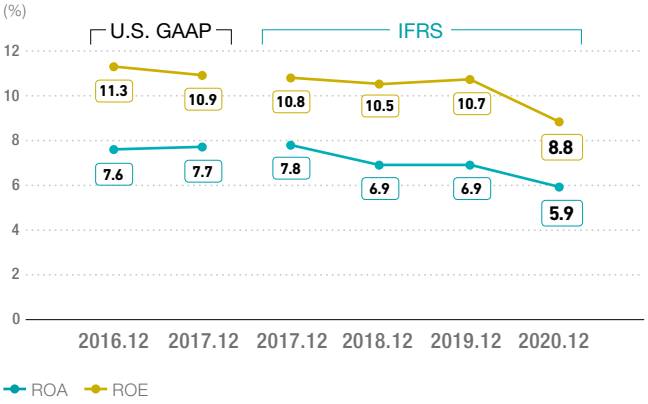
Overseas Revenue and Overseas Revenue Ratio



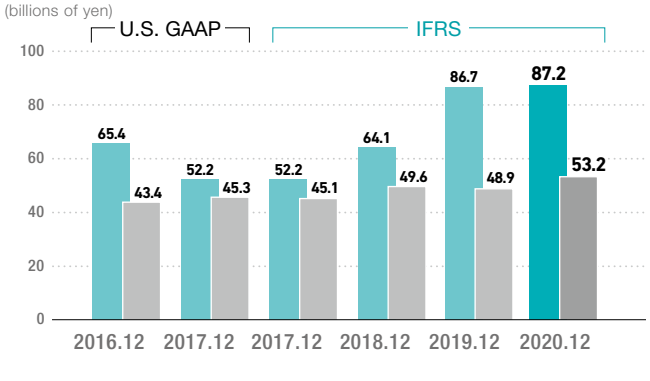
Operating Profit and Operating Margin



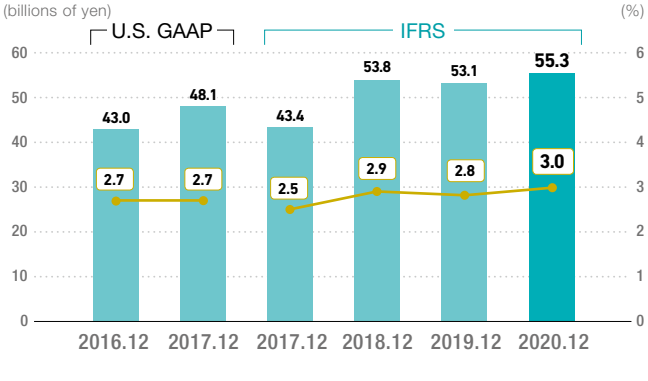
ROA*2 and ROE*3



Capital Expenditures, Depreciation and Amortization*1

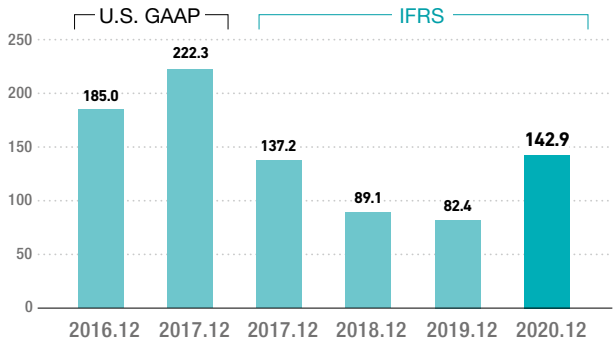


R&D Expenses and the Ratio of R&D Expenses to Revenue



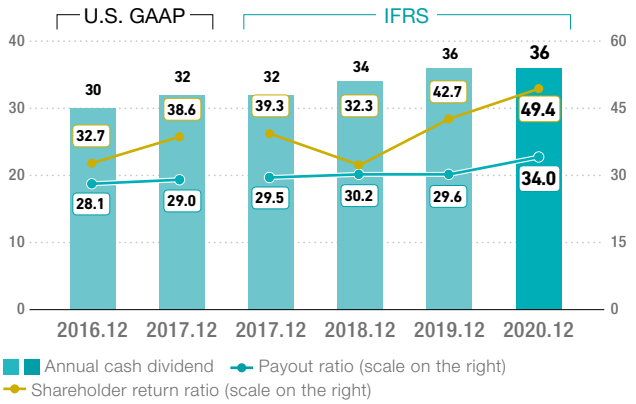
Net Cash Provided by Operating Activities

(billions of yen)



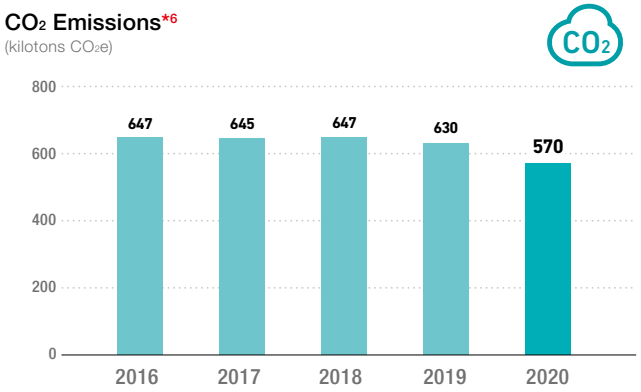
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio*4

(yen) (%)



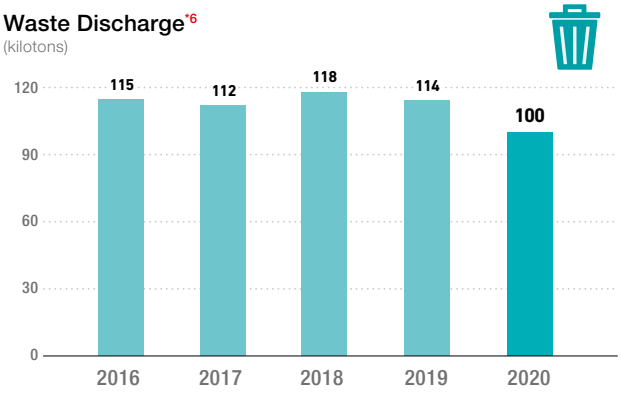
CO_2 Emissions*6

(kilotons CO_2e)



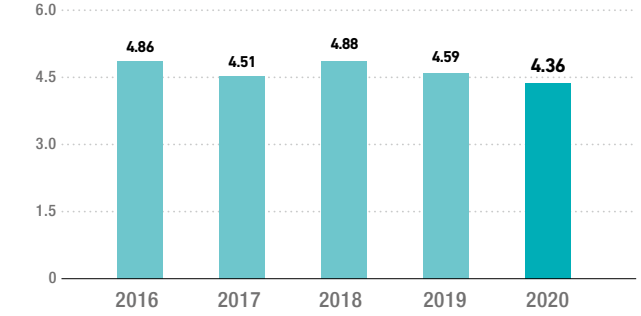
Waste Discharge*6

(kilotons)



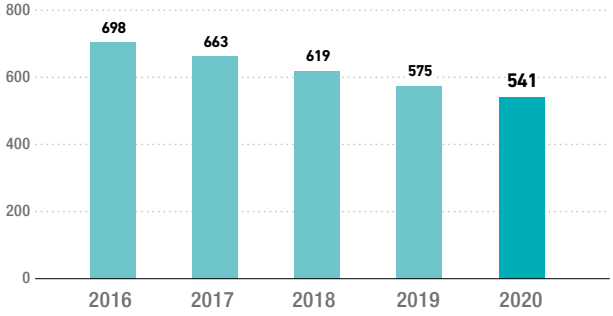
Water Consumption*6

(million m^3)



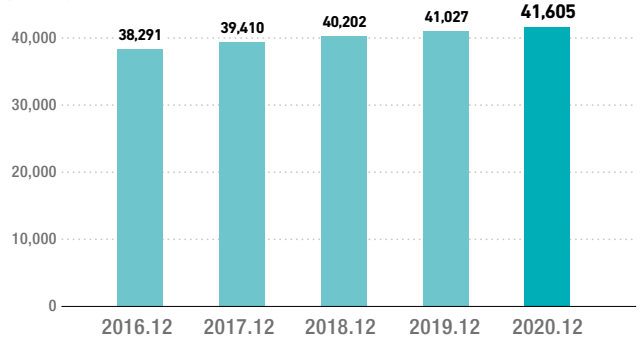
VOC (Volatile Organic Compound) Emissions*6

(tons)



No. of Employees

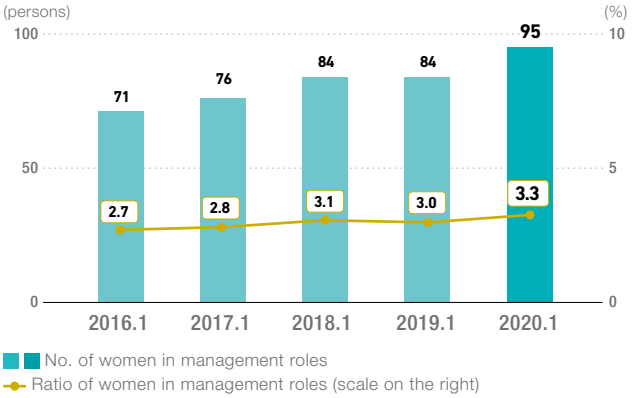
(persons)



No. of Women in Management Roles

(Kubota Corp.)

(persons) (%)

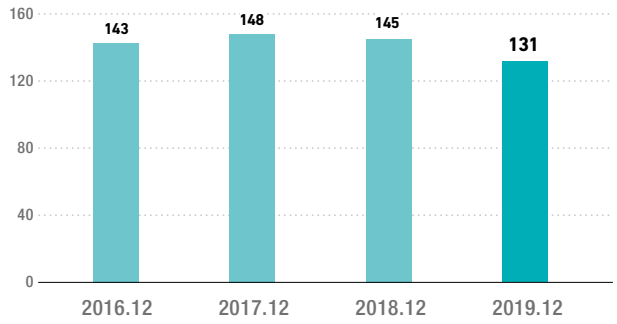


*6 *For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p. 98).

No. of Employees who Have Completed Foreign Language Training (Kubota Corp.)*7

(persons)

* In 2020, the event was canceled due to concerns about COVID-19.

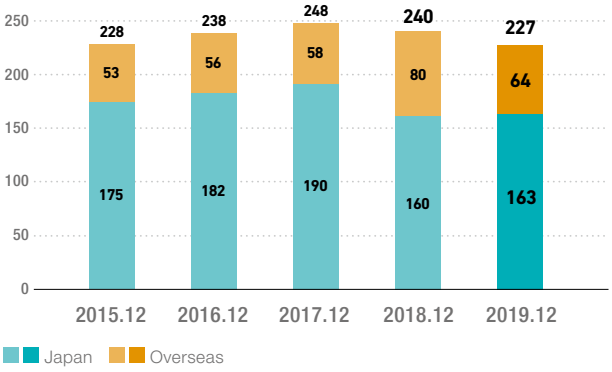


*7 The totals for the period from January 1 to December 31 of each year.

No. of Participants in the Technical Skills Contest

(persons)

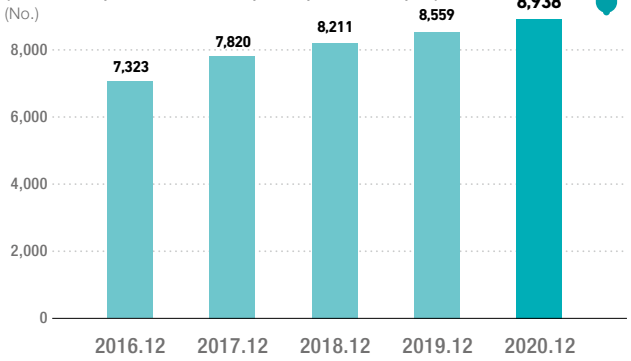
* In 2020, the event was canceled due to concerns about COVID-19.



No. of Patents/New Utility Models Possessed

(Kubota Corporation and Group Companies in Japan)

(No.)



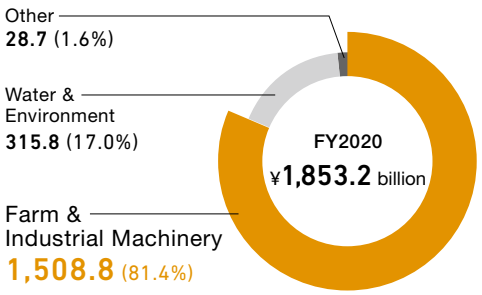
Business Overview (Farm & Industrial Machinery)

Results of FY2020

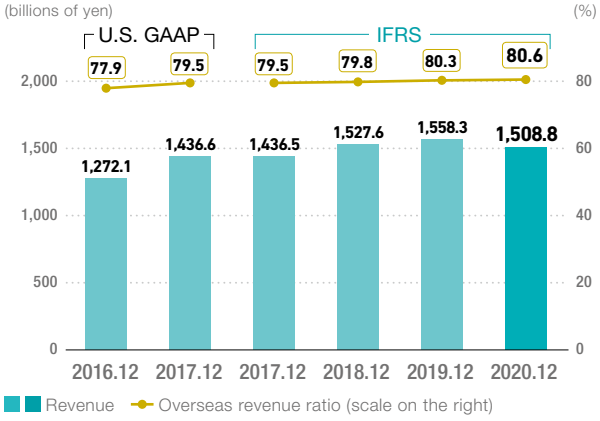
Revenue in this segment decreased by 3.2% from the prior year to ¥1,508.8 billion, and accounted for 81.4% of consolidated revenue. Domestic revenue decreased by 4.4% from the prior year to ¥292.9 billion, and overseas revenue decreased by 2.9% from the prior year to ¥1,215.9 billion.

Operating profit in this segment decreased by 11.5% from the prior year to ¥179.6 billion mainly due to a deterioration in profitability in its manufacturing bases, decreased revenue in the domestic and overseas markets, and the negative effects of yen appreciation. However, there were some positive effects such as raised product prices and declined interest rates in the United States.

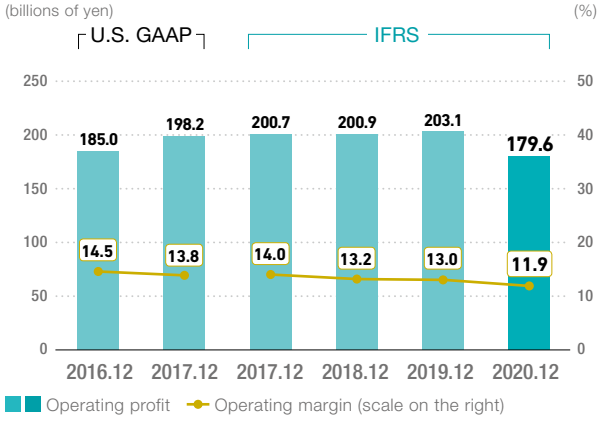
Revenue by Reportable Segment (billions of yen)



Revenue and Overseas Revenue Ratio



Operating Profit and Operating Margin



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

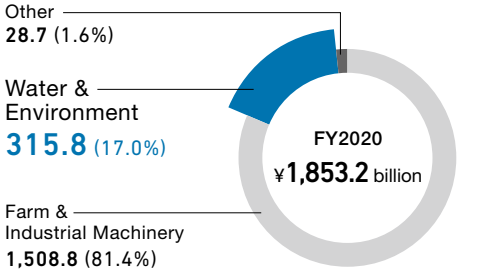
Business Overview (Water & Environment)

Results of FY2020

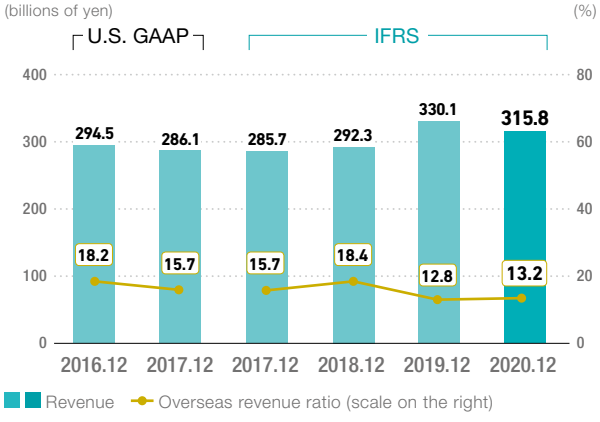
Revenue in this segment decreased by 4.3% from the prior year to ¥315.8 billion, and accounted for 17.0% of consolidated revenue. Domestic revenue decreased by 4.8% from the prior year to ¥274.0 billion, and overseas revenue decreased by 1.0% from the prior year to ¥41.8 billion.

Operating profit in this segment decreased by 7.9% from the prior year to ¥25.9 billion mainly due to decreased revenue in the domestic market and an increase in plant construction cost, while material prices declined.

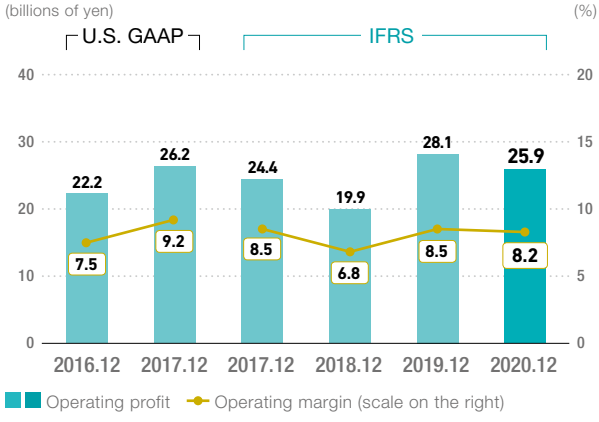
Revenue by Reportable Segment (billions of yen)



Revenue and Overseas Revenue Ratio



Operating Profit and Operating Margin



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

Inclusion in ESG Indices

The Kubota Group has been highly evaluated for its ESG initiatives and selected as a constituent of multiple ESG indices in Japan and overseas. In addition to the Asia Pacific Index of the Dow Jones Sustainability Indices (DJSI), which is a global ESG investment index, and the ESG Investment Index★ adopted by the Government Pension Investment Fund (GPIF), Kubota has been selected as a constituent of the following indices.

<ESG Comprehensive Indices>

2021 MSCI ESG Leaders Indexes Constituent

MSCI ESG Leaders Indexes

FTSE4Good

FTSE4Good Index Series

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

Dow Jones Sustainability Indices

2021 CONSTITUENT MSCIジャパン ESGセレクト・リーダーズ指数

MSCI Japan ESG Select Leaders★ Index

FTSE Blossom Japan

FTSE Blossom Japan Index★

Corporate ESG Performance Prime RATED BY ISS ESG

ISS-oekom Corporate Rating

<Environmental-themed Index>

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient★ Index Series

*MSCI indexes, logos, and trademarks, etc.
THE INCLUSION OF KUBOTA CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KUBOTA CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

(As of June 1, 2021)

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.

Message from the Environmental Conservation Control Officer

Amid concerns about climate change and increasing consumption of resources, the world is accelerating its efforts to build a society that will enable decarbonization and a circular economy. In this situation, promoting ESG management for the solution of social issues faced by communities around the world (contribution to SDGs) is recognized as an essential priority for corporate management.

The Kubota Group has positioned ESG as a cornerstone of its corporate management, and has formulated its "Environmental Vision" as a long-term vision with an environmental perspective. The vision states: "While challenging to achieve zero environmental impact, we will contribute to realizing a carbon neutral and resilient society in the field of 'food, water, and environment.'" This shows the direction for the Kubota Group from an environmental perspective moving towards 2050. We have also formulated a new Medium-Term Environmental Conservation Targets 2025 scheme to run from 2021 to 2025.

The Company is making a global effort to strengthen the manufacturing structure and productivity of "Made by Kubota," centered on the Kubota Production system (KPS). Our environmental conservation activities take a KPS-based approach toward thoroughly reducing resource waste and loss and strengthening environmental risk management. Moreover, in addition to our existing line of Eco-Products, Kubota will further expand the range of the environment-friendly products and services we offer in response to the shift toward a carbon-free society, such as improving operating fuel efficiency and exploring the use of next-generation energy sources.

By steadily promoting these efforts on a global basis, we are seeking to make our environmental vision a reality.

Koichi Yamamoto
Executive Officer
General Manager of Manufacturing Engineering Headquarters
(Environmental Conservation Control Officer)

Environmental Management Approach

Concepts of Environmental Management

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

The Group has set five basic items for its environmental conservation, namely, "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.

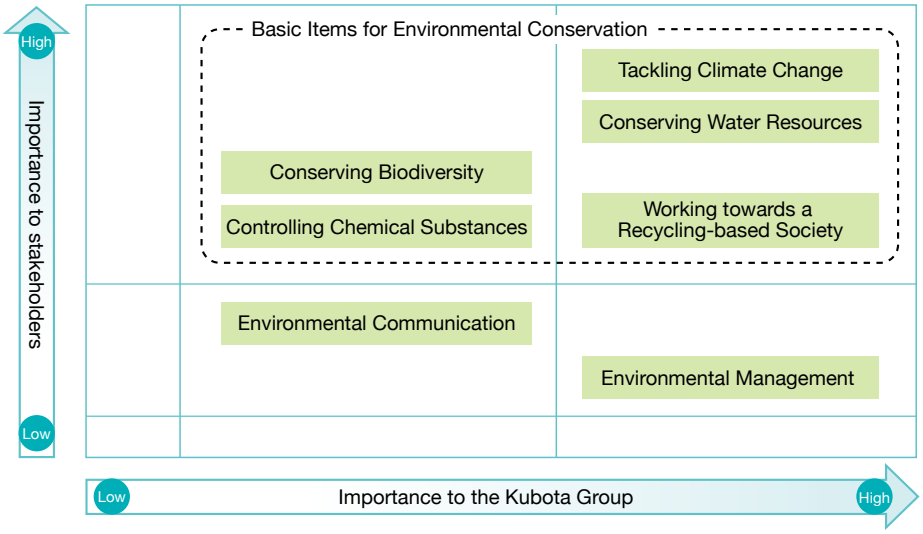
Materiality

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 wasted material from human lifestyles and economic activities, as well as effectively utilizing resources and reducing waste in the business value chain.
Conserving Biodiversity	As part of agriculture, living things are the resource that is subject to harvest, where ecosystems denote the interrelation between the environments that produce living resources and other living things. Meanwhile, biodiversity is an essential factor for abundant, stable food production. The Kubota Group defines "Food" as one of its business areas, and in addition to addressing greater efficiency in agriculture and a diverse range of needs, we believe in the importance of delivering products and services that contribute to the conservation of biodiversity, as well as undertaking business activities that consider biodiversity and protecting the natural environment around its business sites.
Controlling Chemical Substances	Chemical substances have become an essential part of our lifestyles. On the other hand, chemical substances hold the potential to significantly impact humans and ecosystems, a fact that has led to stringent laws and regulations related to their appropriate use and control. The Kubota Group believes in the importance of appropriately controlling the chemical substances contained in its products and handled at its business sites in order to minimize the impact on customers, those who live and work near its business sites, employees, and ecosystems.

Risks and Opportunities

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

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

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

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

Key Measures

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

	Value chain of business (Expanding Environment-friendly Products and Services P74-82)		
	Design and development, procurement	Manufacturing and distribution	Use and disposal
Tackling Climate Change (P52-60)	• 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 (P61-64)	• Use recycled materials • Reduce the number of parts • Reduce packing material	• Conserve resources • Promote the 3Rs for waste and convert waste into functional materials • Reduce plastic • Reduce packing material • Ensure proper waste management • Strengthen waste management using systems	• Extend product life • Improve ease of maintenance • Promote product recycling • Ensure proper disposal
Conserving Water Resources (P65-67)	• 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 (P68-70)	• 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 (P71-73)	• Assess the impact on natural capital	• Promote environmental conservation activities and reduce the environmental impact • Beautification and greening of business sites and neighborhoods	• Conserve soil and water areas • Reduce noise and vibration
Environmental Management (P83-87)	• 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 (P88-92)	• 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/sustainability/environment/sdgs/data/SDGs_target_list.pdf

Environmental Vision

In a situation with an increased uncertainty about the future due to social problems in a global scale, such as food issues and global warming, long-term, world-common goals have been set such as SDGs, the Paris Agreement, and others. For the climate change problem, the shift to a "decarbonized" society has been accelerated, with each country declaring substantially zero emissions of CO_2 and carbon neutrality. Also, the move from the conventional economy that has led to mass production, mass consumption, and mass waste disposal toward a circular economy has progressed, which aims for an economy with minimized waste generation by preserving and maintaining the values of products and resources as long as possible.

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

Environmental Vision
— Target Situation toward 2050 from an Environmental Perspective —

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

Toward the Realization of the Environmental Vision

Challenge to Achieve Zero Environmental Impact

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

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

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

Toward the Realization of a Carbon Neutral and Resilient Society

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

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

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

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

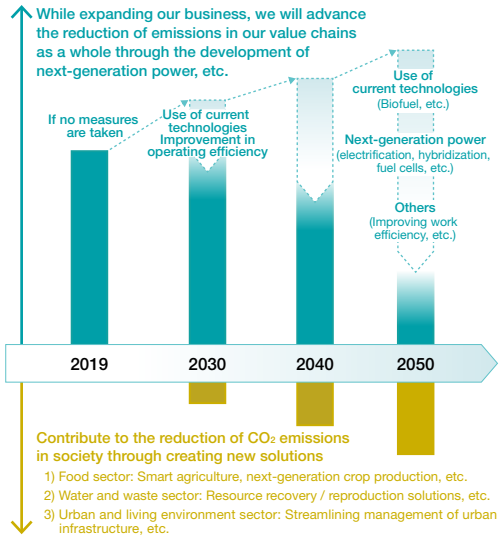
In the "water and the environmental" fields, we will provide products, services, and solutions, such as products to contribute to disaster prevention and disaster recovery, and efficient water monitoring and management systems that utilize AI / IoT, which are designed to avoid and mitigate damage due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

Taking on the Challenge of Carbon Neutrality

Based on the situation of CO_2 emissions in the product life cycle as a whole, we believe that it is important to tackle reducing CO_2 emissions when manufacturing and using products.

Toward the realization of a carbon neutral society, we will promote reduction of greenhouse gas emissions and energy-saving, improvement of fuel consumption of products, motorized products, and reduction of CO_2 emissions in the products' life cycles as a whole. At the same time, through the provision of products and solutions, we will help reduce CO_2 emissions generated from social activities and join forces to take on the challenge of realizing substantially zero CO_2 emissions by the year 2050.

In-house CO_2 emission control



Contribution to reducing CO_2 emissions in society

Kubota's Initiatives

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

In-house CO_2 Emission Control

Reducing Scope 1 and 2*1 Emissions

The Kubota Group is continuing to implement energy-saving countermeasures and productivity improvement activities to reduce CO_2 emissions from its own sites, with a focus on production sites. While we continue to focus on these efforts, going forward we will proceed with changes to fuels that have low CO_2 emissions, such as discontinuing the use of coking coal in the melting process at our casting plants and switching to electric furnaces. In addition, we will expand our use of renewable energy by installing solar power generation systems and purchasing green power and so forth. At the same time, as we reorganize and transfer our production sites, we will adopt production methods that have a low environmental impact and make other efforts to save energy and resources through production innovation. We will also explore ways of reducing logistics-related CO_2 emissions, such as shortening product transportation distances by reorganizing production sites and promoting the shift to new modes of transportation.

Controlling Scope 3*2 Emissions

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

Moreover, through the robotization of agricultural machinery and the use of ICT, we are promoting smart agriculture. This is not only saving labor in agricultural operations; it is also contributing to energy- and resource-saving. Currently, fossil fuels such as diesel and gasoline are the main sources of energy, but we are striving to utilize fuels that have lower CO_2 emissions, such as biofuels (e-fuel) and synthetic fuels. Going forward, we will actively pursue R&D aimed at the decarbonization of motive power, such as electrification, hybrid systems, and fuel cells.

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

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

Full-scale model of the 130th anniversary concept tractor

Electric construction machinery and tractor

Contribution to CO_2 Reduction in Society and the Realization of a Resilient Society

Environmental Contribution in the Field of Food

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

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

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

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

Environmental Contribution in the Field of Water and Waste

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

Environmental Contribution in the Field of Urban and Living Environments

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

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

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

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

Tractors hard at work in global markets

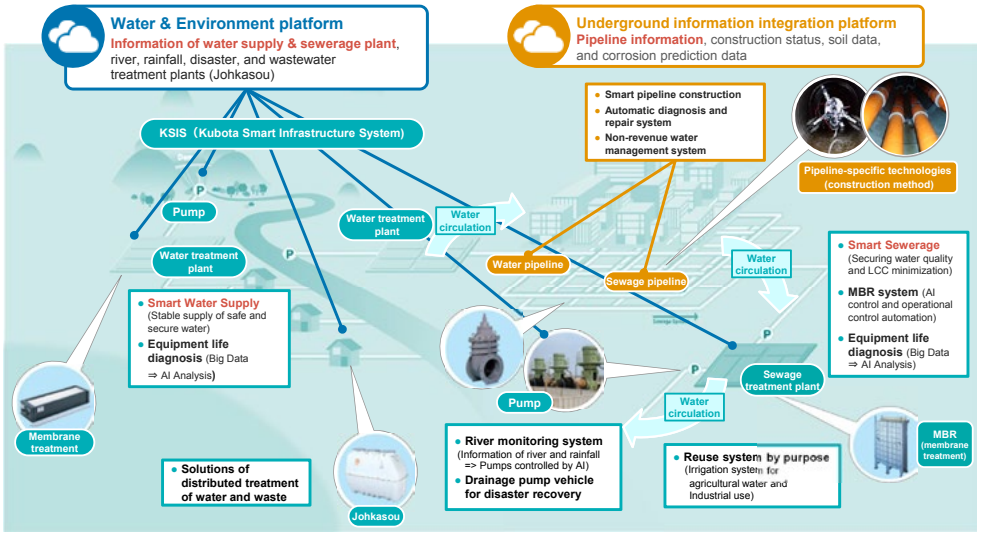
Control screen of Kubota Smart Agri System

Artificial light plant factory

Farm Water Management System WATARAS

Plastic crushing and sorting facility

Construction machinery fault diagnosis app



Background in establishing the Environmental Vision

World Around Kubota's Business in 2050

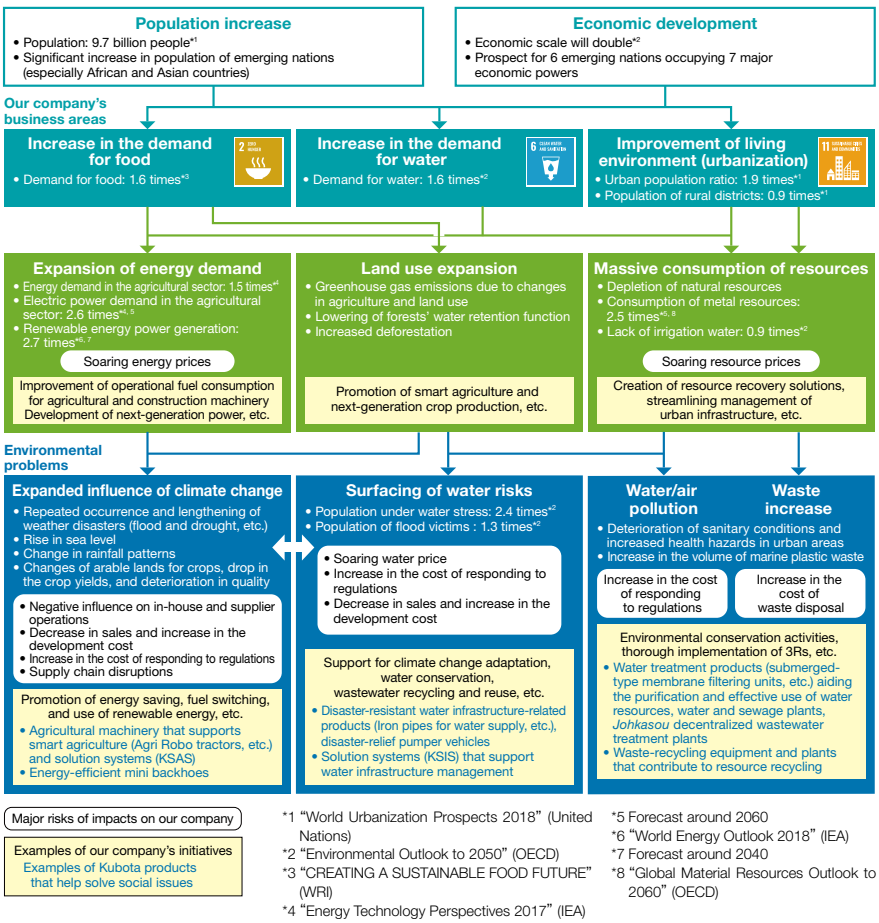
Based on the scenarios of the Intergovernmental Panel on Climate Change (IPCC) and the World Resources Institute (WRI), we analyzed a social image in 2050 when the temperature rises by 2°C and 4°C. Global environmental problems, including climate change and water risks, may not only have negative effects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

▶World in 2050

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

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

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



▶A World Where Temperature Rise Is Less Than 2°C

We believe that to achieve the goals stipulated in the Paris Agreement, each country will accelerate their moves for energy-saving and the reduction of CO_2 emissions, and strengthen related laws and regulations, which should result in a growing concern about climate change among markets and customers. This is why we have assumed that the needs for energy-saving, decarbonization, and electrification will be enhanced.

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

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

▶A World Where the Temperature Has Risen by 4°C

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

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

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

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

Expected Image of Society

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

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

Medium- and Long-Term Environmental Conservation Targets and Results

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

In order to promote environmental management in light of various recent social developments, such as SDGs and the Paris Agreement, as a sustainable company, the Kubota Group has 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. We have also newly formulated the Medium-Term Environmental Conservation Targets 2025. 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.

Formulation of Medium-Term Environmental Conservation Targets 2025

At our global production sites, in addition to the indicators set out in our Medium-Term Environmental Conservation Targets 2020, we have added the target of increasing the renewable energy usage ratio towards realizing a carbon-free society. Furthermore, in view of the growing global issue of ocean pollution by disposable plastics, we have added a qualitative target of improving resource efficiency. We have also set a qualitative target for systematically advancing efforts on wastewater management and conserving biodiversity.

In the product segment, we set a new target relating to displaying the materials of new parts with a view to promoting recycling.

Scope	Issue	Action item	Management indicator	Base FY	Target for FY2025*9
Global Production Sites	Tackling Climate Change	Reduce CO_2*1	CO_2 emissions per unit of production*2	2014	▲25%
			[New] Ratio of renewable energy usage	—	1% or more
		Save energy	Energy consumption per unit of production*2	2014	▲18%
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production*2	2014	▲33%
			[New] Hazardous waste discharge per unit of production*2,3	2019	▲3%
			Recycling ratio (Japan)	—	Maintain 99.5% or more
			Recycling ratio (Overseas)	—	Maintain 90.0% or more
		Improve resource efficiency	[New] Work on the following three points to promote the effective use of resources (1) Reduce disposable plastics at business sites (2) Work with suppliers to conserve resources and make packaging materials returnable (3) Implement paperless operation		
	Conserving Water Resources	Conserve water resources	Water consumption per unit of production*2	2014	▲23%
		Control wastewater	[New] Manage wastewater appropriately in accordance with the standards of the water discharge by operating wastewater treatment facilities and water recycling facilities, etc.		
	Controlling Chemical Substances	Reduce VOCs	VOC emissions per unit of production*2,4	2014	▲42%
	Conserving Biodiversity (Including non-production sites)	Conserve biodiversity at business sites	[New] Promote the protection of the natural environment by greening our establishments and creating biotopes		
		Promote social contribution activities	[New] Promote conservation of the local natural environment and biodiversity as social contribution activities		
Products	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products	—	70% or more
		Promote recycling	Usage ratio of recycled materials*5	—	Maintain 70% or more
			[New] Display the material of new parts and provide material information*6		
		Develop vehicles compliant with exhaust gas regulations	Development of industrial diesel engines that comply with the latest emissions regulations (Stage V), and launch onto the market of products with such engines*7		
			[New] Launch the vehicles that comply with the latest emissions regulations onto the market*8		

*1 CO_2 emissions are for Scopes 1 and 2.
*2 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.
*3 Industrial waste defined as hazardous by legislation in each country.
*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 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.))
*6 Targeted parts are defined by the in-house display standards.
*7 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage V) level, shipped to Europe, North America, Japan, and Korea
*8 Targeting utility vehicles equipped with engines compliant with the EPA Exhaust Emission regulation and the EPA Permeation Emission regulation level.
*9 ▲ indicates a negative figure.

Long-Term Environmental Conservation Targets 2030 and Performance Record

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.

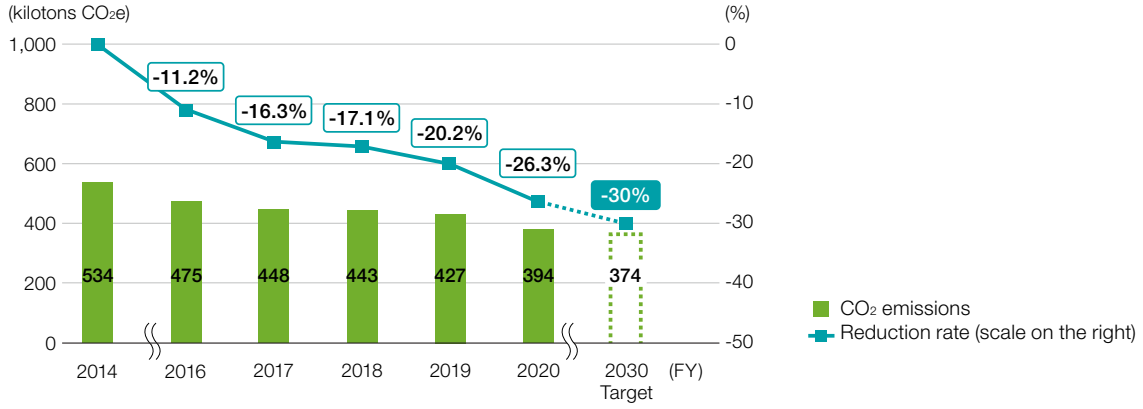
Promoting activities for achieving the medium- to long-term targets → Medium-Term Environmental Conservation Targets 2020 (Formulated in 2016) → Medium-Term Environmental Conservation Targets 2025 (Formulated in 2021) → Long-Term Environmental Conservation Targets 2030

Tackling Climate Change

Goal	**Reduce** CO_2 emissions from the Kubota Group in Japan* by **30%** compared to the base year FY2014.
Result	In FY2020, CO_2 emissions of the Kubota Group in Japan* were **reduced** by **26.3%** compared to the base year FY2014.

* CO_2 emissions indicate Scope 1 and 2 emissions and include greenhouse gases from non-energy sources

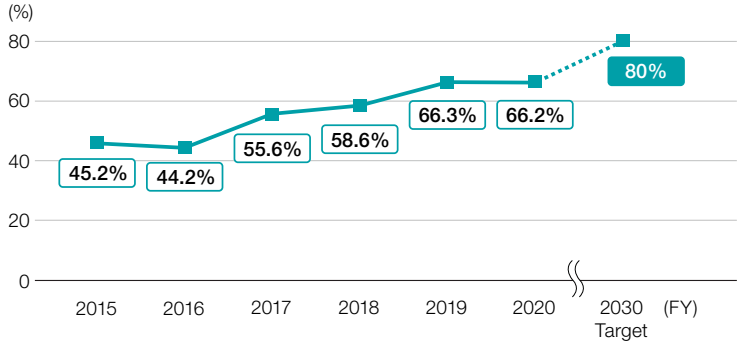
Trends in CO_2 Emissions of the Kubota Group in Japan



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 **66.2%** in FY2020.

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.98).

The environmental information provided in the KUBOTA REPORT 2021 Full Version has received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indicators subject to assurance are marked with the "🔍" symbols.

Medium-Term Environmental Conservation Targets 2020

Starting in 2016, the Kubota Group advanced 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 implemented the plan. 2020 was the final year for these medium-term targets. At our global production sites, production decreased due to the COVID-19 pandemic, but our reduction measures also had an effect, and our 2020 results achieved the targets across all indicators. In the product segment, we also achieved all of the targets. 40 products were newly certified as Eco-Products, including 2 Super Eco-Products, bringing their sales ratio to 66.2%.

Targets for Global Production Sites

SDGs	Issue	Action item	Management indicator*3	Base FY	Target for FY2020*5	Result of FY2020*5	Achievement Status
13, 7	Tackling Climate Change	Reduce CO_2*1	CO_2 emissions per unit of production	2014	▲14%	▲18.6%	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%	▲15.7%	
12	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲10%	▲28.7%	We are promoting thorough sorting of wastes and converting waste into valuable materials.
			Recycling ratio*4 (Japan)	—	Maintain 99.5% or more	99.5%	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	Conserving Water Resources	Conserve water resources	Water consumption per unit of production	2014	▲10%	▲20.8%	We are promoting recycling of wastewater and saving of water use.
12	Controlling Chemical Substances	Reduce VOCs*2	VOC emissions per unit of production	2014	▲10%	▲37.7%	We are promoting the elimination or reduction of VOC-contained paint and thinner.

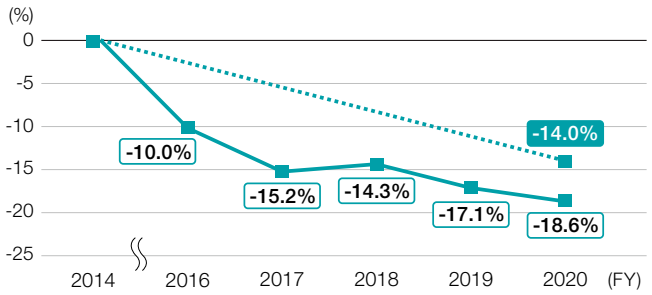
Targets for Products

SDGs	Issue	Action item	Management indicator	Target for FY2020	Result of FY2020	Achievement Status
12	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products*6	60% or more	66.2%	In FY2020, 40 items were newly certified as Eco-Products.
		Promote recycling	Usage ratio of recycled materials*7	Maintain 70% or more	72.5%	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		Kubota launched the following products*9 equipped with the engines that comply with the emissions regulations. Tractor M7003 Series M7153 Conforming to European Union Regulations (56 kW and above, lower than 130 kW, Stage V) Agri Robo Tractor MR1000A Conforming to Japan Regulations on Emissions from Non-Road Special Motor Vehicles (75 kW and above, lower than 130 kW, Regulation 2014)	

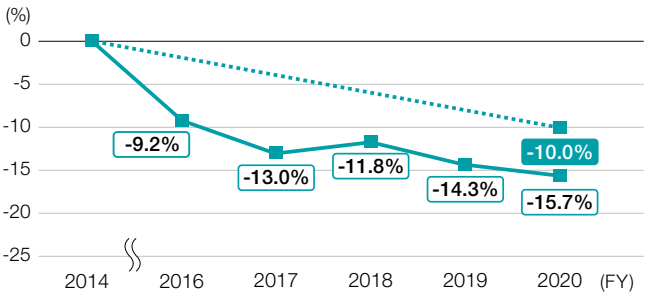
*1 CO_2 emissions indicate Scope 1 and 2 emissions and include greenhouse gases from energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO_2 emissions from energy sources.
*2 VOCs (volatile organic compounds) comprise the six substances that are 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 Some of the products launched in 2020 are listed.

The results for Medium-Term Environmental Conservation Targets 2020

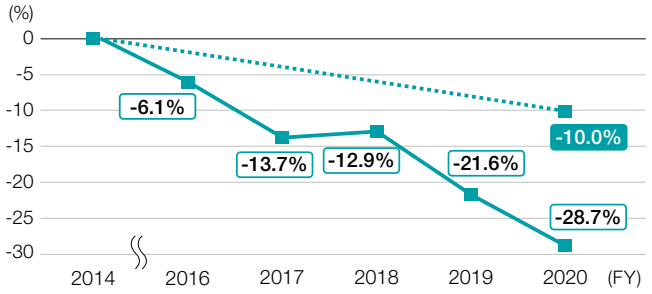
Trends in Reduction Ratio of CO_2 Emissions per Unit of Production



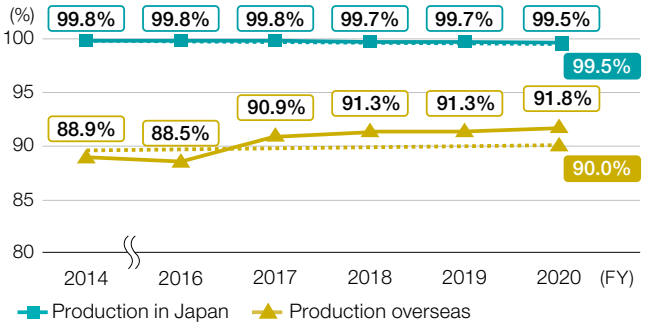
Trends in Reduction Ratio of Energy Use per Unit of Production



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

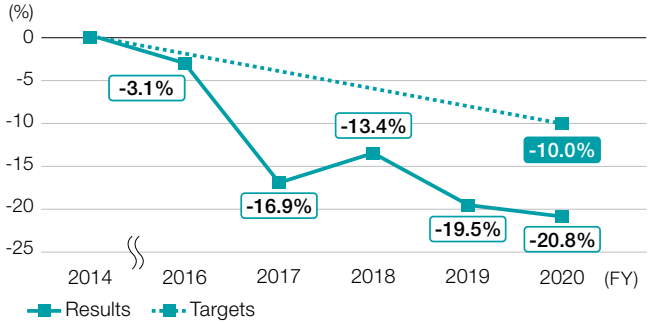


Trends in Recycling Ratio*1

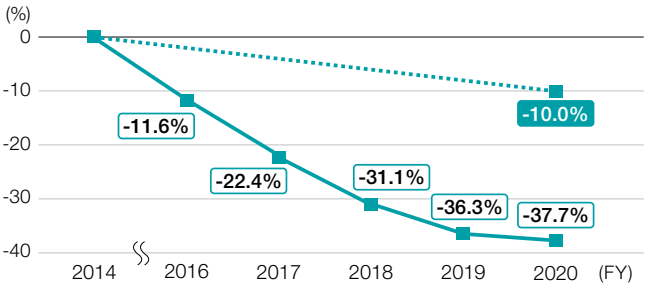


* 1 In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste rather than wastewater. This change has been reflected retrospectively for previous reporting years in the reduction ratio of waste discharge per unit of production and the overseas recycling ratio.

Trends in Reduction Ratio of Water Consumption per Unit of Production



Trends in Reduction Ratio of VOC Emissions per Unit of Production*2



* 2 Calculation of the volume of VOC emissions was adjusted starting in FY2014 to improve accuracy. This change has been reflected retrospectively for previous reporting years in the reduction ratio of VOC emissions per unit of production.

Products with Engines Compliant with the Latest Exhaust Gas Regulations (Examples of Products Launched onto Markets in 2020)

Agri Robo tractor MR1000A (Driverless specification)

Tractor M7003 Series M7153 (Europe)

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/sustainability/environment/ecofirst/

Eco-First Mark

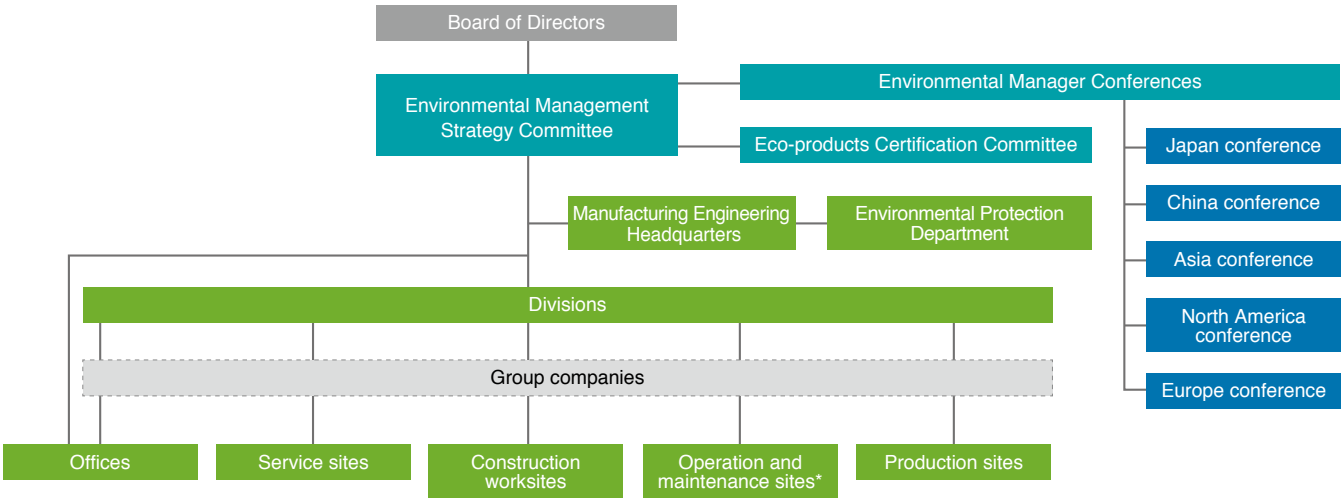
Environmental Management Promotion System

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

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

Organization Structure

In 2014, the Environmental Management Strategy Committee was 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 Engineering Headquarters, the General Manager of Research and Development Headquarters, the General Manager of Procurement Headquarters, and the General Manager of Corporate Compliance and Risk Management 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 2020, the Environmental Management Strategy Committee was held three times in July, September 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 2020, due to the COVID-19 pandemic, local study sessions (for identifying issues and considering countermeasures) and problem-solving discussions were unable to be held as usual, so online meetings were organized instead. One session was held for China, and two each for North America and Japan. Local company presidents, environmental managers, and staff members participated in the overseas conferences, while the Japan conference brought together environmental managers and staff members from 24 sites across Japan, including Group companies. The focus of the conferences was on communicating the Kubota Group's policies and initiatives, as well as sharing progress on the Medium-Term Environmental Conservation Targets. Participants also presented case studies on mainly energy-saving measures and environment risk countermeasures.

As for conferences held 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.

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

North America Conference
Kubota Manufacturing of America Corporation (US)
Held online in 2020

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

Please refer to page 83 (Environmental Management) for information about business operations based on our environmental management system.

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—kicked off in 2020. With countries declaring their intentions to achieve net-zero CO_2 emissions and carbon neutrality, the movement driving society's transition to a carbon-free society is gaining momentum, which certainly indicates that the initiatives of individual companies to reduce greenhouse gases are growing increasingly important.

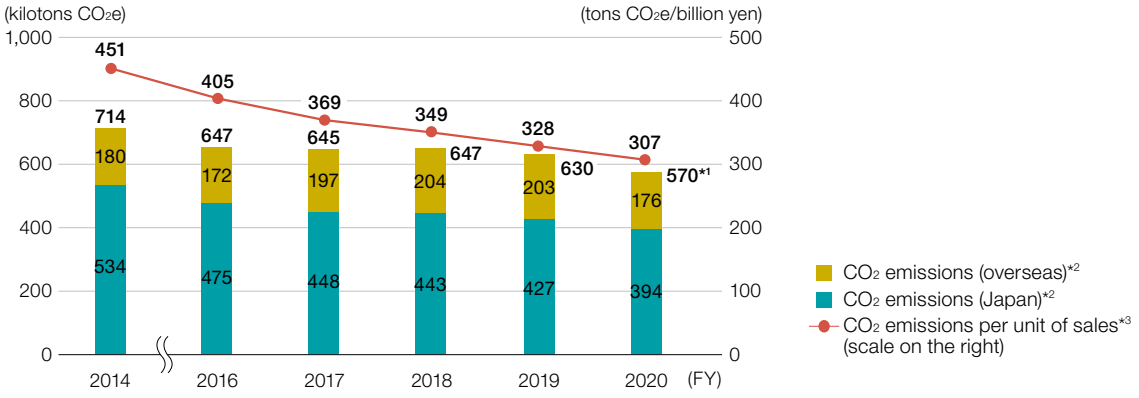
The Kubota Group sees tackling climate change as one item of materiality and has been advancing initiatives toward the "mitigation" of climate change by reducing greenhouse gas emissions mainly through energy-saving activities and the introduction of renewable energy sources and "adaptation" to be prepared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

Mitigation of Climate Change

CO_2 Emissions (Scope 1 and Scope 2)

In FY2020, CO_2 emissions were 570 kilotons CO_2e, a decrease of 9.5% compared to the previous year. Additionally, CO_2 emissions per unit of sales improved by 6.3% compared to the previous year. These results mainly reflect suspended production due to the COVID-19 pandemic, lower production volume at cast iron production sites, the implementation of emission reduction measures such as switching to LED lighting and fuel conversion, and improvements in emission coefficients for each electricity utility.

Trends in CO_2 Emissions and Emissions per Unit of Sales



*1 CO_2 emissions (570 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 (18 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 FY2018.

Measures to Reduce CO_2 Emissions

The Kubota Group has established its Medium- and Long-Term Environmental Conservation Targets (p.46-49) 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, we have expanded the use of LED lighting at all our global sites—as of end-FY2020 the ratio of LEDs as a percentage of all lights at production sites had increased to 85%. In FY2020, initiatives included a change in fuel for production equipment and compressed air energy-saving measures.

We are also accelerating the introduction of renewable energy. In FY2020, a new large-scale solar power generation system came online at Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China). This brought the renewable energy consumption of the entire Group to 5,683 MWh (roughly equivalent to a 3,280-ton reduction in CO_2 emissions), a more than two-fold increase compared to FY2019.

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 42.2 kilotons CO_2e in FY2020 compared with the case where countermeasures were not implemented from the base year (FY2014). The economic effects of these measures reached 0.91 billion yen compared to FY2014. CO_2 emissions per unit of production in FY2020 improved by 18.6% compared to FY2014.

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

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

At the Kubota Sakai Plant, a gas cogeneration system has been installed to effectively utilize the waste heat generated during in-house power generation and to reduce the consumption of steam boiler fuel on production lines. This initiative reduced CO_2 emissions by some 370 t-CO_2 in FY2020.

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) has installed solar panels with an output of 3.59 MW on the roof of its plant. In FY2020 they generated an amount of electricity equivalent to approximately 2,400 t-CO_2.

VOICE

Making Energy Efficiency Part of Tractor Casing Processing Line Upgrade

Kubota Tsukuba Plant made the reduction of energy consumption part of the upgrade of its tractor casing processing line, undertaken to maintain and enhance production capacity.

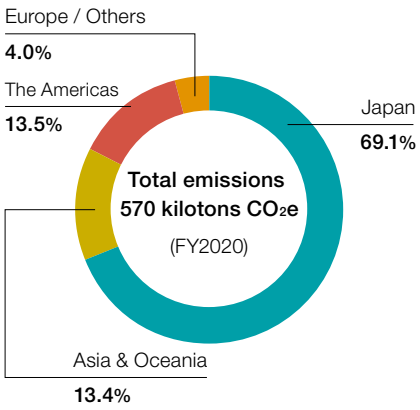
Our plant makes tractors and industrial engines. We manufactured roughly 68,000 tractors in 2020, and anticipate a similar manufacturing and shipping volume going forward. After several years of operation, the plant was facing issues such as dwindling production capacity due to aging facilities. To address this, we upgraded the processing line for casing components, which is part of the tractor manufacturing process.

Kubota Tsukuba Plant
From the left: Daisuke Kaneko
Yuji Ueno
Keita Fukasawa
Hiroshi Ichikawa (foreman)
Tomoya Okada (foreman)

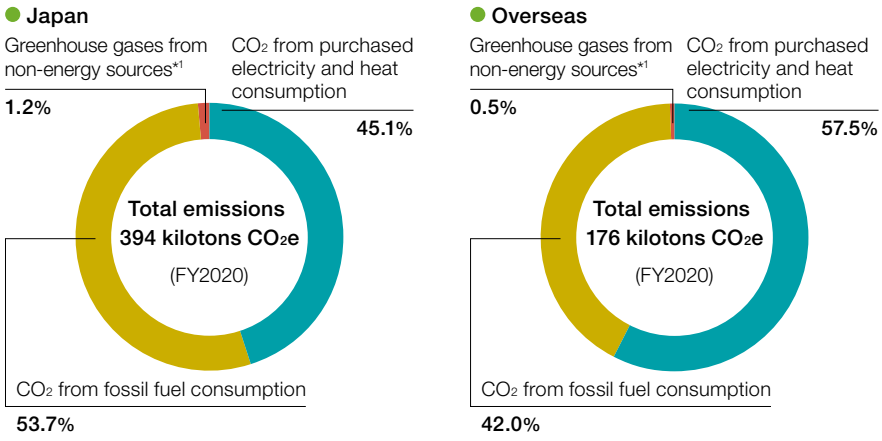
In the upgrade, we deployed sensing technology and other new technology and equipment to boost equipment utilization rates, and reorganized the plant layout to enable more efficient production. The upgrade also cut energy consumption by installing the latest energy-saving equipment, such as inverter-type processing machines and energy-efficient mist collectors, in addition to adding the capacity to reduce air supply volume. The revamped processing line started up full-scale production in August 2020, achieving a roughly 9% decrease in energy costs.

We will continue efforts to reduce energy use and costs.

CO_2 Emissions by Region

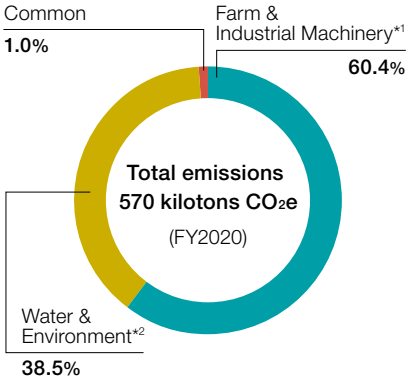


CO_2 Emissions by Emission Source



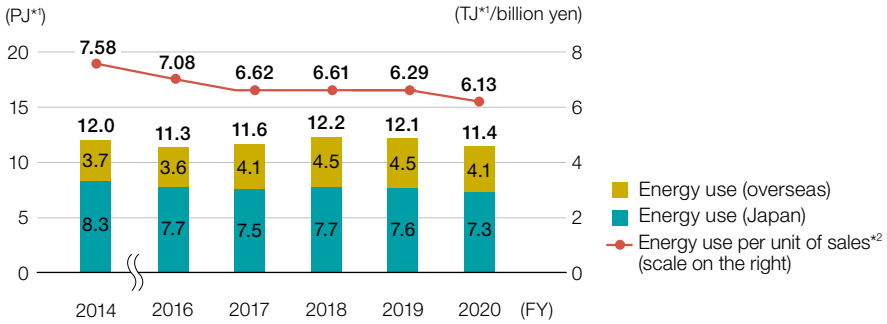
*1 Greenhouse gases from non-energy sources include the following: CO_2 4.1 kilotons CO_2e, CH_4 0.8 kilotons CO_2e, N_2O 0.4 kilotons CO_2e, HFC 0.4 kilotons CO_2e, PFC 0 kilotons CO_2e, SF_6 0.03 kilotons CO_2e, and NF_3 0 kilotons CO_2e

CO_2 Emissions by Business



*1 CO_2 emissions generated from the production of products such as agricultural machinery, construction machinery, and engines.
*2 CO_2 emissions generated from the production of products such as ductile iron pipes and cast steel.

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

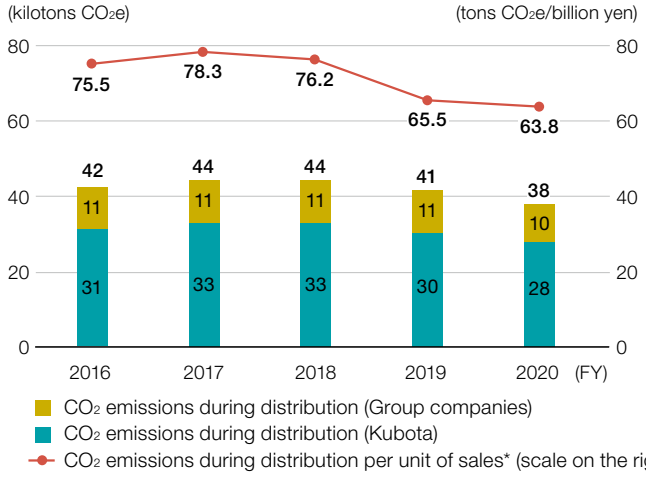


*1 PJ = 10^{15}J, TJ = 10^{12}J
*2 Energy use per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.

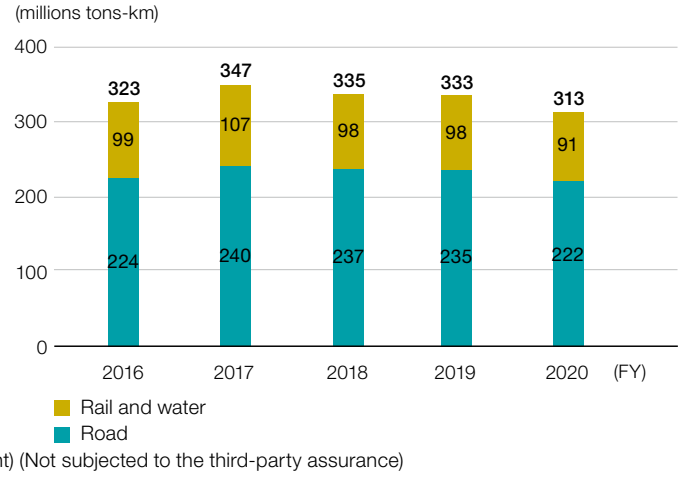
CO_2 Emissions during Distribution

In FY2020, CO_2 emissions during distribution were 38 kilotons CO_2e, a decrease of 7.3% compared to the previous year. Additionally, CO_2 emissions during distribution per unit of sales improved by 2.6% compared to the previous 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)



Trends in Freight Traffic (Japan)



CO_2 emissions during distribution (Group companies)
CO_2 emissions during distribution (Kubota)
CO_2 emissions during distribution per unit of sales* (scale on the right) (Not subjected to the third-party assurance)
Rail and water
Road

* 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 FY2018.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

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.

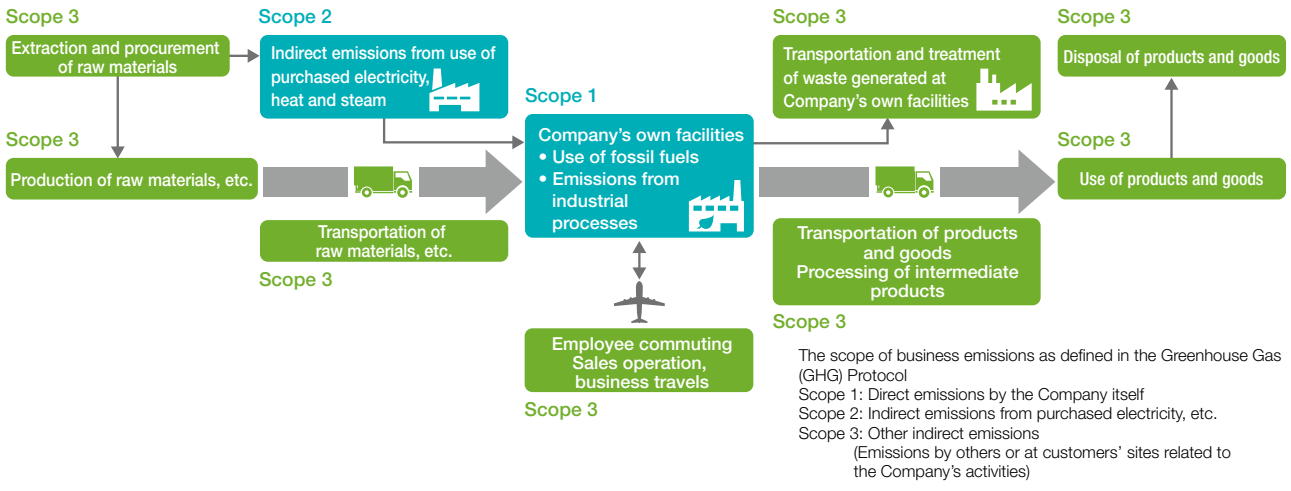
* Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry

CO_2 Emissions in Each Stage of Value Chain

Classification				Scope of calculation	CO_2 emissions (kilotons CO_2e)*4		
					2018	2019	2020
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1)			Use of fossil fuels	309	303	285
				Non-energy-derived greenhouse gas emissions	7	7	6
	Indirect emissions (Scope 2)			Purchased electricity and heat use	331	320	279
Upstream and Downstream emissions	Other indirect emissions (Scope 3)	Category	1	Resource extraction, manufacturing and transportation related to purchased goods/services	2,391	2,446	2,322
			2	Manufacturing and transportation of capital goods such as purchased equipment	215	290	292
			3	Resource extraction, manufacturing and transportation related to purchased fuels/energy*1	27	27	105
			4	Transportation of purchased products, etc.	Not calculated	Not calculated	Not calculated
			5	Disposal of wastes discharged from business sites	20	26	28
			6	Employee business travels	10	10	11*7
			7	Employee commuting*2	3	6	10*7
			8	Operation of assets leased to the Kubota Group	Not applicable*5	Not applicable*5	Not applicable*5
			9	Transportation of sold products*3	192*6	184	199
			10	Processing of intermediate products	173	320	148
			11	Use of sold products	21,060	21,176	20,590
			12	End-of-life treatment of sold products	42	42	41
			13	Operation of assets leased to other entities	Not applicable*5	Not applicable*5	Not applicable*5
			14	Operation of franchises	Not applicable*5	Not applicable*5	Not applicable*5
			15	Investments	Not applicable*5	Not applicable*5	Not applicable*5
		Total of Scope 3			24,133	24,526	23,745
Total of Scopes 1, 2, and 3					24,780	25,156	24,315

*1 From FY2020, fuel is included along with purchased electricity in the scope of calculation.
*2 In addition to the data for Japan, CO_2 emissions from overseas subsidiaries have been included from FY2019.
*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 FY2018.
*4 Totals shown may differ from the simple sum of values shown due to rounding.
*5 CO_2 emissions shown as "not applicable" correspond to zero.
*6 Calculation of CO_2 emissions associated with the transportation of sold products in FY2018 was revised to improve accuracy.
*7 The increase in CO_2 emissions is due to an increase from the previous year in the CO_2 emission unit per monetary value used in the calculation.

Example Activities of Each Scope



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Adaptation to Climate Change

Measures to Adapt to Climate Change

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

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

▶Initiatives on Products and Services

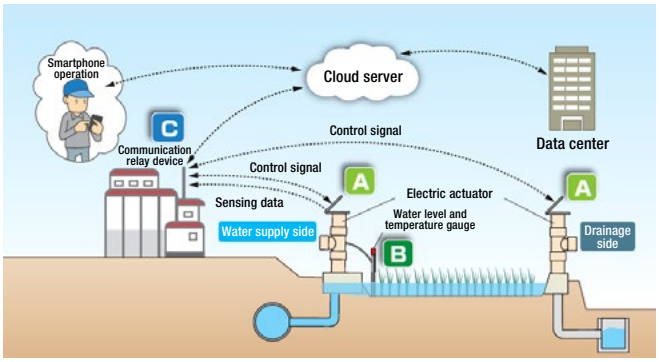
Category		Major initiatives
Food		• Provision of tractors that are capable of deep plowing necessary for growing rice in abnormally high temperatures without lowering the quality/yield, and the provision of information useful for soil cultivation, such as the proper distribution of fertilizers appropriate 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 are 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 Farm Water Management System WATARAS

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

So-called “smart rice paddy dam” demonstrations are underway in which rice paddies are temporarily made to fill up with rainwater by remotely raising the drainage level setting when rivers are at risk of flooding during heavy rainfall. These “rice paddy dams” have the potential to help prevent flooding.

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



WATARAS system overview

▶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

As a measure against from heavy rainfall and rising daytime temperatures on rooftops, Kubota Manufacturing of America Corporation (US) installed roofing materials (polyisocyanurate insulation material and thermoplastic olefin sheets) on its Building No.2 (following installation on Building No.1) to bolster long-term weather resistance and conserve air-conditioning energy use.


Installation on Building No.1 (2019)


Installation on Building No.2 (2020)

Disclosure in Accordance with the TCFD Recommendations

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

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

TCFD Recommendations

The various risks and opportunities arising from climate change could have a significant impact on companies' financial statuses. The TCFD recommendations released in 2017 present a framework for corporations to disclose climate-related information to the financial markets. They recommend disclosure of information about the status of the company's response to climate change, which could have a damaging effect on stabilization of financial systems, and about the impact on business and so forth. The recommendations call for companies to autonomously ascertain and disclose information related to Governance, Strategy, Risk Management, and Metrics and Targets, such as the financial impact of risks and opportunities engendered by climate change and the status of the company's response.

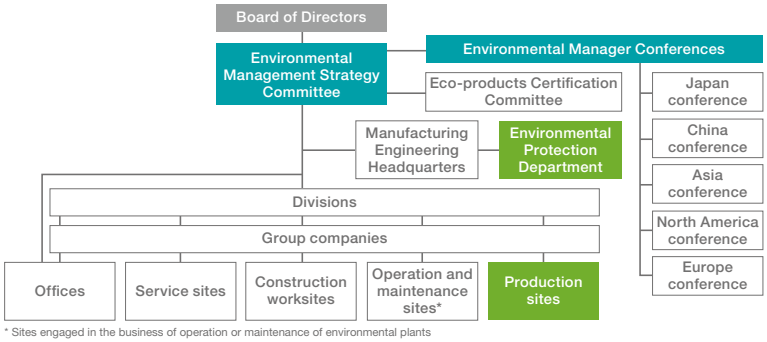
The status of the Company's disclosures related to the TCFD recommendations is as follows.

Disclosure Items in the TCFD Recommendations	Relevant Section	Page
Governance		
a. Describe the board's oversight of climate-related risks and opportunities.	Environmental Management Promotion System, Corporate Governance Structure	P50 P156
b. Describe management's role in assessing and managing risks and opportunities.	Environmental Management Promotion System	P50
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	P38 P39
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	P39 P40
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental Vision, Tackling Climate Change, Expanding Environment-friendly Products and Services	P41 P52 P74
Risk Management		
a. Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Management Approach—Materiality	P38
b. Describe the organization's processes for managing climate-related risks.	Environmental Management Approach—Materiality, Environmental Management Promotion System, Expanding Environment-friendly Products and Services, Internal Control—Internal Control System, Internal Control—Internal Control System Operation Activities (Risk Management Activities)	P38 P50 P74 P162 P162
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	P50 P156 P162
Metrics and Targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Medium- and Long-Term Environmental Conservation Targets and Results, Tackling Climate Change —Measures to Reduce CO_2 Emissions	P46 P52
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Tackling Climate Change —CO_2 Emissions throughout the Value Chain, Environmental Data	P55 P93
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Medium- and Long-Term Environmental Conservation Targets and Results	P46

Governance

The Kubota Group considers conservation of the earth's environment to be a material issue. The Company has established the Environmental Management Strategy Committee to realize strategic, speedy environmental management under a promotion framework led by management. In addition, Environmental Manager Conferences are held in each of five regions—Japan, China, Asia, North America, and Europe—to promote environmental management of the entire Group globally.

Environmental Management Promotion System



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

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 Engineering Headquarters, the General Manager of Research and Development Headquarters, the General Manager of Procurement Headquarters, and the General Manager of Corporate Compliance and Risk Management Headquarters. The Committee discusses the medium- and long-term direction of the Company'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. 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.

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

Moreover, the Company has set out environmental conservation targets taking medium-term (five-year activity period) and long-term (15-year activity period) perspectives, based on social trends and regulations in each country related to the environmental issues. Medium-term environmental conservation targets are revised every five years. Medium-term plans are made individually by each site among all of the production sites globally. The Environmental Protection Department checks the status of progress on targets twice a year. In the same way, medium- to long-term targets for Eco products are set in proportion with net sales, and the department checks the status of progress once a year. The details of the plan and the status of progress are reported at the Environmental Management Strategy Committee, which discusses issues and measures for achieving the targets.

Related pages "Environmental Management Promotion System" (p.50), "Corporate Governance Structure" (p.156)

Strategy

The Group has formulated its "Environmental Vision," which presents the direction for its business activities from an environmental perspective towards 2050, having made an analysis of future society based on the scenarios for 2°C and 4°C temperature rises by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and others. The Environmental Vision calls on us to challenge to achieve zero environmental impact through efforts to reduce CO_2 emissions in production activities. It also aims to contribute to solving various social problems such as controlling greenhouse gas emissions in the fields of food, water, and living environments through the provision of environment-friendly products and solutions. In doing so, we will help to realize a carbon-neutral and resilient society. In 2021, the Company established the Carbon Neutral Promotion Department, which will propose and implement strategies for realizing carbon neutrality from a long-term perspective.

▶Scenario Analysis

The scenario analysis in the TCFD recommendations will be used to examine the financial impact on business due to long-term, highly uncertain climate change problems and the impact on future business strategy. The Company's businesses may be heavily impacted by climate change. We have conducted analysis using scenarios published by the IPCC and the IEA, based on forecasts for population growth and economic development.

Looking ahead, we will proceed to discuss analysis of risks and opportunities due to climate change using each scenario, along with the expected impacts on business activities and the methods of evaluating financial evaluations. We will work to further enhance our disclosure.

Setting scenario		Reference scenario
Transition aspect	2°C scenario	The IEA's 2°C scenario (2DS)*1 and the Sustainable Development Scenario (SDS)*2
	4°C scenario	The IEA's Reference Technology Scenario (RTS)*1 and New Policy Scenario (NPS)*2
Physical aspect	2°C/4°C scenario	IPCC's Representative Concentration Pathways scenario*3 RCP2.6, RCP8.5

*1 Source: IEA "Energy Technology Perspective 2017" *2 Source: IEA "World Energy Outlook 2018" *3 Source: IPCC "Fifth Evaluation Report"

Related page "Environmental Vision" (p.41)

▶Risks and Opportunities from Climate Change

		Envisaged scenario	Impact on the Company	Time horizon*		
				Short term	Medium term	Long term
Risks	Policy and regulation risk	Stricter regulations for companies related to energy saving and controls on the emissions of greenhouse gases, etc.	Increase in regulatory compliance cost			→
	Market and technology change risk	High energy prices due to structural changes in energy driven by accelerating moves towards decarbonization and expanded use of renewable energy, etc.	Increase in product development and manufacturing costs			→
		Adoption of electrification along with removal of low energy-saving products as a result of greater interest in climate change among the market and customers	Increase in product development cost Loss of selling opportunities			→
		Changes in agricultural style due to more pests, lower crop yields, and relocation of suitable farming land, etc.	Loss of selling opportunities			→
	Physical risk	Increasing frequency and severity of weather disasters such as typhoons and torrential rains driven by climate change	Negative impact on the Company and its suppliers			→
Opportunities	Sales opportunity increase, competition increase	Launch of products and services, etc., that enable energy savings and energy creation	Expansion of selling opportunities			→
		Expansion in needs for agricultural solutions that correspond to changes in agricultural styles	Expansion in business related to adapting to climate change		→	→
	Efficiency gains and cost reductions	Acceleration of resource conservation measures at business sites	Increase in productivity			→

* The time horizon is as follows.
Short term: Within three years.
Medium term: Between three and five years. The activity period for medium-term environmental conservation targets.
Long term: Over five years. The activity period for long-term environmental conservation targets and the future beyond that.

Related page “Environmental Management Approach” (p.37)

▶Response to Climate-related Issues

The Company’s Environmental Vision is stated as “While challenging to achieve zero environmental impact, we will contribute to realizing a carbon neutral and resilient society in the fields of ‘food, water, and the environment.’” This shows our intention to contribute to realizing a sustainable society by controlling society’s CO_2 emissions through the reduction of greenhouse gas emissions in our business activities and the provision of environment-friendly products and solutions. Looking ahead, we will continue to promote the following activities, while proposing strategies to counter climate change based on the impacts on individual businesses.

Action item	Summary of initiative
Promoting the reduction of CO_2 emissions at business sites (p.52)	The strengthening of energy saving-related regulations and the increase in energy procurement costs due to the expansion of renewable energy may have an impact on our business activities. In its medium- and long-term environmental conservation targets, the Kubota Group has set improvement targets for reduction of Scope 1 and 2 CO_2 emissions, CO_2 emissions per unit of production, and energy use per unit of production. At our production sites, we are promoting strategies to mitigate climate change, such as reducing waste or loss of energy based on the Kubota Production System (KPS), expanding the use of renewable energy, and introducing LED lighting.
Adaptation to climate change (p.56)	There are concerns of an increase in damage caused by weather disasters as climate change progresses. At the Kubota Group’s business sites, we have established business continuity plans (BCPs) and disaster response manuals. We conduct disaster response drills, and we have established wastewater pumps and so forth in an effort to mitigate the damage due to natural disasters. Furthermore, Kubota supplies products and services including ductile iron pipe that is resilient to typhoons and torrential rains and water pump vehicles that can be rapidly deployed for disaster recovery to remove water in the event of a flood. We will also focus on strategies for adapting to climate change so that we can support people’s lives and contribute to the creation of disaster-resilient towns.
Environment-friendly products and services (p.74)	Following the launch of the Paris Agreement in 2020, we expect to see an acceleration in efforts to save energy and reduce CO_2 emissions, along with increasing interest in climate change among markets and customers. As a result, needs related to energy saving, decarbonization, and electrification are expected to expand. In the market, products that do not respond to society’s needs are weeded out, and this could lead to the loss of selling opportunities. The Kubota Group is expanding its products that offer a high level of environmental performance, such as climate change response. Looking ahead, we will continue to work to control Scope 3 CO_2 emissions by advancing the development of products and services that have strong environmental performance.

Risk Management

The Kubota Group conducts periodic revision of climate change risks and opportunities. We constantly evaluate the status of our response to risks and opportunities, primarily based on our progress on medium- and long-term environmental conservation targets. We formulated our Long-Term Environmental Conservation Targets 2030 in 2016. We formulate medium-term environmental conservation targets every five years, and in 2021 we formulated the Medium-Term Environmental Conservation Targets 2025. We have formulated plans for reduction targets at all global production sites based on the medium-term environmental conservation targets, and these are revised each year. The performance of our initiatives is evaluated and managed for each site. For environment-friendly products and services, we also conduct product assessments at the design and development stage, during which time we evaluate their environmental performance. Products whose environmental performance is recognized in terms of saving energy and so forth are recognized as "Eco products," under the Company's proprietary standard and the sales ratio of these products is evaluated and managed.

Evaluation results are collected by the Environmental Protection Department, and where particularly important risks and opportunities are recognized, these are discussed by the Environmental Management Strategy Committee, and reported to the Board of Directors and the Executive Officers' Meeting. Proper countermeasures are taken afterwards.

Related pages "Environmental Management Approach" (p.37), Environmental Management Promotion System" (p.50),
"Expanding Environment-friendly Products and Services" (p.74), "Corporate Governance Structure" (p.156), "Internal Control" (p.162)

Metrics and Targets

The Kubota Group has set medium and long-term environmental conservation targets aiming to reduce the risks and expand the opportunities due to climate change and is working to achieve these targets. Furthermore, we collected performance data on CO_2 emissions (Scopes 1 and 2) at the Group's global sites (production and non-production sites) and upstream and downstream CO_2 emissions (Scope 3) and disclose our results for the past years. We have obtained third-party verification for our main disclosure items and we are working to improve our accuracy.

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

▶Climate Change-related Metrics and Targets

	Action item	Metric	Base FY	Target
Long-Term Environmental Conservation Targets 2030	Reduce CO_2 emissions	CO_2 emissions for the Kubota Group in Japan	2014	30% reduction
	Expand Eco-Products	Sales ratio of Eco-Products	—	More than 80%
Medium-Term Environmental Conservation Targets 2025	Reduce CO_2 emissions	CO_2 emissions per unit of production*	2014	25% improvement
		[New] Ratio of renewable energy usage*	—	More than 1%
	Save energy	Energy consumption per unit of production*	2014	18% improvement
	Expand Eco-Products	Sales ratio of Eco-Products	—	More than 70%

* For global production sites

Related pages "Medium- and Long-Term Environmental Conservation Targets and Results" (p.46), "Tackling Climate Change" (p.52), "Environmental Data" (p.93)

Working towards a Recycling-based Society

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

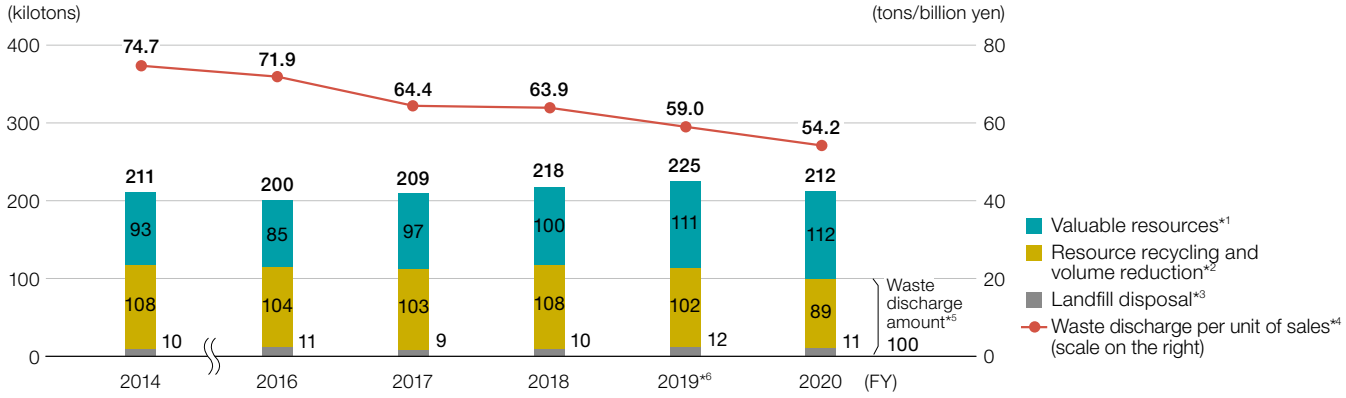
The Kubota Group sees working towards a recycling-based society as one item of its materiality, and has been advancing initiatives to promote "reduce" (reducing the amount generated), "reuse" (internal recycling and reuse), and "recycle" (improving the recycling ratio) of waste, in addition to initiatives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

Waste, etc. from Business Sites

In FY2020, the waste discharge amount was 100 kilotons, a decrease of 11.4% compared to the previous reporting year. Additionally, waste discharge per unit of sales improved by 8.2%. These results mainly reflect suspended production due to the COVID-19 pandemic and lower production volume at cast iron production sites, as well as the conversion of waste casting sand into valuable materials and the overall reduction of such waste.

Of the waste discharge amount in FY2020, the amount of hazardous waste discharge was 2.9 kilotons in Japan and 3.2 kilotons overseas.

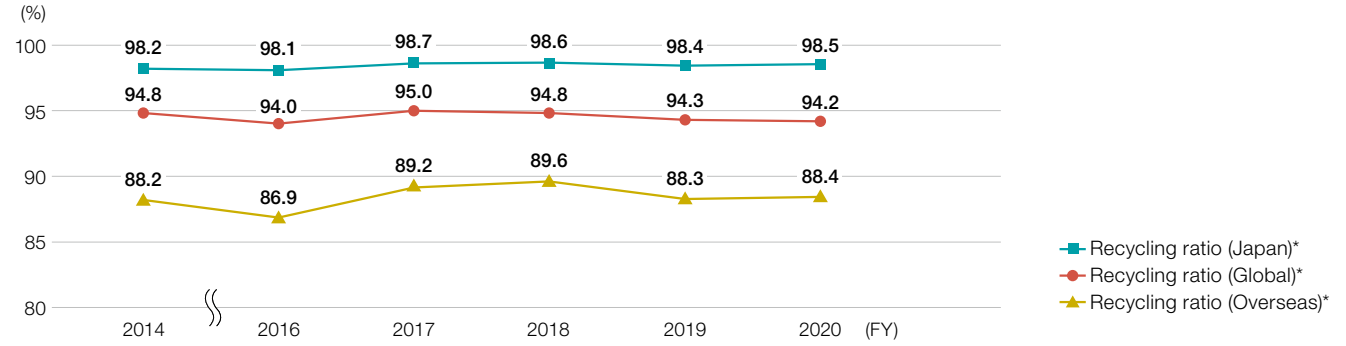
Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



*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 FY2019, as a way of evaluating the progress of these activities, calculation standards have been changed so that transfer of valuable resources between business sites within the Group is no longer included in the valuable resources figure, but is counted instead as in-house recycling and reuse.
*2 In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste (included in resource recycling and volume reduction values) rather than wastewater. This change has been reflected retrospectively for previous years.
*3 Landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment
*4 Waste discharge per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.
*5 Waste discharge = Resource recycling and Volume reduction + Landfill disposal
*6 Values for FY2019 were corrected to improve accuracy.

The recycling ratio in FY2020 was 98.5% in Japan and 88.4% overseas, roughly on a par with previous years. We will make continuous efforts to 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.98).

Measures to Reduce Waste

The Kubota Group has established Medium-Term Environmental Conservation Targets (p.48). We have also established medium-term reduction measure implementation plans, which are reviewed every year by all production sites (100%), and we are working on the reduction of waste discharge from 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.

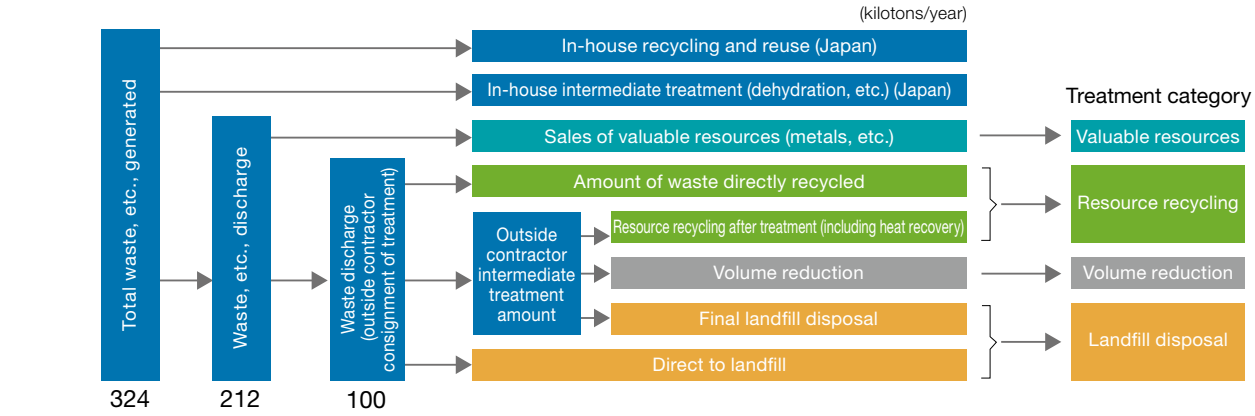
By converting casting sand into valuable materials at cast iron production sites, which generate a large amount of waste, the Kubota Group achieved a reduction of approximately 5,200 tons of waste in FY2020. Machinery production sites continued working to reduce the amount of sludge, waste oil, and oil-containing wastewater generated in painting booths. 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.

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 23,800 tons of waste in FY2020 compared with the case where countermeasures were not implemented from the base year (FY2014). The economic effects of these measures reached 140 million yen compared to FY2014. Waste discharge per unit of production in FY2020 improved by 28.7% compared to FY2014. The recycling ratio was 99.5% at production sites in Japan and 91.8% at production sites overseas, both achieved the targets of the Medium-Term Environmental Conservation Targets 2020.

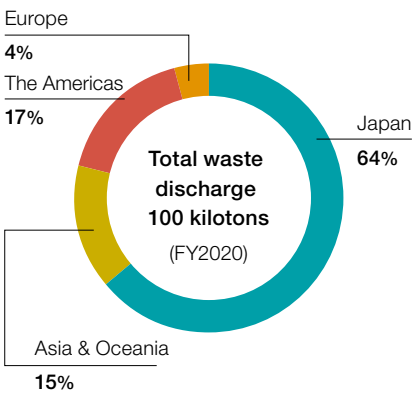
Moreover, production sites in Japan have raised the utilization rate of electronic manifests to 96.7%, enabling real-time assessment of the reduction effects. We will continue to promote the reduction of waste through encouraging sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

At the Kubota Okajima Business Center, we are working to reduce waste by improving the utilization rate of collection facilities for recycling waste casting sand generated in the product manufacturing process (in the red frame). This initiative reduced waste emissions by some 1,550 tons in FY2020.

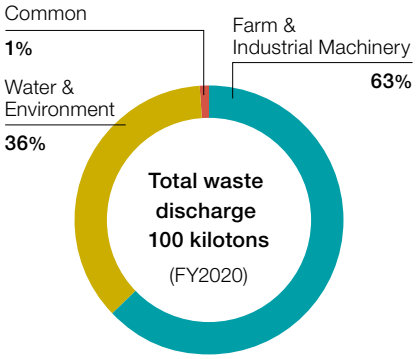
Waste Recycling and Treatment Flow (FY2020 results)



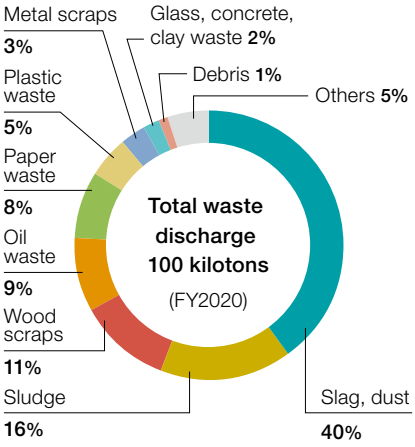
Waste Discharge by Region



Waste Discharge by Business

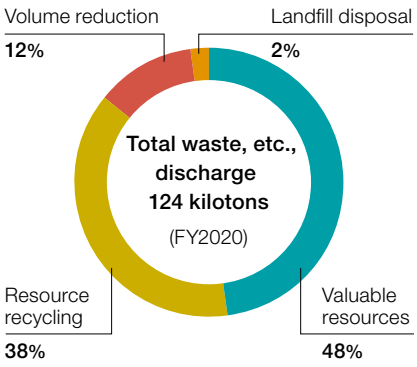


Waste Discharge by Type

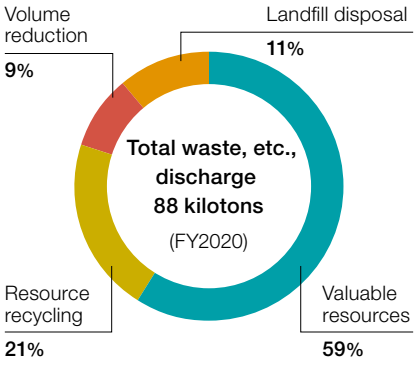


Waste, Etc., Discharge by Treatment Category

Japan



Overseas*



* In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste (included in resource recycling and volume reduction values) rather than wastewater.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

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. We have set a new target of reducing single-use plastics at business sites in the Medium-Term Environmental Conservation Targets 2025.

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 or material. 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.

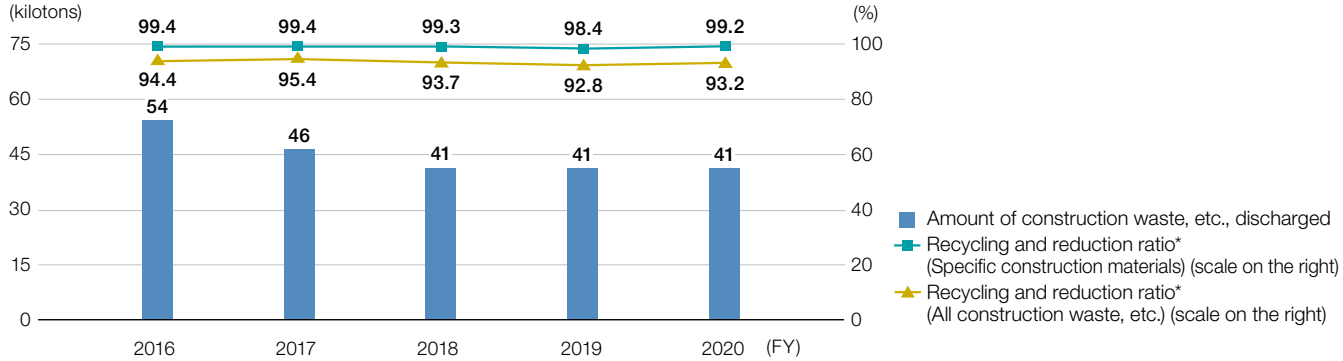
Returnable packaging materials
(left: environmentally friendly strapping; right: environmentally friendly cover)
KBS Kubota Co., Ltd.

Kverneland Group Nieuw-Vennep BV (Netherlands) is taking steps to reduce plastic waste by replacing the plastic cutlery (spoons, forks, straws, etc.) hitherto used in its cafeteria and encouraging its employees to bring their own drinking bottles to work.

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.98).

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 Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, and the Japanese Waste Management and Public Cleansing Act. 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

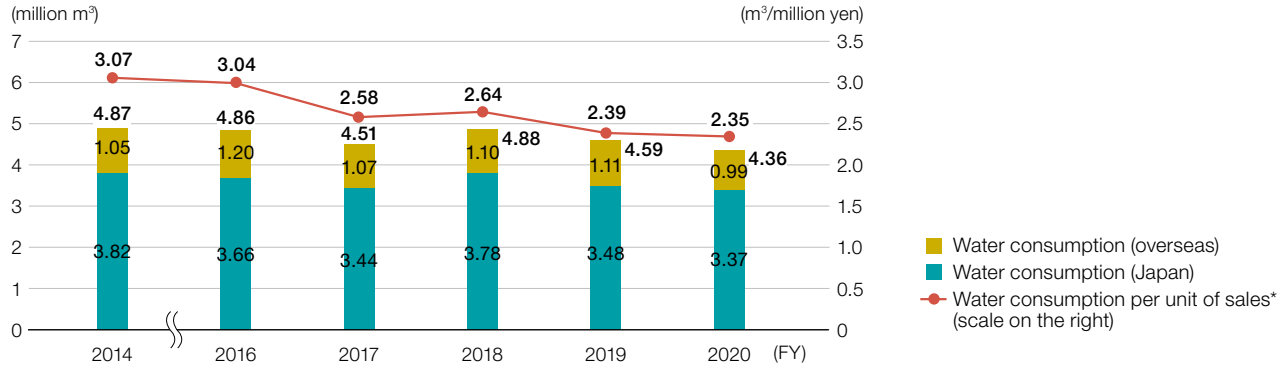
The OECD's 2012 report entitled Environmental Outlook to 2050 states that during the period between 2000 and 2050, global demand for water will increase by approximately 55% owing to economic development and population increase, while more than 40% of the world's population will be living in river basins 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 FY2020, water consumption was 4.36 million m^3, a decrease of 4.9% compared to the previous year. Additionally, water consumption per unit of sales was improved by 1.5% compared to the reporting year. These are mainly due to lower production volume at cast iron production sites and lower office water usage due to the COVID-19 pandemic, as well as the adjustment of cooling water usage to match lower production volumes as well as water conservation activities undertaken by the Group.

Trends in Total Water Consumption and Consumption per Unit of Sales



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

Measures to Reduce Water Consumption

The Kubota Group has established its Medium-Term Environmental Conservation Targets (p.48). We have formulated plans for implementing measures to reduce water use over the medium term at all production sites (100%), and we revise these each year. Our production sites, such as those in China, Thailand, Indonesia and the United States, have introduced wastewater treatment facilities or wastewater recycling systems utilizing technologies of the Kubota Group.

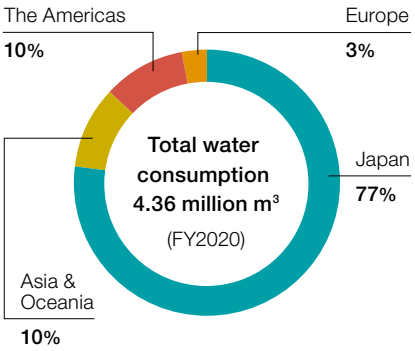
In FY2020, in addition to routine activities such as raising employee awareness of water conservation and conducting patrols to check for water leakage, the Kubota Group continued its program of upgrading to water-saving bathroom facilities and improved watering methods for green areas, etc. We reduced water usage in the production process by more accurately controlling the amount of cooling water used. As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for water consumption reduction, global production sites achieved a reduction of 337,000 m^3 in FY2020 compared with the case where countermeasures were not implemented from the base year (FY2014). The economic effects of these measures reached 49 million yen compared to FY2014. Water consumption per unit of production in FY2020 improved by 20.8% compared to FY2014.

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

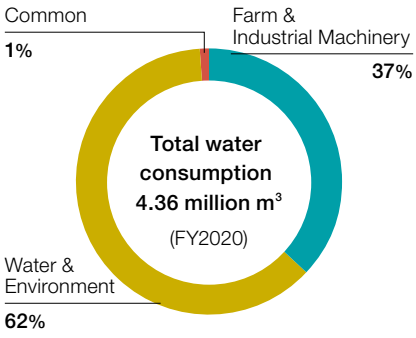
At Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China), we installed recycling treatment equipment for reusing wastewater from processes throughout the entire plant, and this has realized zero emissions of process wastewater. In 2020, we reduced the amount of water usage by 140,000 m^3.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

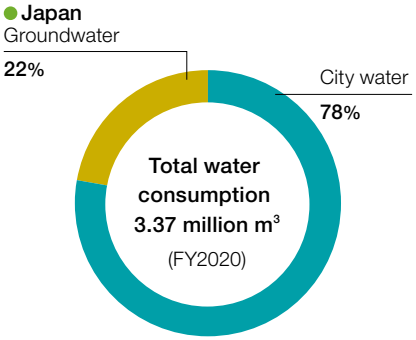
Water Consumption by Region

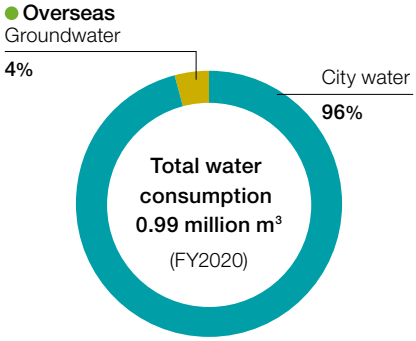


Water Consumption by Business



Water Consumption by Type





Controlling Wastewater

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

At our sites, continuing measures to restrict water consumption have resulted in reduced wastewater discharge. In FY2020, the amount of wastewater discharge* was 4.37 million m^3 (3.01 million m^3 into public water areas, 1.36 million m^3 into sewage lines), a decrease of 8.3% 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.
In FY2020, we changed the method of accounting for water remaining after washing products at certain overseas sites. This water was previously included in the volume of wastewater, but after considering the actual washing process, we now include it in waste material (recycled resources and amount of resource reduction).

Survey on Regional Water Stress

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

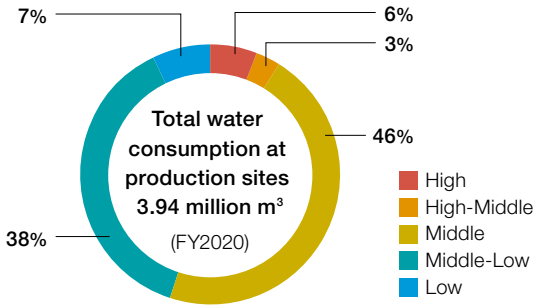
The results of a survey on water stress of a total of 52 sites in 15 countries using Aqueduct (water risk assessment tool developed by the World Resource Institute (WRI)) are as follows:

Results of the Survey on Water Stress of Production Sites (FY2020)

Region, country		Water stress level / Water consumption (thousand m³) <number of sites>				
		High	High-Middle	Middle	Middle-Low	Low
Asia	Japan	0	0	1,638 <8>	1,448 <11>	19 <2>
	China	0.3 <1>	97 <1>	0	0	12 <2>
	Indonesia	0	0	9 <1>	0	0
	Thailand	203 <3>	25 <1>	7 <1>	0	0
	Saudi Arabia	17 <1>	0	0	0	0
	India	12 <1>	0	0	0	0
Europe	Russia	0	0.4 <1>	0	0	0
	Norway	0	0	0	0	23 <1>
	Denmark	0	0	36 <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	13 <1>	0	0	0	0
North America	Canada	0	0	0	0	210 <1>
	United States	0	0	114 <2>	26 <7>	0
Total		246 <7>	122 <3>	1,816 <15>	1,473 <18>	281 <9>

The survey results showed that “High” or “High-Middle” levels of water stress applied to 10 production sites, located in the Chinese cities of Daqing and Suzhou, central Thailand, Saudi Arabia, India, 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 46% of total water consumption. Production sites in the “Middle-Low” and “Low” categories accounted for approximately 45% 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.

* 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))

Controlling Chemical Substances

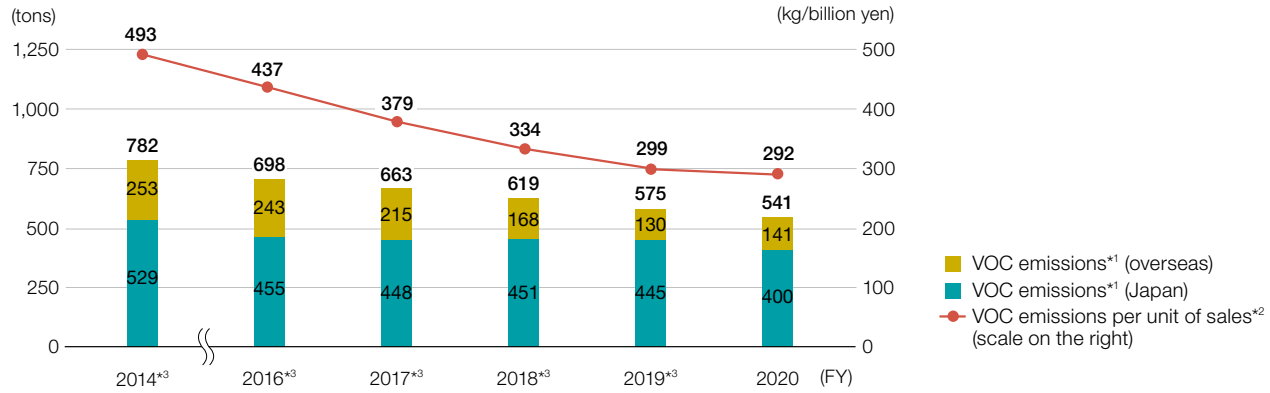
Chemical substances have become an essential part of our lifestyles. On the other hand, to control the impact of chemical substances on humans and ecosystems, countries are strengthening laws and regulations related to their use and management.

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

VOC Emissions

In FY2020, VOC emissions were 541 tons, a decrease of 5.9% compared to the previous reporting year. Additionally, VOC emissions per unit of sales improved by 2.5%. These results mainly reflect the suspension or decrease of production amid the COVID-19 pandemic, as well as an increase in products that use less paint, the curbing of VOC emissions due to conversion to different fuel types, and greater efficiency in the coating process.

Trends in VOC Emissions and Emissions per Unit of Sales



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

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

*3 The VOC emissions and VOC emissions per unit of sales for FY2014 and FY2016-2019 (Japan, overseas and total) have been revised to improve accuracy.

Measures to Reduce VOCs

The Kubota Group has established its Medium-Term Environmental Conservation Targets (p.48). We have formulated plans for implementing measures to reduce VOCs over the medium term at all production sites (100%), and we revise these each year. 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 FY2020, the Kubota Group worked to switch to VOC-free paints and expand the use of VOC removal devices. Additionally, by promoting the introduction of paint robots, the Group achieved not only a reduction in VOC, but also improved productivity.

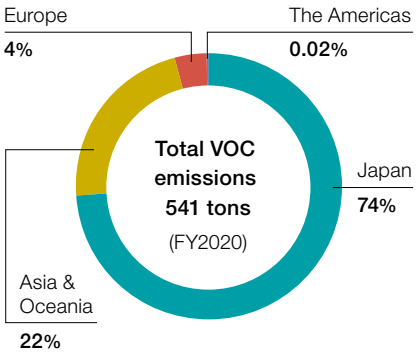
As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for VOC reduction, global production sites achieved a reduction of 50 tons in FY2020 compared with the case where countermeasures were not implemented from the base year (FY2014). The economic effects of these measures reached 110 million yen compared to FY2014. VOC emissions per unit of production in FY2020 improved by 37.7% compared to FY2014.

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

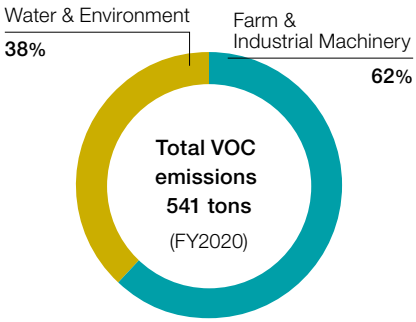
Kubota Construction Machinery (WUXI) Co., Ltd. (China) has increased quality and productivity while reducing revision of painting work by introducing painting robots. This has led to a reduction in the amount of paint used, and the amount of VOC emissions.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

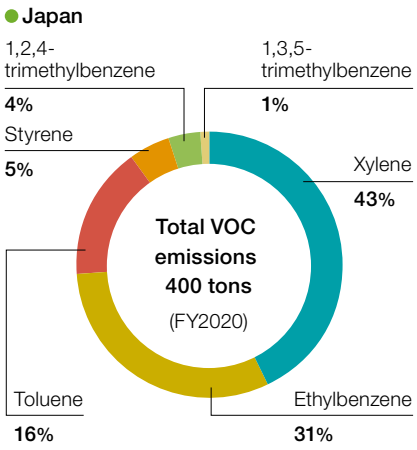
VOC Emissions by Region

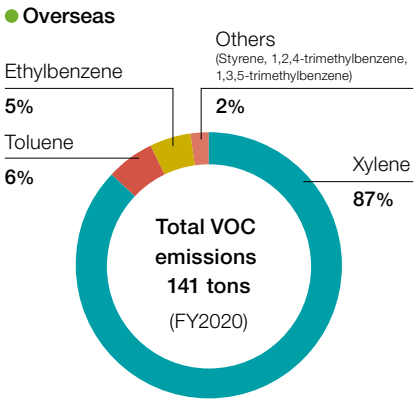


VOC Emissions by Business



VOC Emissions by Substance



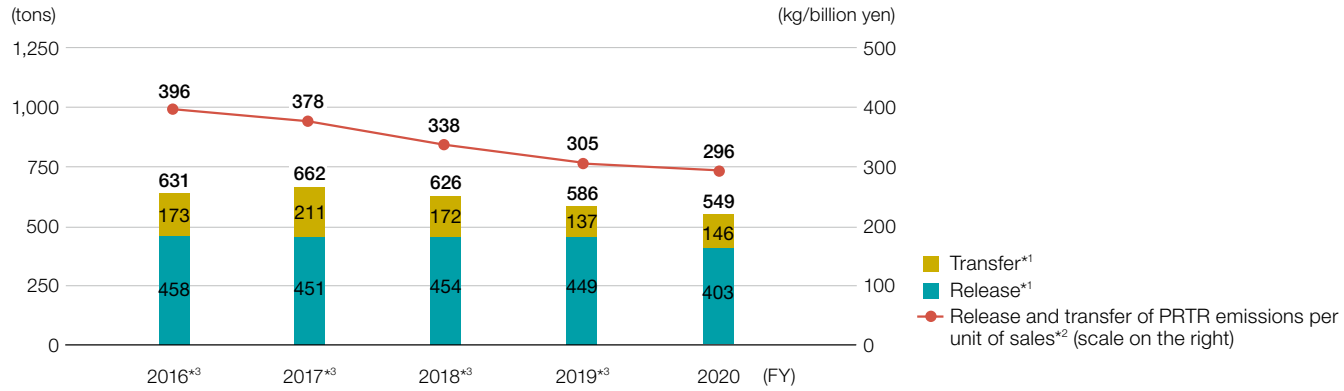


Release and Transfer of PRTR-designated Substances

In FY2020, a total of 549 tons of substances stipulated in the PRTR Law* were released and transferred, a reduction of 6.3% compared to the previous year. Additionally, the release and transfer per unit of sales reduced by 2.9% compared to the previous year. Similar to reduction of VOC emissions, the Group is promoting the ongoing measures to reduce the PRTR-designated substances.

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

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



*1 Total amount of reported substances that are handled at each site (annual volume of 1 ton or more (or 0.5 tons for Specific Class I designations))
*2 Release and transfer of PRTR-designated substances per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.
*3 The values for Trends in Release and Transfer of PRTR-designated Substances and for the Release and Transfer per Unit of Sales have been adjusted from FY2016 to FY2019 to improve accuracy.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Control of Ozone-depleting Substances

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

In Japan, CFCs that are used in air-conditioners and refrigerating or freezing equipment as refrigerant, are thoroughly managed to control leakage, in accordance with the standards specified by the Fluorocarbons Emission Control Law*3. However, in FY2020, there was an instance in which specified fluorocarbon gas used in the external unit of an air-conditioner was released into the atmosphere. The Group took measures to prevent a recurrence and has been working to control emissions of fluorocarbons.

*1 For HCFC, intentional adding in products as refrigerant or heat insulator is prohibited.
*2 Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements in the Management Thereof
*3 Act on the Rational Use and Proper Management of Fluorocarbons

Control of Air Pollutants

The Kubota Group has set its own control values that are stricter than the emission standards of relevant laws and regulations. In order not to allow the exceeding of standard values, the Group implements thorough daily management activities, such as monitoring operation of the smoke and soot-generating facilities and inspecting the dust-collecting equipment. However, in FY2020, there was an instance in which a defective dust collector caused emissions of dust exceeding the regulation level in exhaust gas from a cupola furnace. The Group took measures to prevent a recurrence and has been working to control emissions of atmospheric pollutants.

The amounts of emissions of air pollutants in FY2020 were 6.6* tons for SOx (increased by 76.3% from the previous year), 49.7 tons for NOx (increased by 5.0%), and 12.2 tons for soot and dust (increased by 13.0%). We will continue to reduce emissions of air pollutants through initiatives such as controlling sources by fuel conversion and maintaining dust-collecting equipment.

* At some sites in Japan, sulfur emissions are calculated, not from actual measurements of exhaust gas concentrations and amounts, but by making estimates based on the sulfur weights of raw materials, materials produced, and waste.
(Atmospheric emissions = coal input - iron produced - waste slag - waste dust)
SOx emissions in FY2020 show an increase because some of the sulfur-containing slag generated at the above sites was managed onsite and not disposed of, and was not included in calculations of atmospheric emissions. If sulfur contained in the slag managed onsite at end of year (December 31, 2020) by these sites were included, SOx emissions for FY2020 amounted to 3.0 tons.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

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 (FY2020)

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

Reduction of Chemical Substances Contained in Products

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

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

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

▶ Three Control Levels

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

Conserving Biodiversity

Our corporate activities rely on various ecosystem services, which are provided by natural capital comprising soil, air, water, animals and plants, and other elements. Meanwhile, biodiversity is facing various crises in different locations worldwide, therefore corporations are required to do their part in protecting biodiversity and making sustainable use of ecosystem services so that goals 14 and 15 of the SDGs can be achieved.

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.

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

Approach to Conserving Biodiversity

The Kubota Group has set Conserving Biodiversity as one of 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

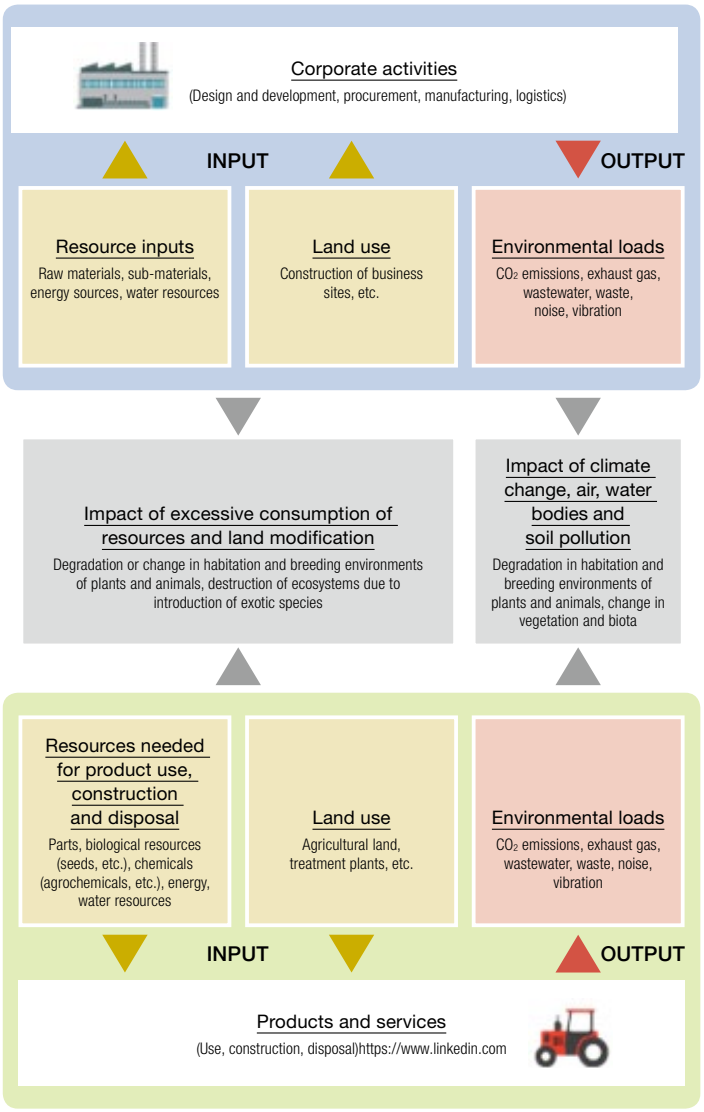
The Kubota Group has included Conserving Biodiversity as one of its five basic items for environmental conservation. In its corporate activities, provision of products and services, and social contribution initiatives, in view of its impact on natural capital, the Group will endeavor to ensure that care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

Kubota's branch office in the Tohoku region is working to protect watershed forests by participating in a joint public-private sector project in Sendai City.

In 2020, employees from the office felled trees in a watershed protection forest and collected fallen leaves.

Participation in Cleanup Activities of Old Bamboo Thicket

In cooperation with the city of Odawara, Odawara Plant of Kubota ChemiX is developing a platform business for creating a regional circular symbiotic community, as advocated for by the Ministry of the Environment.

In 2020 it cooperated with other companies to cut down abandoned bamboo thickets.

Tree Planting on Factory Grounds

In June 2020, SIAM Kubota Metal Technology Co., Ltd. (Thailand) planted trees on its factory grounds. A total of 77 employees helped plant 110 trees in an effort to add more greenery to the site's surroundings.

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

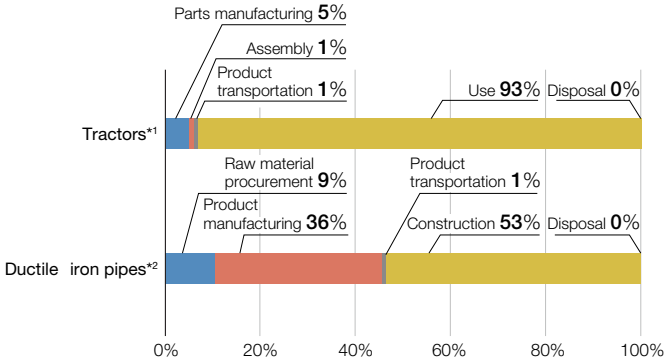
Use
- Reduction of fuel consumption
- Improving efficiency and saving labor for work and management
- Improving ease of maintenance, extending product life
- Reduction of exhaust gas
- Reduction of noise, vibration

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.

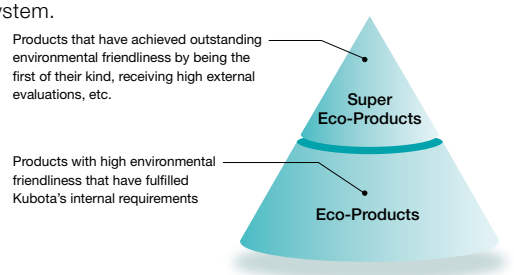
Greenhouse gases emitted in the use stage account for around 90% in the life cycle of agricultural tractors, while gases emitted in the manufacturing and construction stage account for around 90% in ductile iron pipes. Thus, the frequency and scale of environmental loads in the life cycle vary depending 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.

Internal Certification System for Eco-Products

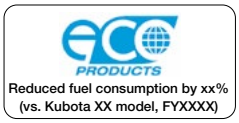
Regarding the Internal Certification System for Eco-Products

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

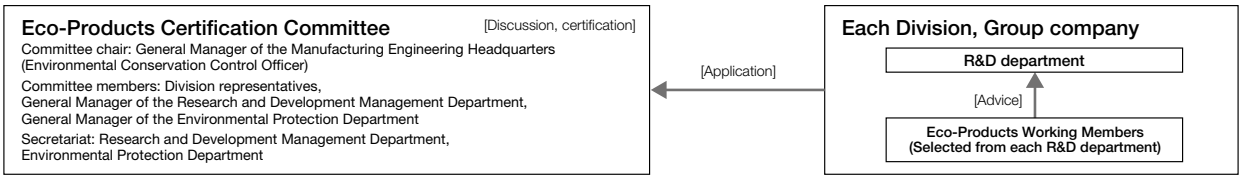


Eco-Products feature a label that shows their certification as Eco-Products.

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

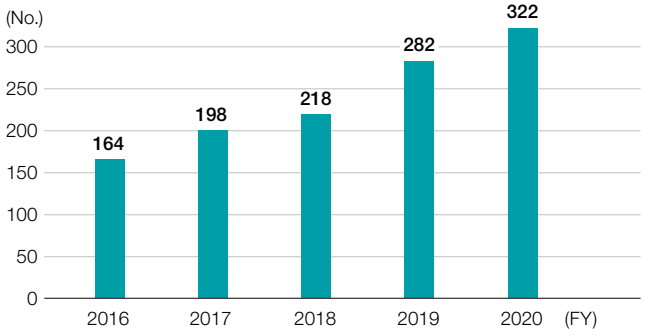
The Eco-Products Certification Committee, chaired by the General Manager of the Manufacturing Engineering Headquarters, consists of the committee members elected from each Division, as well as the Research and Development Management Department and the Environmental Protection Department. Upon receiving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



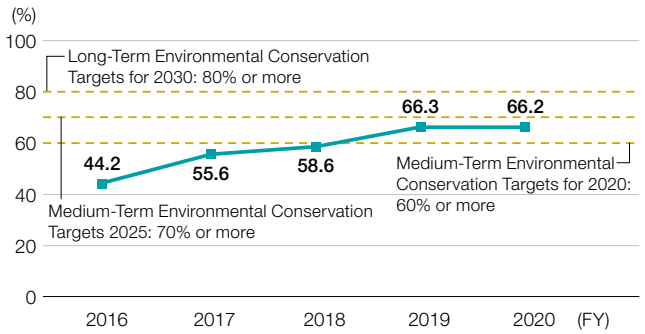
The Pathway to Expanding Certified Eco-Products

Based on our internal certification system established for Eco-Products, the Kubota Group certified an additional 40 products in FY2020, including 2 Super Eco-Products, bringing the total number of certified Eco-Products to 322. The sales ratio of Eco-Products grew to 66.2% versus a target of 60%, achieving the Medium-Term Environmental Conservation Targets for 2020. Going forward, we will work towards achieving a sales ratio of Eco-products of 70% under Medium-Term Environmental Conservation Targets for 2025. We will expand our Eco-Products lineup by continuing to promote the development of environment-friendly products demanded by our customers and society, including products that are energy-saving, lightweight, miniaturized, long-lived, easy maintenance, and compliant with environmental regulations.

Trends in No. of Eco-Product Certifications (Total)

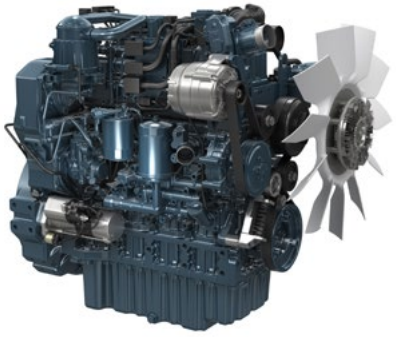


Trends in Sales Ratio of Eco-Products*



* 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

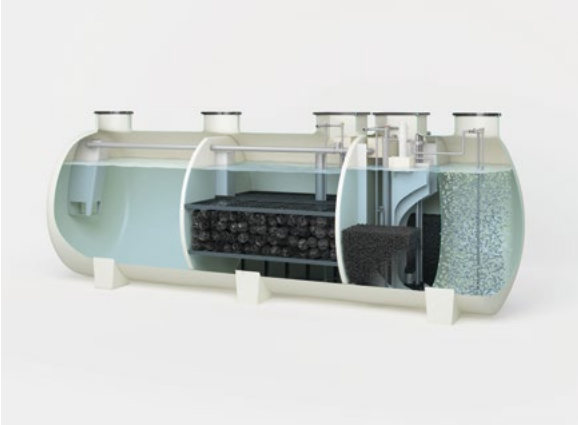
Products Certified as Super Eco-Products in FY2020



Diesel engine
09-E5 series
V5009-TIE5-BB (Europe, North America)

This diesel engine was awarded “Diesel of the Year 2019*” for contributing to resource conservation through achieving a more compact size (output power density) while meeting the world’s latest emissions standards (Tier 4, Stage V) and for being a product that can be used in a wide range of applications.

* Held by the Italian industry journal Diesel International



Large-size *Johkasou*, decentralized wastewater treatment plant KTZ type

This product received the Chairman’s Award of the Japan Society of Industrial Machinery Manufacturers for achieving a more compact size while boosting processing capacity per unit volume, and contributing to the conservation of resources and energy saving at each stage in its life cycle.

Products Certified as Eco-Products in FY2020 (excerpt)

Tractor
M7003 series
M7153 (Europe)

[Key certification point]
Compliant with exhaust gas regulations

Garden tractor
G series
G261 (Europe)

[Key certification point]
Compliant with exhaust gas regulations

Tractor
Agri Robo tractor
MR1000A (driverless specification)

[Key certification point]
Compliant with exhaust gas regulations

Combine harvester
DC series
DC-93 (ASEAN)

[Key certification point]
Conserving resources

Ride-on rice transplanter
NAVIWEL special class
NW10S

[Key certification point]
Compliant with exhaust gas regulations

Construction machinery
Excavator
KX080-4s2 (North America)

[Key certification point]
Compliant with exhaust gas regulations

Construction machinery
Wheel loader
R090 (Europe)

[Key certification point]
Compliant with exhaust gas regulations

Earthquake-resistant ductile iron pipe
Nominal diameter 1500 – 2600
US type (R type)

[Key certification point]
Conserving resources/ Recycling

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

Major Initiatives to Ensure Environment-friendliness by Product Group

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
Agriculture-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

Introduction of Examples of Initiatives to Ensure Environment-friendliness

Mini cultivator

Environmental performance through electrification

- Zero exhaust emissions
- Reduced CO_2 emissions
- Reduced noise

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

Riding diesel mower

Environmental performance through operational improvement

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

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

Humidity control outdoor-air processing unit

Environmental performance through more compact size

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

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

Plastic ribbed pipe

Environmental performance through change in shape

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

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

Combine harvester

Environmental performance through resource conservation

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

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

Johkasou, Decentralized wastewater treatment plant

Environmental performance through achieving a more compact size

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

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

Evolution and History of Environmentally Friendly Products and Services

Evolution and History of Iron Pipe

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

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

Evolution and History of Engines

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

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

Evolution and History of Scales

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

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

Evolution and History of Tractors

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

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

Evolution and History of Rice Transplanters

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

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

Practice Report

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

Thailand is the fouth-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. To increase the efficiency of this operation, in Thailand, the sugarcane leaves are burned in approximately 65% of operations. The Thai government has cooperated with private sector companies and others since 2019 on a campaign to reduce field burning to zero, aimed at controlling atmospheric pollution by PM 2.5.

A research and development site in Thailand, Kubota Research and Development Asia (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.

This method increases both the quality and volume of the harvest compared with harvesting sugar cane by leaf burning, and also contributes to the resolution of environmental issues in Thailand. 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


Leaf removal using SLR110H

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.

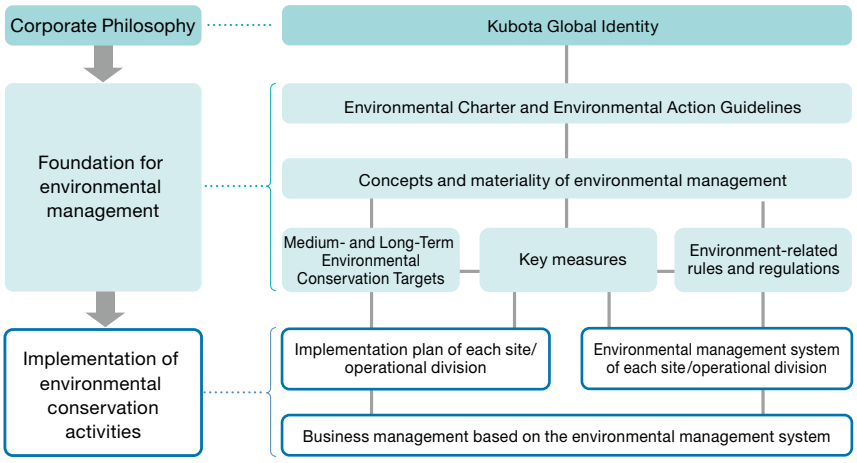
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance 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 FY2020 in Japan we had one case of atmospheric emissions of dust in excess of standards, one case of atmospheric release of fluorocarbons, and one case of inappropriate processing of waste, 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

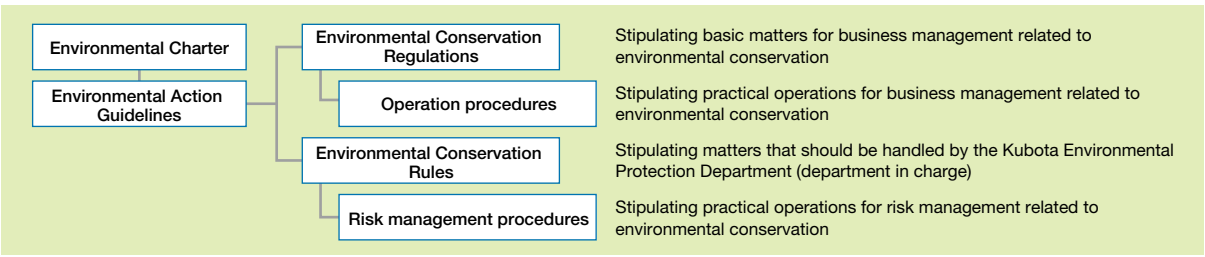
The diagram below shows the structure of the environmental management system of the Kubota Group.



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.

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

FY2019 Environmental audit
Kubota Baumaschinen GmbH (Germany)
* Due to the COVID-19 pandemic, the environmental audit was not held in FY2020.

FY2020 Environmental Audit Implementation Status

- Number of sites : 271 (258 sites and 13 agricultural machinery sales companies)
- Number of audit items : 29 (for maintenance and management departments) up to 52 (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 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	73	13 companies*1	91	44	8	253
	Number of audit items	47	41	52	52	38	29	
Overseas group companies	Number of sites audited	18	—	—	—	—	—	18
	Number of audit items	31						

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

Environmental Risk Assessment

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

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

Environmental risk assessment
Kubota Tsukuba Plant

Environmental Patrols

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

Environmental patrol
Kubota Sakai Plant

Drills for Responding to Abnormal and Emergency Situations

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

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

Training based on an oil leak scenario
Niigata Office, Kubota Agri Service

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

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

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

In 2020, due to the COVID-19 pandemic, on-site investigations were conducted only at sites where on-site checking was required due to local government ordinances and so forth. At other sites, we conducted investigations based on published information of treatment contactors and so forth. Looking ahead, we will continue to conduct investigations that increase validity to promote appropriate treatment.

Green Procurement

Green Procurement Guidelines

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

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

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

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

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

Award System for Green Procurement

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

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

In 2020, of the 128 environmental conservation activities that were submitted from our suppliers in Japan, 12 activities with particularly high achievements were awarded, one of which received the Excellent Prize.

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

FY2019 Awarding ceremony (January 2020)
* Due to the COVID-19 pandemic, the awarding ceremony was not held in FY2020.

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 2020

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	184	Global and local environmental issues and Kubota’s environmental conservation activities
	Training for newly appointed supervisors	2	40	Kubota’s environmental management and efforts as supervisors
	Training for newly appointed foremen	1	19	Kubota’s environmental management and efforts as foremen
	The Safety, Environment and Quality Forum for executive management	1	180	A lecture on “Sustainable Management at Daikin Industries” by Satoru Fujimoto (General Manager, CSR & Global Environment Center, Daikin Industries, Ltd.)
Professional education	Waste management (Basic)	1	20	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Education to train ISO 14001 environmental auditors	2	33	The ISO 14001 standard, environment-related laws, audit techniques
Site training	Waste management	1	60	Waste management in installation and management of decentralized wastewater treatment plants
	Fluorocarbon management (e-learning)	1	3,563	Revision details of fluorocarbon emission control law and the Kubota Group’s response
	Increasing sensitivity to environmental risks (e-learning)	1	1,608	Training for increased sensitivity to environmental risks
Total		11	5,707	

The Safety, Environment and Quality Forum for executive management
(Lecturer: Satoru Fujimoto)

Environment Month Report

Employee Awareness-raising Activities during Kubota Environment Month

The Kubota Group designates June of each year as "Environment Month" and promotes various programs to raise awareness among its employees. Following on from 2019, in 2020, we again promoted activities with the theme of "Let's work together to reduce plastic waste!"

At each business site, we conducted various activities, such as ensuring separation of trash, reducing use of plastic shopping bags by distributing eco-bags, reducing the volume of PET bottle waste by bringing personal drink bottles, and displaying awareness-raising posters and slogans in common spaces, such as stores.

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

Environment Month poster (2020)

Environmental Achievement Awards

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 2020, environmental conservation activities were evaluated targeting four categories: production divisions, non-production divisions, product development, and education and awareness raising. Twenty-one activities were awarded for their achievements in energy saving, waste reduction, VOC reduction, environmental risk reduction, development of environment-friendly products, and so on. Seven of these were awarded as the Excellent Prize.

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

Environmental Achievement Award Excellent Prize in 2020

Boundary	Company, department	Theme
Production divisions	Kubota Group in Thailand (six sites in Thailand)	Energy Just In Time [One Kubota In Thailand]
	Kubota Agricultural Machinery (Suzhou) Co., Ltd.	Installation of solar power generation equipment
	Kubota Manufacturing of America Corporation	Energy Savings/Airborne Pollutant Reduction through the development of more efficient paint hangers
Non-production divisions	KBS Kubota Co., Ltd.	Increased efficiency of transportation and environmental load reduction through shared shipping with competing manufacturers
Product development	Harvester and Transplanter Division, Transplanter Engineering Department	Ride-on rice transplanter NAVIWEL NW8S-GS
	Harvester and Transplanter Division, Combine Harvester Engineering Department	Agri Robo Combine Harvester WRH1200A
	Environmental Solutions Division, Environmental Engineering Department	High-efficiency twin screw press dehydrator SHD-030W- 090W

Environmental Achievement Awards in 2020

Boundary	Classification, No. of winners
Production sites	Excellent Prize: 3, Encouragement Award: 7
Non-production sites	Excellent Prize: 1, Encouragement Award: 1

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

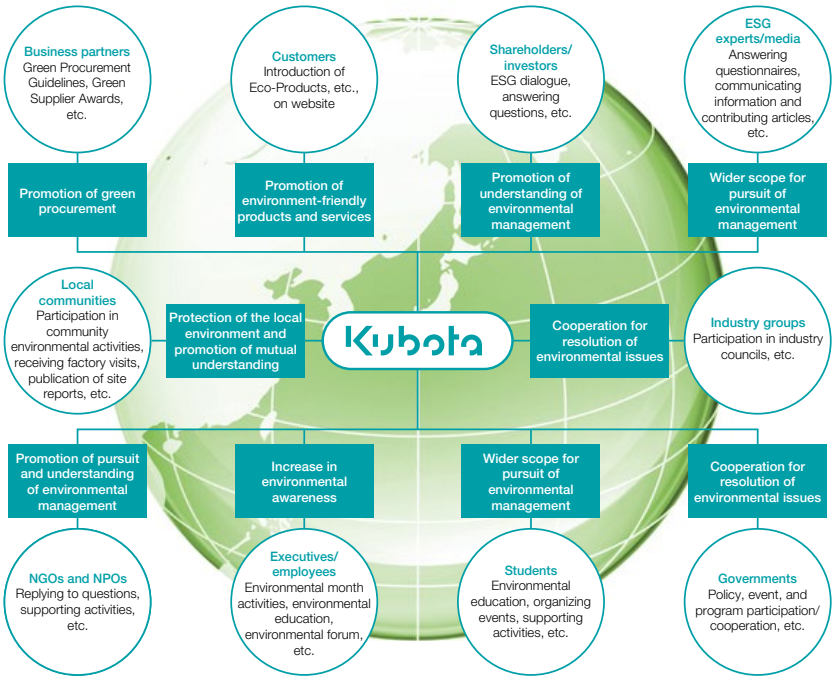
Environmental Communication

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

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

Environmental Communication Activities

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



Cooperation with Environment-related Industry Groups and Governments

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

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

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an "Eco-First Company," and has been a member of the Eco-First Promotion Council since then. Through the Council, the Group submits proposals to or exchanges opinions with the Ministry of the Environment, supports Eco-First companies promoting environmental conservation activities and enhancing cooperation between companies, and engages in activities to raise the environmental awareness of the public. The Group also participates in the "Fun to Share" campaign by the Ministry of the Environment to tackle climate change toward the realization of a low-carbon society, the "Cool Choice" national movement to encourage smart choices contributing to measures against global warming, and the Water Project to raise awareness concerning water circulation and conservation of the water environment. 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 (TCFD)

Agreement with the TCFD Recommendations

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.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Participation in JCI activities

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

JAPAN CLIMATE INITIATIVE

Dialogue and Collaboration with Local Governments

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

- Major collaborating groups/partners

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

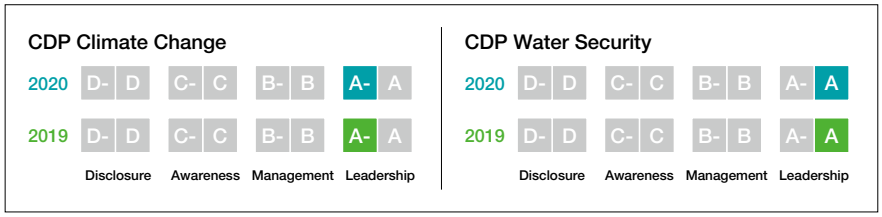
Environment-related External Evaluation

Kubota Receives the Highest Evaluation for the Third Time in a Second Consecutive Year in CDP* Water Security 2020

Kubota was selected for inclusion in the A list of companies—the highest position—in the CDP Water Security 2020 survey on water security conducted by the CDP. It is the second consecutive year after CDP 2019 that Kubota has been selected as an A list company for water security, and the third time. In the online event held in January 2021, "CDP 2020 A List Company Awards," President and Representative Director Yuichi Kitao gave a speech as an outstanding company.

We were also awarded an "A-" rating—the second highest on an 8-point scale—in the CDP Climate Change 2020 survey, a survey on climate change conducted by the CDP.

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



Speech at the CDP 2020 A List Company Awards

Receiving Environmental Awards

The Kubota Environmental Engineering Department Receives the "Environmental Technology and Project Award"

In December 2020, the 57th Environmental Engineering Forum was held by the Committee of Environmental Engineering of the Japan Society of Civil Engineers. The Kubota Environmental Engineering Department members Takayuki Tatsumichi, Hisafumi Nomura, Haruhiko Takeuchi, and Koichi Nakagawa received the "Environmental Technology and Project Award" for their presentation on "Development of Energy-saving Fertilizer Technology by Non-heat Reforming of Sewage Dewatered Sludge."

The award is presented to the most outstanding technology among those presented at the Environmental Engineering Forum. This is the third consecutive year that Kubota has received the award. The technology proposes a new energy-saving system for a different approach from the conventional drying technology to dewater sewage sludge and convert it into fertilizer. It was highly evaluated from its low lifecycle cost.


賞状

「脱水汚泥の非加熱改質による省エネルギー肥料化技術の開発」

右に対しその優れた研究成果を讃え第57回環境工学研究フォーラム環境技術・プロジェクト賞を贈る

令和二年十二月十一日

公益社団法人土木学会
環境工学委員会
委員長 滝沢 智

立道隆幸 野邑尚史
武内晴彦 中河浩一

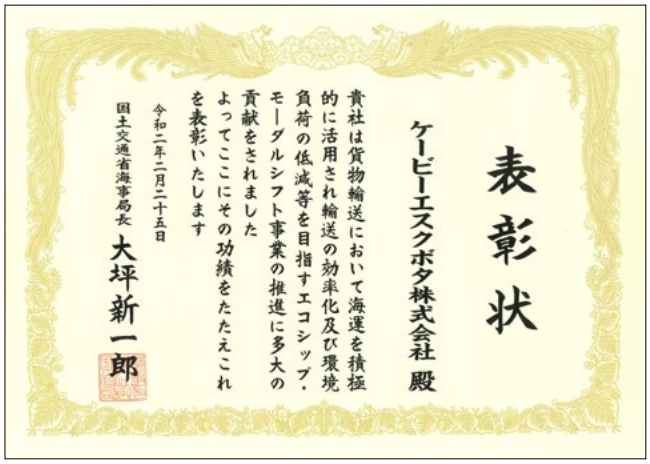
Environmental Technology and Project Award certificate

KBS Kubota Co., Ltd. Receives the “Director-General Commendation of the Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism”

On February 25, 2020, KBS Kubota Co., Ltd. received the “Director-General Commendation of the Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism” at the Eco Ship Mark Designation System Maritime Modal Shift Grand Awards.

This commendation is presented to entrepreneurs recognized as making a special contribution to reducing environmental impact by implementing a modal shift from land transport-centered distribution systems to marine transport, which has superior transport efficiency. In receiving the award, KBS Kubota Co., Ltd. was recognized for actively working to reduce its environmental impact through measures such as return use of mainly import and export containers, making use of inland container depots, and proactively introducing modal shift conducted jointly with shippers.

Award ceremony held on February 25, 2020



表彰状

ケービーエスクボタ株式会社 殿

貴社は貨物輸送において海運を積極的に活用され輸送の効率化及び環境負荷の低減等を目指すエコシップ・モーダルシフト事業の推進に多大の貢献をされましたよってここにその功績をたたえこれを表彰いたします

令和二年二月二十五日

国土交通省海事局長 大坪新一郎

Commendation certificate of the “Director-General Commendation of the Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism”

SIAM KUBOTA Corporation Co., Ltd. (Headquarters Plant, Amata Nakorn Plant) and SIAM KUBOTA Metal Technology Co., Ltd. Receive Green Industry Award

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

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

การรับรองเลขที่ : GI 4-050/2563

Green Industry
กระทรวงอุตสาหกรรม

ใบรับรองฉบับนี้ให้ไว้กับ
บริษัท สยามคูโบต้าคอร์ปอเรชั่น จำกัด

ที่ตั้งสถานประกอบการ : เลขที่ 700/867 หมู่ที่ 3 นิคมอุตสาหกรรมอมตะซิตี้ ชลบุรี
ถนนเทพรัตน ตำบลหนองไผ่ อำเภอพานทอง จังหวัดชลบุรี 20160

เพื่อรับรองว่าเป็น
อุตสาหกรรมสีเขียวระดับที่ 4
วัฒนธรรมสีเขียว (Green Culture)
ทุกคนในองค์กรให้ความร่วมมือร่วมใจดำเนินงานอย่างเป็นมิตรกับสิ่งแวดล้อมในทุกด้าน
ของการประกอบกิจการ จนกลายเป็นส่วนหนึ่งของวัฒนธรรมองค์กร

ลงชื่อ
(นายกอบชัย ลิ้มสิทธิวัลย์)
ปลัดกระทรวงอุตสาหกรรม

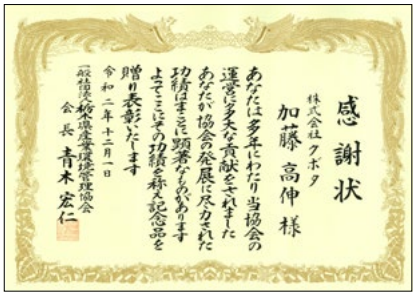
ออกให้ ณ วันที่ : 21 กันยายน 2563
มีผลถึง วันที่ : 20 กันยายน 2566
เลขประจำตัวผู้เสียภาษี : 0135553009111
เลขทะเบียนโรงงาน : 72110100325505

Green Industry Award certificate

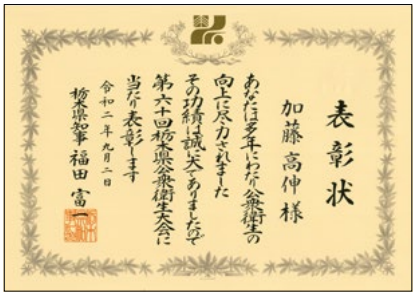
An Employee of Kubota Utsunomiya Plant Receives the Prefectural Governor's Commendation and other recognition at the Tochigi Prefecture Public Health Competition

At the Kubota Utsunomiya Plant, Takanobu Kato of the Production Engineering Section has been an active participant in various external environmental groups for 14 years. He received a personal commendation from the prefectural governor for his remarkable achievements in various fields, including local government, prefectural citizenship activities, education and culture, environment, social welfare, public health, and industrial revitalization.

Mr. Kato is a member of the Tochigi Ken Sangyou Kankyou Kanri Kyoukai (Tochigi Prefecture industrial and environmental management association), an association for promoting the spread of knowledge and awareness about preventing pollution, the smooth execution of pollution prevention at plants, and preservation of the local environment. He received a certificate of appreciation from the association for his distinguished service as an officer.


感謝状
株式会社 クボタ
加藤 高伸 様
あなたは多年にわたり当協会の運営に多大な貢献をされました
あなたが協会の発展に尽力された功績はまことに顕著なものがあります
よってここにその功績を称え記念品を贈り表彰いたします
令和二年十二月一日
一般社団法人 栃木県産業環境管理協会
会長 青木 宏仁

The certification of appreciation for distinguished service as an officer of the Tochigi Ken Sangyou Kankyou Kanri Kyoukai and the award ceremony


表彰状
加藤 高伸 様
あなたは多年にわたり公衆衛生の向上に尽力されました
その功績は誠に顕著でありましたので
第六十四回栃木県公衆衛生大会に当たり表彰します
令和二年九月二日
栃木県知事 福田 富一

The certificate of commendation from the prefectural governor at the Tochigi Prefecture Public Health Competition and the award ceremony

Kubota Hanshin Plant Amagasaki Site Receives "Award for Nurturing Greenery and Wetland Areas"

At the Amagasaki Site of the Kubota Hanshin Plant, workers use their lunch hours once a month to conduct tree pruning and clean-up activities around the plant. They received the "Award for Nurturing Greenery and Wetland Areas" from the Hyogo Prefecture Hanshin Minami Prefectural Citizens Center Amagasaki Port Management Office as they contribute to the "21st Century Forest Concept" project for promoting local greenery of Hyogo Prefecture.


感謝
株式会社クボタ 阪神工場 尼崎事業所 様
貴社は県が推進する
尼崎21世紀の森づくり構想に賛同し
緑化及び美化活動を推進
良好な緑と水辺空間の創出に
大きく貢献されました
ここに深く感謝の意を表します
木村 浩之
尼崎21世紀の森

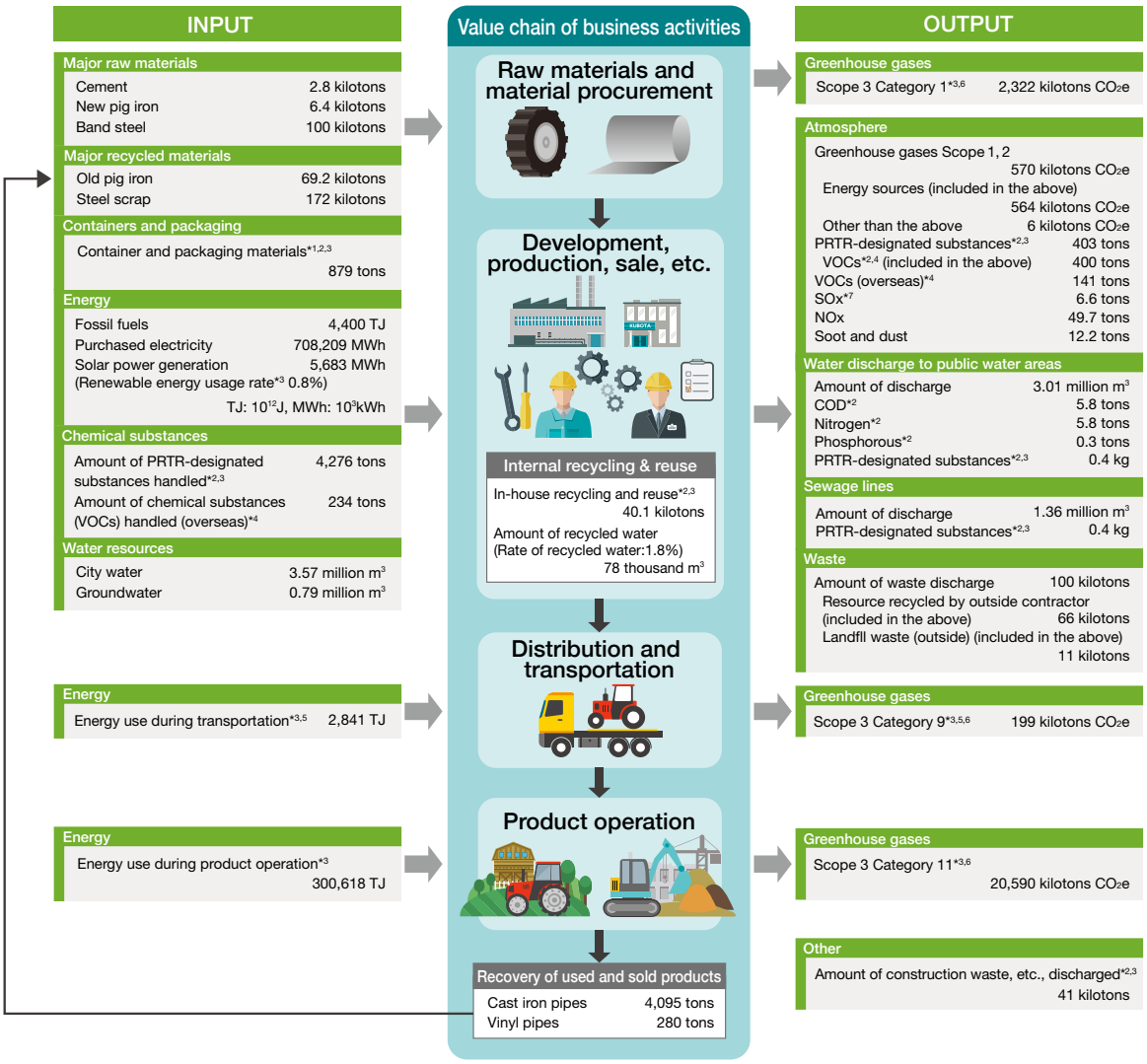
Certificate of appreciation from the Hyogo Prefecture Hanshin Minami Prefectural Citizens Center Amagasaki Port Management Office and award ceremony

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 FY2020. 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 FY2020)



*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 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.55).
*7 If sulfur contained in the slag managed onsite at end of year (December 31, 2020) by some sites in Japan is included, SOx emissions for FY2020 amounted to 3.0 tons.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Trends in Major Environmental Indicators

Energy

Environmental indicators				Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Energy	Within business sites	Energy consumption*1		TJ	11,295	11,602	12,234	12,075	11,362
			Fossil fuels	TJ	4,434	4,399	4,687	4,641	4,400
			Natural gas included in the above*2	TJ	2,056	2,267	2,501	2,561	2,450
			Purchased electricity	MWh	698,370	732,508	767,255	756,013	708,209
		Power generation for own use	Cogeneration*2	MWh	1,977	416	1,805	2,274	2,398
			Solar power generation	MWh	1,732	1,855	2,412	2,604	5,683
	Energy use during transportation*2,3			TJ	606	643	2,741	2,629	2,841

CO_2 Emissions

Environmental indicators			Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Greenhouse gases	Scope 1, 2		kilotons CO_2e	647	645	647	630	570
		Overseas included in the above	kilotons CO_2e	172	197	204	203	176
		Energy sources	kilotons CO_2e	639	638	640	623	564
		Other than the above	kilotons CO_2e	8	8	7	7	6
	Scope 3 Category 9 (Transportation of sold products)*2,4,5,6		kilotons CO_2e	42	44	192	184	199

Resources and Materials

Environmental indicators		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Major raw materials	Cement	kilotons	6.8	4.4	4.9	3.4	2.8
	New pig iron	kilotons	6.7	7.2	9.7	8.8	6.4
	Band steel	kilotons	106	132	121	112	100
Major recycled materials	Old pig iron	kilotons	58.6	64.0	71.8	74.2	69.2
	Steel scrap	kilotons	224	182	193	183	172
Containers and packaging	Container and packaging materials (Japan)*2,7	tons	—	988	922	973	879

Waste

Environmental indicators				Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Waste, others	Amount of waste discharge*8			kilotons	115	113	118	113	100
			Overseas included in the above	kilotons	48	47	56	44	36
		Hazardous/non-hazardous waste	Hazardous waste	kilotons	—	6.0	5.3	5.5	6.1
			Non-hazardous waste*9	kilotons	—	107	113	108	94
		By treatment category	Resource recycled by outside contractor	kilotons	85	88	92	79	66
			Landfill waste (outside)	kilotons	11	10	10	12	11
	Amount of construction waste, etc., discharged (Japan)*2			kilotons	54	46	41	41	41

*1 Conventionally, energy use during transportation (Japan) was included in total energy consumption. But starting from FY2017, it is not retrospectively included.
*2 Not subject to the third-party assurance
*3 In addition to the data for Japan, energy use associated with the overseas shipping of certain products from Japan has been included from FY2018.
*4 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.55).
*5 In addition to the data for Japan, CO_2 emissions associated with the overseas shipping of certain products from Japan have been included from FY2018.
*6 Values for FY2018 were corrected to improve accuracy.
*7 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging.
*8 In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste (included in resource recycling and volume reduction values) rather than wastewater. This change has been reflected retrospectively for previous reporting years. Values for FY2019 have also been revised to improve accuracy.
*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.98).

Water resources

Environmental indicators			Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Water resources	Water consumption		million m³	4.86	4.51	4.88	4.59	4.36
		Overseas included in the above	million m³	1.20	1.07	1.10	1.11	0.99
		City water*1	million m³	3.99	3.60	3.89	3.72	3.57
		Groundwater	million m³	0.87	0.91	0.99	0.87	0.79

Water system discharge

Environmental indicators		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Water discharge to public water areas	Wastewater discharge	million m³	3.71	3.26	3.62	3.26	3.01
	COD (Japan)*2	tons	10.1	7.7	8.6	7.6	5.8
	Nitrogen discharge (Japan)*2	tons	9.2	9.1	6.9	6.2	5.8
	Phosphorous discharge (Japan)*2	tons	0.36	0.27	0.38	0.30	0.30
	Amount of PRTR-designated substances released (Japan)*3	kg	0	0.8	0.9	0.6	0.4
Sewage lines	Wastewater discharge*4	million m³	1.53	1.42	1.50	1.51	1.36
	Amount of PRTR-designated substances transferred (Japan)*3	kg	22	17	0.1	0.2	0.4

Chemical Substances

Environmental indicators		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Chemical substances	Amount of PRTR-designated substances handled (Japan)*3,5	tons	4,871	4,488	5,339	4,918	4,276
	Amount of chemical substances (VOCs) handled (overseas)*5,6	tons	350	318	323	227	234

Atmospheric Discharge

Environmental indicators			Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Atmosphere	Amount of PRTR-designated substances released (Japan)*3,5		tons	458	451	454	449	403
	VOC emissions*5,6		tons	698	663	619	575	541
		Overseas included in the above*5,6	tons	243	215	168	130	141
	SOx emissions		tons	31.5	17.5	9.4*7	3.7*7	6.6*7
	NOx emissions		tons	94.2	68.8	49.5	47.3	49.7
	Soot and dust emissions		tons	26.5	21.9	9.8	10.8	12.2

*1 City water includes service water and water for industrial use.
*2 Data for total discharge from business sites subject to total emission control.
*3 Not subject to the third-party assurance
*4 In FY2020, in consideration of the actual cleaning process, some overseas sites changed reclassified water remaining after product cleaning as waste (included in resource recycling and volume reduction values) rather than wastewater. This change has been reflected retrospectively for previous reporting years.
*5 Values for FY2016 to FY2019 were corrected to improve accuracy.
*6 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.
*7 If sulfur contained in the slag managed onsite by some sites in Japan is included, SOx emissions to 7.3 tons for FY2018, 5.2 tons for FY2019, 3.0 tons for FY2020.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Calculation Results of PRTR-designated Substances

FY2020 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	690
51	2-Ethylhexanoic acid	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	123,270	0.0	0.0	0.0	0.0	24,089
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	170,524	0.0	0.0	0.0	0.0	32,955
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	4,661
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	1.4
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	13
240	Styrene	20,032	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	17,584	0.0	0.0	0.0	0.0	6,322
297	1,3,5-trimethylbenzene	2,726	0.0	0.0	0.0	0.0	1,034
300	Toluene	66,296	0.0	0.0	0.0	0.0	14,308
302	Naphthalene	2,484	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	55	0.40	0.0	0.0	0.40	5,875
308	Nickel	5.0	0.0	0.0	0.0	0.0	492
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
352	Diallyl phthalate	98	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	2.0	0.0	0.0	0.0	0.0	195
392	N-hexane	17	0.0	0.0	0.0	0.0	0.0
400	Benzene	0.0	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,253
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	54,036
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		403,095	0.40	0.0	0.0	0.40	145,925

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.98).

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	FY2019		FY2020	
			Investment	Expenses	Investment	Expenses
Within the business area cost			867	2,821	1,104	2,710
	Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	180	436	249	446
	Global environmental conservation cost	Prevention of climate change, etc.	656	1,009	846	977
	Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	31	1,376	9	1,287
Upstream and downstream costs		Collection of used products and commercialization of recycled products	0	37	0	115
Management activities cost		Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	18	1,613	0	1,590
R&D cost		R&D for reducing of product environmental load and developing environment conservation equipment	576	7,497	2,466	8,286
Social activities cost		Local cleanup activities, and membership fees and contributions to environmental groups, etc.	0	1	0	0.5
Environmental remediation cost		Contributions and impositions, etc.	0	224	0	88
Total			1,461	12,193	3,570	12,789

Total capital investment (including land) for the corresponding period (consolidated data)	87,200
Total R&D costs for the corresponding period	55,300

Environmental Conservation Effects

Effects	Items	FY2019	FY2020
Environmental effects related to resources input into business activities	Energy consumption (TJ)	7,615	7,302
	Water consumption (million m^3)	3.48	3.37
Environmental effect related to waste or environmental impact originating from business activities	CO_2 emissions (energy related CO_2) (kilotons CO_2e)	427	389
	SOx emissions (tons)	3.1	5.6
	NOx emissions (tons)	42.9	43.1
	Soot and dust emissions (tons)	2.7	4.1
	Releases and transfers of PRTR-designated substances (tons)	586	549
	Waste discharge (kilotons)	69.2	64.5
	Waste to external landfills (kilotons)	1.9	1.7

Economic effects

(Yen in millions)

Classifications	Details	Annual effects of the year ended December 31, 2020
Energy conservation measures	Improve the operations of production facilities and switch to more efficient lighting and air-conditioning systems	770
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	826
	Sales of valuable resources	865
Total		2,461

<Environmental accounting principles>
1) The period is from January 1, 2020 to December 31, 2020.
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.).

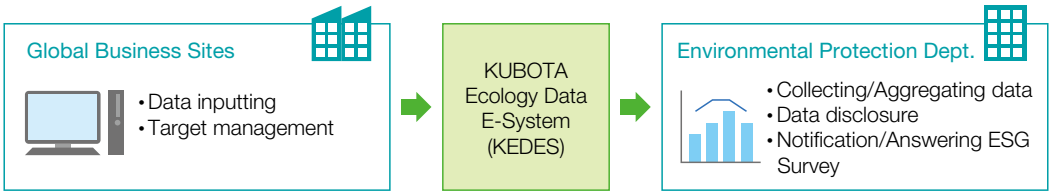
As of the end of FY2020, 42 of the Group's 56 production sites worldwide (acquisition rate of 75%) have acquired environmental management system certification. In Japan, all of its 23 production sites (acquisition rate of 100%) have acquired ISO 14001 certification. Of its 33 overseas production sites, 19 sites (acquisition rate of 58%) have acquired ISO 14001 certification or other certification for environmental management systems. The Kubota Group will make continuous efforts to raise the acquisition rate of the certification.

For details on the Kubota Group's Status of Environmental Management System Certification Acquisition, click here
www.kubota.com/sustainability/environment/ems/

Calculation Standards of Environmental Performance Indicators

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

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



Period and Organizations Covered by Environmental Data

FY	Period		Organizations covered (No. of companies)			
			Kubota/Consolidated subsidiaries*2			Affiliated companies accounted for under the equity method*3
	Data in Japan	Overseas data	Japan	Overseas	Total	
2016	January 2016 to December 2016	January 2016 to December 2016*1	48	125	173	12
2017	January 2017 to December 2017	January 2017 to December 2017	49	125	174	9
2018	January 2018 to December 2018	January 2018 to December 2018	49	124	173	8
2019	January 2019 to December 2019	January 2019 to December 2019	49	126	175	8
2020	January 2020 to December 2020	January 2020 to December 2020	44	128	172	8

*1 For FY2016, of the overseas consolidated subsidiaries, for Great Plains Manufacturing, Inc. (GP), which became a consolidated subsidiary in July 2016, the period of its environmental data is six months (July 2016 to December 2016), and the data except for its four major production sites (accounting for over 80% of sales of the GP Group in FY2016) and four major non-production sites (accounting for over 90% of the employees of non-production sites of the GP Group in FY2015) is estimated. Data of the amount of chemical substances (VOC) handled and VOC emissions is excluded from the calculation.
From FY2017, the data for all of the GP Group sites is calculated based on results.
*2 The coverage of consolidated subsidiaries is 100% for each year.
*3 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 [FY2014] <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). [FY2016 to FY2020] <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) or Emission Factors 2020 (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 "Energy Conservation Laws: Guide to Promoting Shipper's Energy Saving, 6th Edition" (Agency for Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry) • In addition to the data for Japan, energy use associated with the overseas shipping of certain products from Japan has been included from FY2018.
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)
Ratio of renewable energy usage (%)	• Ratio of renewable energy usage (%) = amount of solar power generated / (amount of solar power generated + amount of purchased electricity)

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 (Ver3.0)
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 and fuel consumed at business sites × CO_2 emissions per unit • CO_2 emission units are based on the LCI database IDEA version 2.3 (Research Laboratory for IDEA, Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology, and Japan Environmental Management Association for Industry)
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 FY2019, 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 FY2018. 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 from FY2016-2020
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 and reduction ratio (%)	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 2021 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, 2020 to December 31, 2020 included in its KUBOTA REPORT 2021 Full Version (the "Report") for the fiscal year ended December 31, 2020.

The Company's Responsibility

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

Our Responsibility

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

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

Conclusion

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

Our Independence and Quality Control

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

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
June 7, 2021

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 2021 Full Version.

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

Factory Visit

Kubota Hanshin Plant Mukogawa Site

Social Report

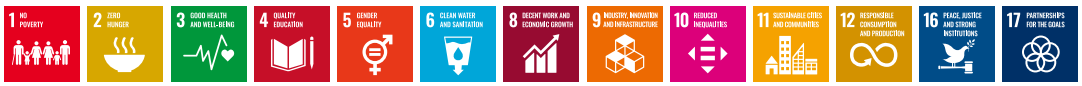
Targets and Results Concerning Social Aspects

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

Summary of Social Report for FY2020, and Priority Issues for FY2021 and Medium-Term Targets

Materiality	Major items	Main focus of activity	Plan	Do	
			Priority issues for FY2020	Activity results in FY2020	Applicable boundary shown to the left
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	● Phase-in testing automation systems	● Rolled out testing automation systems to eight offices	All domestic Group companies
			● Strengthen ICT usage and quality assurance functions	● For the early detection and quick response to quality issues, Kubota is working to rebuild its quality assurance business processes, making use of data and digital technology, and has initiated testing beginning with the Construction Machinery Division.	All Group companies, including overseas
			● Accurate answer and quick response to the enquiries from customers.	● "Satisfied for the answer Ratio": 99.2%. <measured by Kubota internal standard>	Kubota Corporation only
			● Solve the customer's issues by online FAQs in a more convenient way rather than by telephone conversation or e-mail correspondence.	● "FAQs views" on "Kubota Agricultural Solution Products Web Site", were down compared to that in last year, but "Resolution Ratio" was 51.2%, up 2.4 points.	All domestic Group companies
Suppliers	CSR procurement initiatives	CSR procurement initiatives	● Further expand the global development of manufacturing improvement activities and promote optimal global procurement	● Promoted improvement activities based on KPS by uniting procurement managers and suppliers, and developed activities to improve one another's manufacturing globally	Kubota Corporation (Farm & Industrial Machinery) All overseas Group companies (Farm & Industrial Machinery)
			● Get a firm idea of suppliers' CSR systems, which is linked to improvement	● Requested major domestic and overseas suppliers assess their own operations with a CSR procurement check sheet	Kubota Corporation (Farm & Industrial Machinery)
			● Expand the suppliers eligible to receive awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling, and expand the awards both in Japan and overseas	● Encouraged business partners to participate in the award system, and awarded those who had promoted environment-friendly production activities ● 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	● 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	● Engaged in constructive dialogues through meetings and held business briefing sessions (January: About Water & Environment business) in order to encourage shareholders and investors to understand Kubota's business further ● Enhanced information disclosure in annual securities reports in accordance with revised Cabinet Office ordinance ● In addition to enhancing disclosure in supplementary briefing materials, encouraged to understand Kubota's business environment through disclosing the impact of the infection spread of COVID-19 on the Kubota Group specifically	All Group companies, including overseas
			● Conduct activities to continuously create new shareholders ● Implement measures to encourage existing shareholders to hold their shares for a long period of time	● Organized a facility visit for shareholders ● Held an online Company explanation session for investors	Kubota Corporation only
			● 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	● Completely overhauled the corporate websites (Global and Japan sites), focusing in particular on disseminating information about Group innovation and sustainability activities. ● As a lateral organization, took steps to tighten brand governance and reinforce brand consistency	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 equipment malfunctions by encouraging employees to envision malfunctions, and carried out activities to eradicate hazards by eliminating malfunctions 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 deployment, based on the machinery safety risk assessment guidelines that were revised in FY2017	6 domestic Group companies 16 overseas Group companies
		Creating a vibrant workplace	● Continue to share information and hold discussions at labor-management committees	● Shared information and held discussions in various labor-management committees (central, business sites) on current issues, etc. · 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 · Strengthen initiatives to improve working environments	● Fully incorporate the stress check system into one-on-one follow-up interviews and pursue improvements in high-stress workplaces · Standardized educational content of mental health training and improve employee knowledge levels	All domestic Group companies
			● Continue to promote the second phase of Health Kubota 21 · Plan wellness events focusing mainly on the annual theme of "No-smoking" ● Promote stronger anti-cancer measures · Conduct gastric cancer risk tests on all employees	· Even amid the COVID-19 crisis, each Kubota site devises and carries out wellness events centered on the theme of smoking abstinence · Conduct gastric cancer risk tests on all employees	All domestic Group companies
		Respecting human rights	● Prevent harassment (sexual, maternity or power harassment, or harassment against LGBT individuals) and improve the capacity to resolve harassment in Japan by enhancing contact points for consultation	· Establish harassment prevention regulations in response to legal revisions and provide to Group companies as reference materials · Continued to carry out awareness-raising activities for the prevention and resolution of harassment (power harassment, sexual harassment, maternity harassment, or long-term care harassment, or harassment against LGBT individuals) in Japan, including distributors	All domestic Group companies
			● Promote activities with an understanding of international standards relating to human rights	· Assessed the human rights conditions at overseas sites and carried out activities in accordance with the human rights standards of each country, such as announcing a statement on the UK Modern Slavery Act	All Group companies, including overseas
		Promotion of diversity	● Promote development of female employees ● Hold ongoing training for female prospective managers ● Carry out in-depth study of diversity management ● Promote a main action plan for general business operations in line with laws supporting women's participation and advancement in the workplace and child-rearing ● Expand the scope of diversity	● Held female leader development training (transition to non-gender specific leader training) ● Established a new system for relocation, leave taking, and re-entry to prevent attrition due to spouse transfers ● Included same-sex and common law spouses in the definition of "spouse," expanding the eligibility scope of internal systems and welfare benefits ● 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, training for local managers in Europe ● Expanded intake of 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
				● Continue overseas language training programs (language training exchanges in North America and the Philippines *Suspended since March 2020)	Overseas Group companies
				● Enhanced overseas trainee program and continued the program to dispatch interns to Harvard Business School	Kubota Corporation only
			● Implement e-learning and other programs based on the Rule of Conduct	● Collated the Rule of Conduct (all domestic Group companies)	All domestic Group companies
			● Promote activities to instill corporate principles, which are tied to incorporation of SDGs	● 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	● Although the system was not rolled out due to security concerns, preparations prompted the consolidation of global social contribution activity data and led to enhanced PR via the website and other venues. ● Reinforced information gathering on activities undertaken by 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	● The Kubota Group did what it could to provide recovery assistance in regions around the world in response to the COVID-19 pandemic and July 2020 heavy rain damage in Japan.	All domestic Group companies

<SDGs related to this section>



Materiality	Major items	Main focus of activity	Check Self-assessment	Act Priority issues for FY2021	Plan Medium-term targets
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	Met	● Continue to operate testing automation systems	● Strengthen awareness of rules concerning quality assurance, and review governance
			Met	● Build an early-detection mechanism for quality issues in the Construction Machinery Division in collaboration with North American distributors, and further roll out to other machinery categories	● Focus on improving "must-be quality." Take a three-pronged approach: early detection/quick response, prevention of recurrence, and preventive action
			Met	● Improve and Increase FAQ Contents with internal reviews reflecting customer feedback, i.e. voice of customer<VOC>	● Continuous improvement of "Call-center activities" reflecting VOC
			Met	● Keep up the current high "satisfied for the answer" Ratio Strengthen cooperation with engineering departments or after-sale service departments aiming for more efficient "enquiry-to-response" management	● Strengthen our responsiveness to meet customers' various needs including machine maintenance and inspection
Suppliers	CSR procurement initiatives	CSR procurement initiatives	Met	● Further expand the global development of manufacturing improvement activities and promote optimal global procurement	● Promote practices according to guidelines by suppliers of each Kubota Group company and spread CSR procurement through the supply chain
				● 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	Met	● 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 ● Actively disseminate information on the Kubota Group's Long-term Vision and Mid-term Business Plan	● 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 ● Continue to implement measures to encourage long-term shareholding by existing shareholders	● Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
			Met	● Leverage the website and a variety of other venues to disseminate information and gain the understanding of more stakeholders for Kubota's "GMB2030" long-term vision and the 2025 mid-term management plan ● Tighten brand governance to gain buy-in across the Kubota Group for Kubota's businesses and corporate stance	● Reinforce the brand from a longer-term perspective and build up integrated communication capabilities responsive to different regions, needs, and stakeholders
Employees	Creating rewarding and lively workplaces	Creating a safe workplace for all employees	Met	● Put in place measures to prevent the recurrence of equipment abnormalities	● Aim for all Kubota Group employees to position safety as the top priority in all tasks and, for both existing and new equipment, establish measures based on the Safety Control Guidelines for the assessment and promotion of inherently safe equipment to achieve the target of 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	Met	● Continue to share information and hold discussions at labor-management committees	● Provide vibrant workplaces, and make it so that all employees of the Kubota Group can live rich, healthy lives
			Met	● Continue to promote specific measures based on the "Wellness (Mental Health) Action Plan" across the Kubota Group	
			Met	● Continue to promote the second phase of Health Kubota 21 and encourage wellness activities in line with site-specific issues ● Continue to strengthen anti-cancer measures and provide easier access to group physical examinations	
		Respecting human rights	Met	● Promote ongoing activities to prevent harassment through human rights training and other opportunities	● Spread activities to raise awareness of human rights across the entire Kubota Group, both inside and outside Japan
			Met	● Establish human rights monitoring and education systems for overseas sites	
		Promotion of diversity	Met	● 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	Met	● 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 continue the program to dispatch interns to Harvard Business School
			Met	● Implement e-learning and other programs based on the Rule of Conduct	● Foster CSR- and compliance-minded employees based on the corporate principles and the Rule of Conduct
				● Promote activities to instill the corporate principles, which are tied to promoting SDGs activities	
Communities	Social contribution activities	Contributions to international society and local communities	Partially met	● In line with efforts to reinforce ESG management, consider policies, systems, and methods of publishing information to help further reinforce Kubota's distinctive social contribution activities	● Strengthen Kubota's distinctive social contribution and disaster-recovery activities at a global level but rooted in each region
		Rejuvenation and reconstruction of areas affected by natural disasters	Met	● Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	

Relationships with Our Customers

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

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

R&D

Strengthening Our R&D System

Basic Concept

Because of the globalization of business, it is becoming increasingly important to offer 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

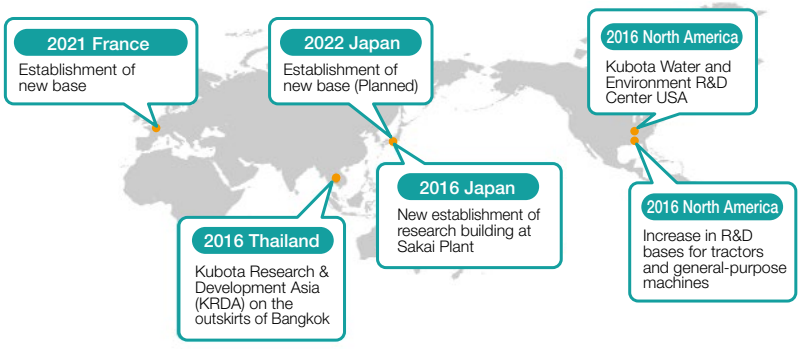
When Kubota began developing its business overseas, products were developed and manufactured in Japan first, and then launched in local markets, and local production was introduced later on. However, in order to grow into a genuine global company, it is crucial to understand the needs of foreign customers 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 large-scale 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 FY2021, 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

To help address issues in the food, water and environment fields on a global scale, the Kubota Group holds an annual Kubota Group R&D Conference to share information. Over 1,000 engineers typically gather for the conference, but in 2020 videos of spoken presentations were streamed online, and special lectures were conducted with a limited audience and distributed online.

Presentation by Compact Tractor Engineering Dept.

Presentation by Kubota R&D Asia Co., Ltd.

Special lectures (limited audience + online)

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 professional 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 11,000 customers are using this service.

To further save labor and improve the efficiency of farm operations, Kubota has brought numerous products to market in the Farm Pilot series of GPS-mounted machinery. The series includes a rice transplanter with a straight-line keeping function; a tractor equipped with a straight-line assist function; a tractor with autosteering; the high-functionality Agri Robo tractor which performs unmanned, remotely monitored tillage, soil puddling, and other operations; the unmanned, remotely monitored Agri Robo rice transplanter; and the Agri Robo combine harvester which enables automated rice and barley harvesting with the operator on board. This lineup of automated machinery makes possible an integrated rice growing system.

* 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

The water and environment infrastructure that underpins both social life and agriculture in Japan is facing challenges, such as a lack of financial and personnel resources due to the country's population decline, aging facilities, and the need to respond to frequent natural disasters. National and local governments are turning to information and communication technologies and to the private sector to realize more efficient management, maintenance, and inspection for this infrastructure.

Kubota has been addressing this issue since 2003, providing IoT*1-based remote monitoring services for infrastructure facilities and equipment, and has newly sought to improve its services for waterworks through the Kubota Smart Infrastructure System (KSIS), including adding real-time and wide-area monitoring functions. The system has already been installed in over 6,500 infrastructure facilities in areas such as water and sewage, river management, and farm irrigation.

Furthermore, under a tie-up with the NTT Group, Kubota is working to develop AI-based diagnostics and optimal operation control technologies for a range of facilities and equipment. In the agriculture field, through joint research with the NARO*2, Kubota launched the WATARAS farm water management system. This system, which automatically controls water supply and drainage in paddy fields, is being used by numerous farm operators. WATARAS helps automate the entire irrigation process, using water level data to automatically calculate how much water to send to the paddy field and automatically control the pump, which also leads to reductions in both pump power consumption and overall water use.

*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
- 2019: Escorts Kubota India Private Limited (India) Manufacturing of tractors

▶Expansion of local production

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

Deployment and Dissemination of the Kubota Production System

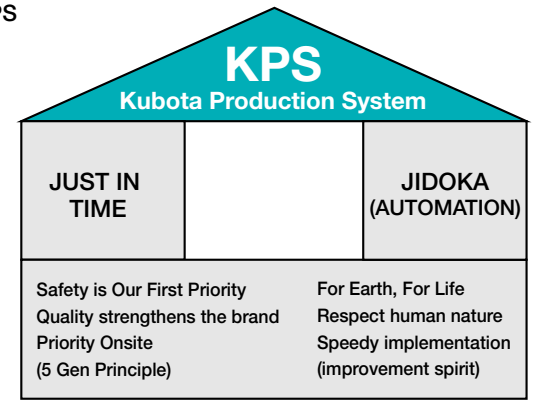
Kubota Production System

- Kubota's basic principle for manufacturing
  Kubota aims to achieve manufacturing that impresses customers by offering products and services that exceed customers' needs at a speed 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 2020

- We held monthly innovation exchange events designed to promote exchanges between domestic manufacturing bases, accelerate base improvement activities, and develop human resources. The meetings are a forum in which members from multiple bases can gather to identify and offer guidance on action themes and base improvement efforts, and collaborate as needed in implementing 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.
- 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 100,000 hours of labor time per year.

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 among Kubota Group employees in Japan and abroad to encourage them to volunteer information about issues related to quality.

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	183
Technical new recruit training	1	134
New supervisor training	2	40

Training name	Number of sessions	Number of recipients
New foreman training	1	18
Internal auditor training course	7	104
The Safety, Environment and Quality Forum for executive management	1	180

Internal Audits on Quality

The Kubota Group has systematically carried 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

Recall Status in FY2020

- Recall of M-G, GE AT tractors : Total 315 units (began July 16, 2020)
- Recall of M-D tractors : Total 1,531 units (began April 17, 2020)
- Recall of DR combine harvesters : Total 821 units (began April 7, 2020)

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

QC Circle Activity

Kubota first introduced quality control circles in 1967 for the purpose of “fostering people” and “revitalizing the workplace.” Currently, there are 763 circles involving 8,681 personnel active across Kubota Group companies in Japan and abroad.

Quality Achievement Award

The Kubota Group recognizes employees who have made outstanding achievements in quality improvement, with the aim of encouraging even greater achievements in the future as well as raising quality awareness in the workplace and throughout the Group.

In fiscal 2020, Kubota gave out awards in 10 themes of excellence.

Quality Management System Certification

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

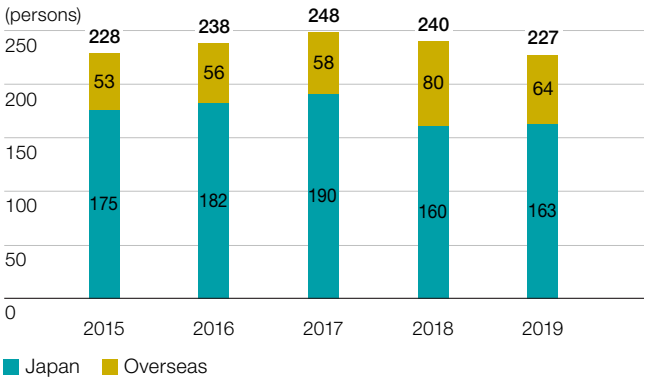
Ensuring Skills to Maintain Customer Satisfaction

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, with the aim of further improving its manufacturing capabilities.

* The 2020 competition was canceled to prevent coronavirus infection.

No. of Contestants in the Technical Skills Competition



Group photo of Gold Prize winners (at Sakai site)

Participating in National Skills Competition

To showcase the Kubota Group's commitment to the highest standard of manufacturing skills and to cultivate human resources to take leadership roles in the workplace, Kubota participates in the annual National Skills Competition*, sending representatives to compete in the categories of lathing, mechanical device assembly, mechatronics engineering, and construction steel working. At the 2020 Competition, 14 Kubota competitors participated, coming home with both a bronze medal and a Good Fight Award in the mechanical device assembly category.

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

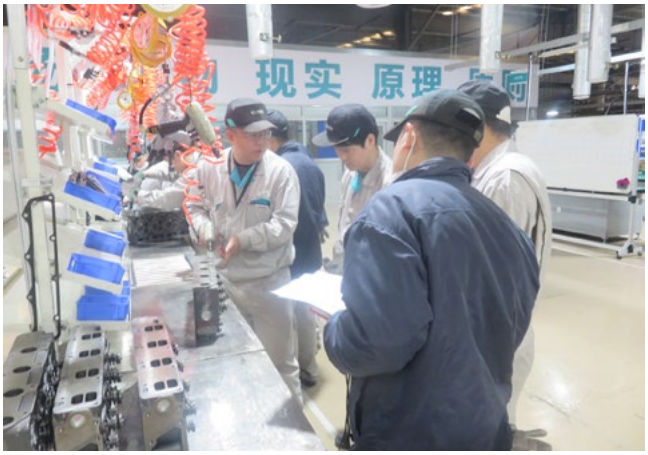
In the 2020 mechanical device assembly competition, Kubota won a bronze award and a Good Fight Award.

Fostering Manufacturing Personnel to Establish Kubota as a Global Major Brand

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

The "5-Gen Principle" is implemented to achieve site improvements necessary to advance KPS. The 5-Gen encompasses a philosophy based on the actual site (Genba), actual things (Genbutsu), actual facts (Genjitsu), principles (Genri) and basic rules (Gensoku). The 5-Gen Dojo is a training place for fostering employees who will implement improvements aimed at closing the gap that can arise between the actual and the ideal. In FY2020, 206 people attended this training program.

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



Training at the 5-Gen Dojo in China.

Participants by country (Jan. 2020–Dec. 2020)

- Japan : 130
- North America : 11
- Thailand : 29
- China : 36

5-Gen Dojo History

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

Customer Service

Continuous Provision of Parts through Redesign of Old-type Parts

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

Kubota focuses on providing a **stable supply of service parts** through communication with customers and suppliers in the market and improvement of service parts procurement operations. We maintain an **immediate delivery rate of essentially over 99%** for emergency orders for service parts in Japan. (Immediate delivery rate: Ratio of inventory supply to orders) (Full-year performance for 2017-2020).

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**.

Kubota is also considering another possible solution to meet the need for service parts that require redesigning and recreating: 3D printer manufacturing.

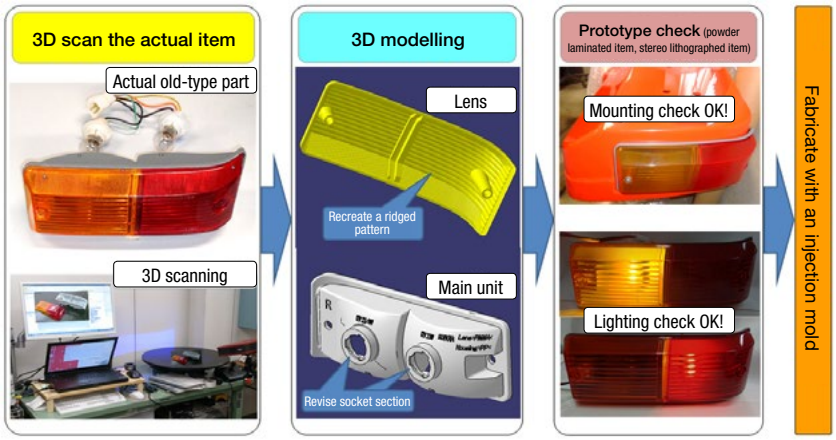
This approach has not yet been put into practice, but Kubota continues to study the feasibility of 3D printer manufacturing to be ready when technological advances open the way for its use in numerous applications.

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.

Contest for Solution Proposals and Service Technology Skills

On December 10, 2020, in order to prevent the spread of COVID-19, the Contest for Solution Proposal was held by connecting Kubota's head office and dealers nationwide online, instead of gathering at the head office as before. In this contest, the seventh of its kind, 11 sales staff members who had won the preliminary rounds from all over the country made presentations within a time limit on their proposals to help customers realize their dreams in an easy-to-understand manner. All the contestants competed with pride in their companies, and the contest was as enthusiastic as ever. Kubota will continue to improve the proposal skills through the contest to provide customers with trust and peace of mind.

Videos of the presenters and the PowerPoint screen were broadcasted

Kubota holds a Service Technical Skills Contest every year, inviting participants from sales companies in Japan and overseas. It was canceled in 2020 due to concerns over COVID-19, but, if conditions allow, Kubota will once again hold this contest, in which top service providers who have cleared preliminary rounds their regions come together to compete. Aiming to expand its presence in the growing aftersales service market, Kubota is designing the competition to raise skill levels in several areas, including the accurate troubleshooting skills that every service professional should possess, repair skills that solve problems fully on the first try, and communication skills for persuading customers.


Service Technical Skills Contest (held in 2019)

Service Technical Skills Contest (held in 2019)

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 2019 to June 2020 improved over the previous year (surveyed from July 2018 to June 2019), rising from 63.8 to 64.2 points.

Kubota will continue to make efforts to improve customer satisfaction.

Relationships with Business Partners

Procurement

Procurement Policy

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

Basic approach to materials procurement

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

Promoting CSR Procurement Based on Established Guidelines

Customers are becoming increasingly aware of what goes on in the entire supply chain that creates products and services.

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

The Kubota Group CSR Procurement Guidelines

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

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

Self-Assessments of CSR Procurement

Since FY2018 we have requested our major suppliers in Japan to conduct a self-assessment of CSR procurement. We provide feedback to each company after clarifying where improvements can be made. For items returning a low score, we ask our suppliers to voluntarily make improvements. We also provide support on improving CSR procurement by meeting with or visiting companies, if deemed necessary based on the self-assessment results. In FY2020 we asked around 170 major suppliers in Japan to conduct a self-assessment. We began requesting similar self-assessments of our overseas bases in 2020 as well.

Handling of Conflict Minerals

Policy on conflict minerals

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

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

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

Activities

Written Inquiry

We use a conflict minerals reporting template (CMRT) to mainly confirm whether our suppliers are using conflict minerals, to identify smelters, and to gauge what kind of initiatives they are employing to address the issue of conflict minerals. We endeavor to improve the accuracy of the information we receive by asking our suppliers to resubmit the report if their answers are insufficient. In FY2020, 100% of the templates we sent out were returned.

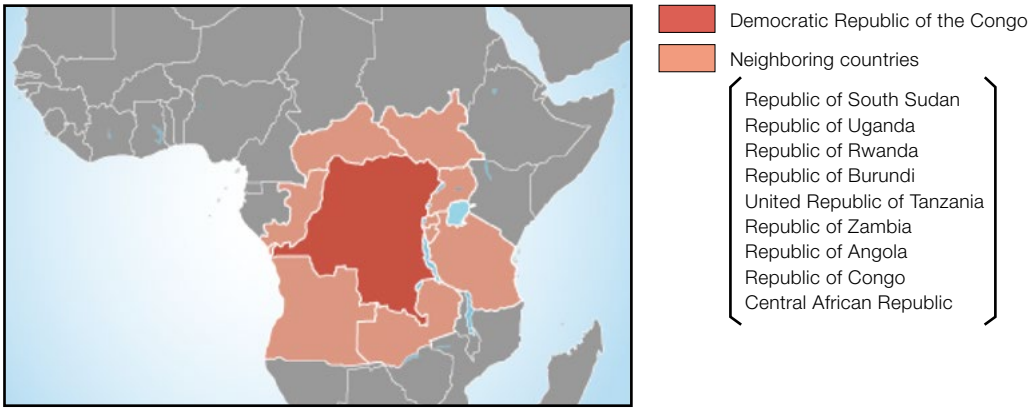
Addressing Risks

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

Response Unit

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

Democratic Republic of the Congo and Adjoining Countries



Promoting Optimal Regional Procurement and Supplier Quality/Productivity

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

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

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

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

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 (the Group) to implement certain information security measures. The Company's information security measures are discussed below.

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

Information Security Measures Standards for Business Partners
Japanese version www.kubota.co.jp/sustainability/society/data/SecurityStandardjp.pdf
English version www.kubota.co.jp/sustainability/society/data/SecurityStandarden.pdf

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

Green Procurement

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

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

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

Click here for the Green Procurement Guidelines.
www.kubota.com/sustainability/environment/procure/

Click here for details of the Green Procurement activities.

Relationships with Our Shareholders and Investors

Constructive Dialogue with Shareholders

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

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

Dialogue with Individual Shareholders

In 2020, under the state of emergency declared by the government in response to COVID-19, many company information sessions and facility tours had to be canceled. In December, however, Kubota held a tour for shareholders at the strawberry farm "Gakko-Ichigoen Saitakami" which is managed by Chushikoku KUBOTA Corporation in Kagawa prefecture. With thorough precautions in place against infection, about 60 shareholders over two days experienced the fun of strawberry picking and chopstick making.

Kubota also held two online company information sessions during the year to gain greater investor understanding of our businesses.

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

Strawberry picking while taking precautions against infection

Tasting at the barrier-free strawberry farm

Experience of making chopsticks at the NAKAYOSHI Library

Online information session

Dialogue with Institutional Investors and Analysts

Kubota Corporation has approximately 300 individual and group meetings per year with institutional investors and analysts. Kubota Corporation also holds year-end results briefing in February and an interim results briefing in August and discloses its financial and other information in Japanese and English concurrently. In addition, Kubota Corporation also releases the scripts and Q&A summary at the results briefings as well as presentation materials on its website. Furthermore, Kubota Corporation also releases supplementary information for the financial results on each announcement day of quarterly financial results. Through these efforts, Kubota Corporation strives to enhance early and fair disclosure.

In addition, Kubota Corporation regularly holds tours and business briefing sessions at its domestic factories and overseas subsidiaries, although the opportunities of these sessions were limited in 2020 due to the infection spread of COVID-19. Kubota Corporation held a product showcase tour and a briefing session about Water & Environment business in January 2020.


Information for investors
www.kubota.com/ir/

Relationships with Employees

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

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

Creating a Safe Workplace for All Employees

Promoting a Safer 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 sets out a variety of strategies aiming to achieve a goal of zero Class-A incidents*, centered on promoting inherently safe equipment, ensuring safe operations, and enhancing human resources development to support safety.

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

The Kubota Group Basic Policies on Safety and Health

"In the KUBOTA Group, there is no work to be carried out without serious consideration for safety and health."
To achieve this, we established the fundamental principle that all the people involved in the business shall behave based on the philosophy that "Safety is Our First Priority."

Safety is Our First Priority

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

Kubota Group's Mid-term Plan Target and Major Tasks

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

Target: Zero Class-A incidents

<Major tasks>

1. Promoting inherently safe equipment

(1) Apply the risk assessment for machine safety to all new equipment.

(2) Complete measures for existing equipment to achieve the target levels determined in the Safety Control Guidelines for assessment and promotion of inherently safe equipment.

(3) Work to prevent the recurrence of equipment malfunctions.

2. Promoting safe operations

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

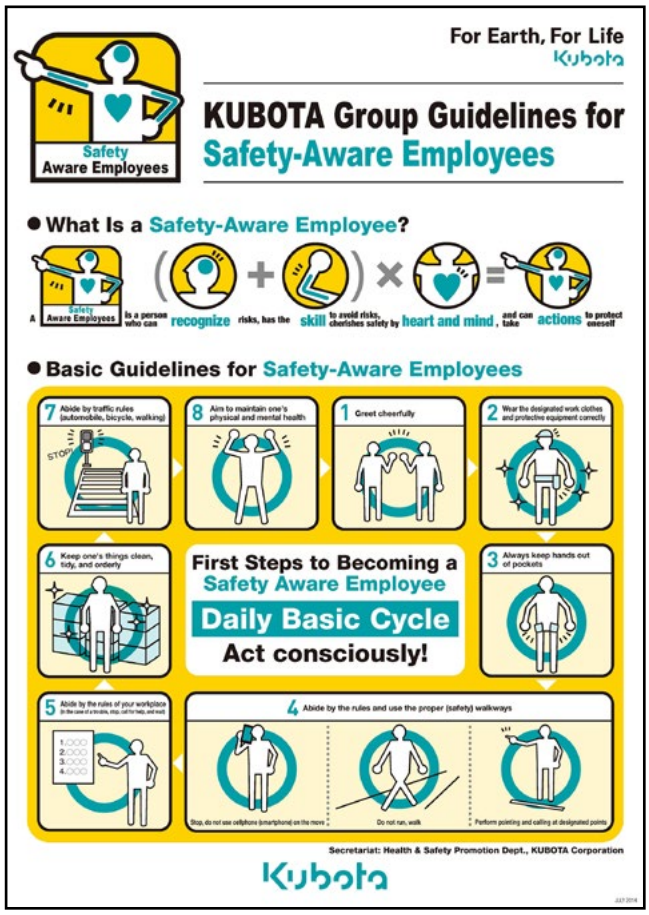
3. Enhancing personnel development to support safety (the Kubota Group Safety-Aware Employee Development)

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

4. Maintaining and improving a safe and healthy working environment

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

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



Status of Initiatives in FY2020

Kubota implemented the following initiatives in FY2020.

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 deployment, based on the machinery safety risk assessment guidelines that were revised in FY2017.
2. **The habit of visualizing abnormalities and shutting off energy supplies (all domestic Group companies)**
   Kubota is instilling in employees the habit of visualizing abnormalities that occur in equipment, tools, or materials, and completely shutting off energy supplies before approaching any hazard, as well as working to prevent the recurrence of equipment abnormalities.
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.
4. **Initiatives to instill the Basic Guidelines for Safety-Aware Employees (all domestic Group companies)**
   We undertake educational activities via the serial publication of messages from the management in our company newsletters, so that it will become a habit for all of our employees to always abide by the Basic Guidelines for Safety-Aware Employees, and that habituation will help achieve our organizational culture.
5. **Education on how to teach safe operations (all domestic Group companies)**
   Kubota has established a method of teaching safe operations that clearly specifies approaches to work-related teaching and the means of confirming and assessing degrees of proficiency, thus offering workers easy-to-understand guidance regarding the work they are in charge of and how to perform their work while avoiding hazards. Through e-learning initiatives, group leaders from manufacturing floors learn how to work more safely, having understood the rationale behind the need to abide by safety guidelines.
6. **Maintaining and improving a safe and healthy working environment (all domestic Group companies)**
   We carry out measurements twice a year at all worksites to continuously monitor conditions at a detailed level. By actively promoting horizontal rollout of examples of good practice, we work to maintain and improve standards Group-wide.

The Kubota Group Safety and Health Target for FY2021

Kubota has clearly set the target below for FY2021, 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 P121 Kubota Group Guidelines for Safety-Aware Employees/Basic Guidelines for Safety-Aware Employees

2. Education through conferences

In light of concerns about COVID-19 infection, various conferences were held remotely in FY2020.

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

Also in November, the Construction Safety and Health Manager Conference was held for managers to deliberate on the wider roll-out of initiatives to prevent recurrence after a Class-A incident and on safety and health guidelines for the following fiscal year, as well as to share information on revisions to relevant laws.

Safety and health and environmental initiatives have gained momentum in various regions overseas as well. Although some events were canceled due to COVID-19 concerns, exchanges were held between Group companies in Thailand (2 times online and 5 times in-person among local participants) while Group companies in China conducted mutual site visits (2 times). In North America, a Safety, Health and Environmental Manager Conference, first organized by regional Group companies in FY2019, was held twice online in FY2020. In these ways, regionally organized activities are further expanding.

3. Safety education initiatives

Due to COVID-19 concerns, safety and health education, particularly for new employees but also for personnel of all ranks, was conducted online in FY2020. We devised new learning methods, such as group work using online tools that enable joint editing in real time.

4. Mutual site visits

Kubota conducted safety and health “cross patrols” (mutual site visits) to promote exchanges between worksites in different operational areas, gaining awareness of risks by fresh exposure to other worksite environments, sharing examples of good practices, and encouraging their application in future safety and health activities.

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

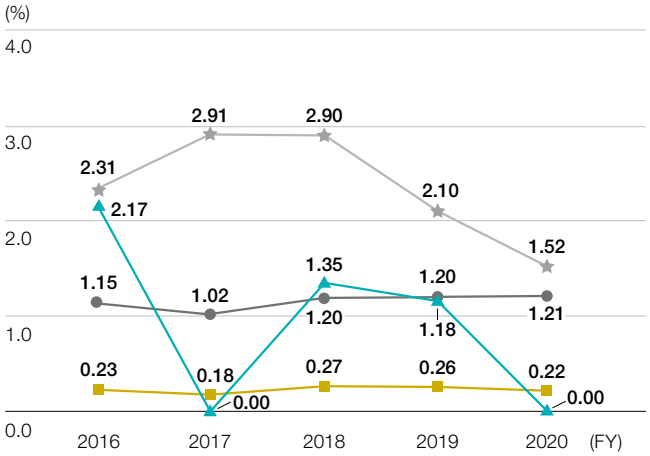
Lectures on safety education held online for domestic bases

Lectures on safety education held online for overseas bases

Mutual site visit (October 14, 2020). Such exchanges between worksites in different operational areas provided an opportunity to be exposed to good practices and gain new awareness.

Lost Time Incident Rate/Severity Injury Rate

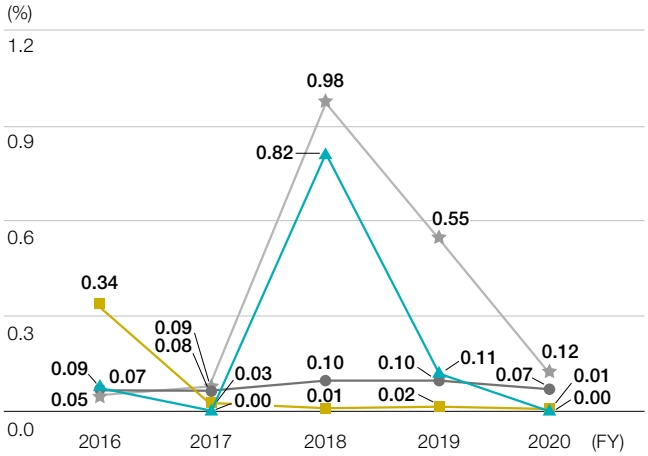
Lost Time Incident Rate (Kubota Corporation)



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

<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)

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

Safety and Health Education Implementation Status in FY2020

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	4	240
Semi-intermediate (for mid-career employees)	2	55
Intermediate (for workplace leaders)	1	40
Training for newly appointed supervisors	4	80
Training for newly appointed foremen	1	15

Other than Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	1	180
Safety and health education for mid-career entrants at the time of employment	12	160
Machinery safety education	5	70
Training for newly promoted managers	1	145
Training for newly appointed section managers	2	30
Training for newly appointed department managers	1	15
Education for officers (Safety, Environment, and Quality Forum)	1	37

* 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.

Kubota

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

Domestic Group companies

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

Overseas Group companies

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

Initiatives to Reduce Risk for Employees Working Overseas

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

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

Respecting Human Rights

Basic Policies Regarding Human Rights

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

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

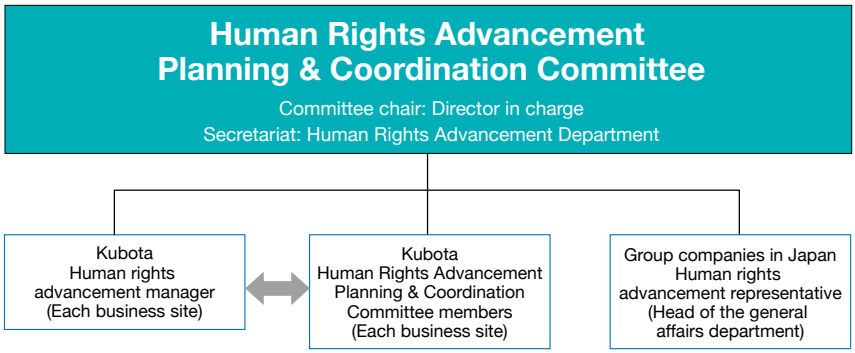
Code of Conduct (excerpts)

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

Human Rights Advancement System

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

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



Human Rights Education

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

The human rights education programs include rank-based training for new employees and at each site. In addition, to ensure ease of access for participants, we continued to offer training via e-learning in 2020. In 2020, 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 2020]

	Internal training	External training	Total
Kubota	12,820 people	135 people	12,955 people
Group companies in Japan	9,070 people	76 people	9,146 people

Major Internal Education Programs

Training for management executives	222 people (including presidents, etc. of Group companies in Japan)
Training for new employees	815 people (including those from Group companies in Japan, etc.)
Training for newly appointed foremen	18 people (including those from Group companies in Japan, etc.)
Training for newly appointed supervisors	40 people (including those from Group companies in Japan, etc.)
Seminar for harassment consultation office personnel	126 people (including those from Group companies in Japan, etc.)
e-learning courses on human rights advancement	12,804 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, abuse of authority (power harassment), mistreatment of employees with child-rearing or long-term family care responsibilities (maternity harassment, care harassment) and bullying or indirect disadvantaging of sexual minorities (LGBT*1, SOGI*2, etc.)].
- Training for superiors in responding to reports of harassment and promoting two-way communication
- Social discrimination (Dowa) (such as online discrimination towards minority groups (e.g., Buraku), etc.)
- Issues facing the disabled (Act to Advance the Elimination of Discrimination against the Disabled, the disabled employment ratio, etc.)
- Issues facing foreign residents in Japan (hate-based harassment, etc.)
- UK Modern Slavery Act
- The supply chain and human rights (SDGs)
- Various human rights issues (such as religious affiliation, 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 Acronym of lesbian, gay, bisexual, and transgender
*2 SO (sexual orientation), GI (gender identity).

Major External Training

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

The 40th Human Rights and Dowa Issue Corporate Awareness-Raising Seminar hosted by the Executive Committee*3: A total of 62 participants (including those from Group companies in Japan)

The 50th Buraku Liberation and Human Rights Summer Seminar hosted by the Executive Committee*3: 15 participants (including those from Group companies in Japan), etc.

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

Human Rights Training for Management Executives (Dec. 24, 2020)
(Topic: Evolution of the IT Revolution and Corporate Management: From a Human Rights, Cyber Security, and Information Literacy Perspective)
(Speaker: Suehiro Kitaguchi, Professor/Senior Staff, Human Rights Research Institute, Kindai University)

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 2020: 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 (including via e-learning), and so on.

Harassment Consultation Office Personnel Seminar (Aug. 4-5, 2020)
(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 126 employees took part in this seminar in 2020, using a web-based system.

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

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 2020, entries were received from a total of 18,434 applicants (an application rate of 85.3%) 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

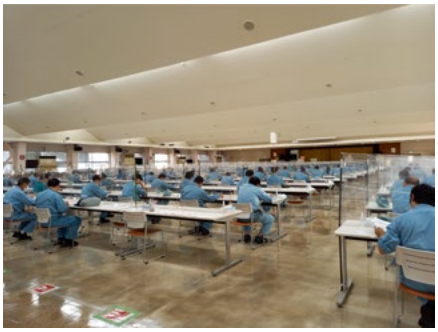
Installation of banners (Hanshin Plant)

Installation of banners (headquarters)

Installation of banners (Keiyo Plant)

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

Implementation of human rights training
(Group company in Japan)



Implementation of human rights training (Sakai Plant)

Protection of Privacy

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

Respecting Human Rights throughout the Supply Chain

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

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

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

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

Click here for details.
www.kubota.com/sustainability/society/procure/data/csrprocure_english.pdf

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

External Related Organizations

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

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

Promoting Diversity

Policy on Diversity Management

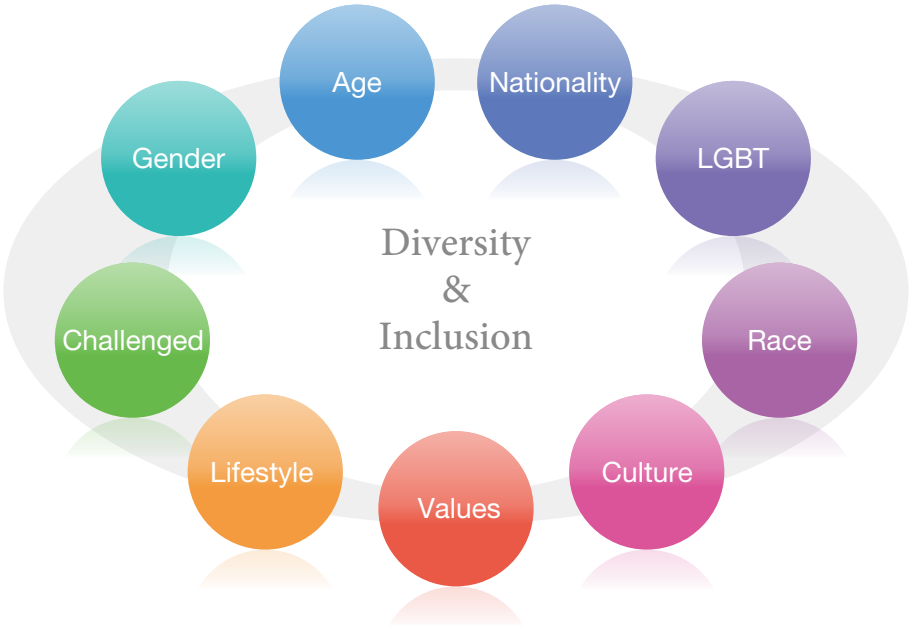
Making Diversity a Priority Commitment

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

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

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

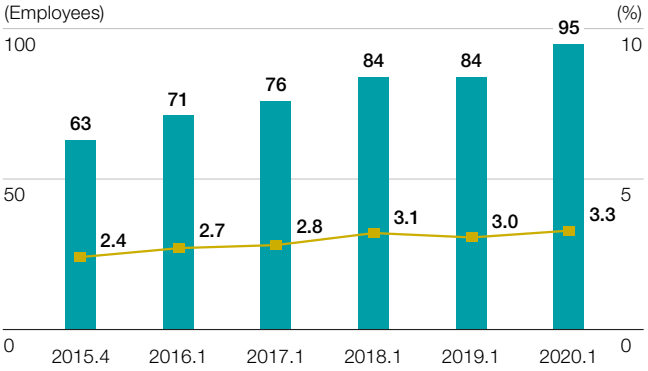
Kubota is a global company engaged in businesses in various regions around the world. Many people work side by side in the workplace bringing differences in language, culture, generation, gender, and values. We seek to accept each person's differences and draw on these as a force in creating new value.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



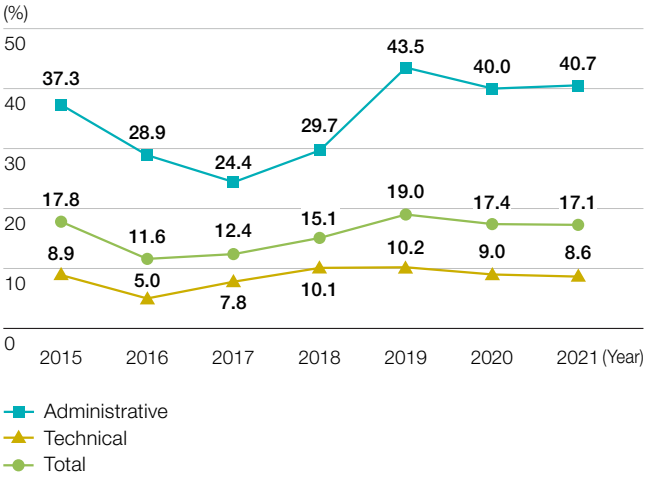
Empowering Women in the Workplace

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

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



Ratio of Women Among Graduate Recruits for Regular Positions (Kubota Corp.)



Offering Various Training Programs 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.

Leader development training for female employees in staff positions (joint session with supervisors and female managers)

Signed Women's Empowerment Principles (WEPs)

The Women's Empowerment Principles (WEPs) is a set of principles jointly prepared by the UN Global Compact*1 and UN Women*2 in March 2010 to create work and social environments where women's strengths can be leveraged in corporate activities.

The Kubota Group supports these principles and endorsed the doctrine in July 2012, thus positioning gender equality and the empowerment of women as a focal point of its management and pledging to autonomously carry out initiatives.

*1 Global initiative to achieve sustainable growth in international society announced by the UN Secretary-General at the 1999 World Economic Forum.
*2 United Nations entity working for gender equality and the empowerment of women.

Certification for Women's Empowerment Principles

Support for Job Creation and Establishing a Work Environment for People with Disabilities

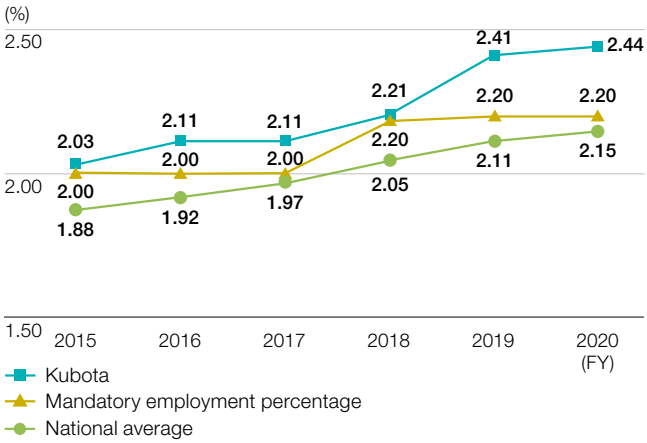
The Kubota Group is active in its initiatives towards the employment of people with disabilities that are aimed at supporting self-reliance, especially through its special subsidiary companies (Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd.)*.

Kubota Works carries out cleaning work, business card and document printing, data entry, and clerical outsourcing. Meanwhile, Kubota Sun-Vege Farm is involved in initiatives to use hydroponic culture to grow vegetables safely and securely with the goals of living in harmony with the community and the practical use of unused agricultural land. The vegetables grown there are used in our company cafeteria and are available for sale to our employees, and some are being sold at supermarkets in Osaka Prefecture.

Going forward, we will continue to expand into new business areas and promote further job creation.

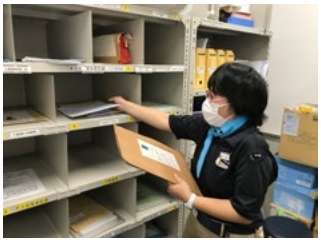
* Subsidiary companies where employers give special consideration to the hiring of people with disabilities in order to promote their employment and provide for their social stability.

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



* As of June 1 each year

Kubota Sun-Vege Farm Co., Ltd.




Kubota Works Co., Ltd.

FOCUS

Remote Kubota Works Office Tour Held

A remote tour of Kubota Works using Google Meet was held on November 16, 2020 at Naniwa Special Senior High School. Kubota Works has a close relationship with this school, from which it hires new employees. The tour drew 60 participants.

In prior years, Kubota invited students, teachers, and parents from the school to a tour of Kubota Works' head office. In 2020, given the inadvisability amid COVID-19 concerns of bringing large numbers of visitors to the office, there was talk of canceling the event. However, Kubota suggested to the school holding a remote tour using online conference software Google Meet.

Approximately 60 first-year high school students, parents, and teachers participated in the school auditorium, the venue for the remote tour.

Although there were some audio and video difficulties along the way, the connection was generally clear, and the tour was completed successfully. We plan to make even more use of remote tours to raise awareness of Kubota among special schools, organizations involved in employing people with disabilities, and other stakeholders.


Initiatives for Sexual Minorities Such as LGBT Groups

Received Work with Pride Silver 2020

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 established a new Health Management Department at the start of 2021, and will work to further implement and reinforce sound health management practices.

By stepping up its Health Kubota and Genki (Lively) Kubota initiatives that encourage employees to engage in their work with enthusiasm and in good mental and physical health, as well as by rolling out the wellness projects Health Kubota 21 and the Health Mileage system across all Group companies in Japan, Kubota is working to help maintain and improve the health of its employees, and devising ways of encouraging employees to take an interest in their wellbeing and take steps on their own to be healthier.

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.

In addition, Kubota is developing a dedicated smartphone app to simplify step count management, and will promote activities to take better advantage of health guidance going forward.

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 checks, training programs and 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 FY2020, 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.

The onset of the COVID-19 pandemic caused a radical shift from conventional working styles to teleworking. To prevent a possible increase in employees suffering mental distress due to an inability to adapt to changes, in October 2020 we began putting out a newsletter, “Kubota from here on out: Caring for the Mind and Body while Working from Home.” The newsletter helps employees practice good mental and physical hygiene while working from home.

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 on Promotion of Women's Participation and Advancement in the Workplace, Kubota is eliminating consciousness of gender-based roles in responsibility allocation.

- The gap in the number of years of working experience between men and women is shrinking.
- Over 90% of women are returning to work after taking childcare leave.

In light of the above two points, Kubota proactively encourages its male employees to take childcare leave based on the belief that they should contribute to housework and child-raising so that women may continue to pursue their careers.

For both male and female employees, Kubota promotes the creation of a working environment in which a good work-life balance is ensured.

"Kurumin Mark" for companies with next-generation childcare systems

FOCUS

Kubota 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

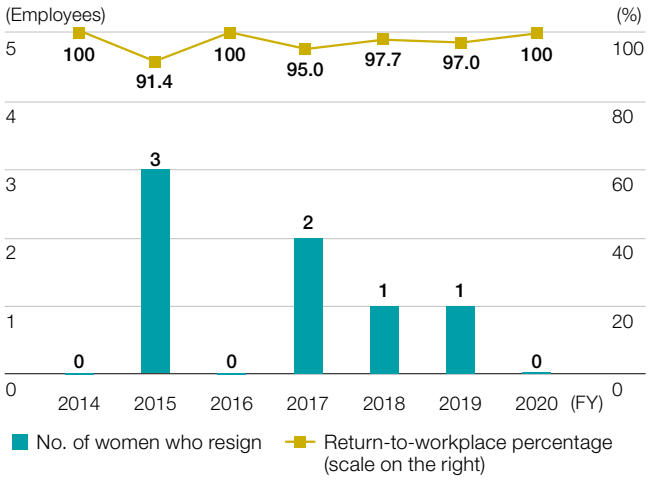
Kubota Corporation acquired the certificate on March 31, 2016. Kubota's efforts of "steadily advancing the promotion of women by consolidating job systems to expand women's job scopes and other means," and "establishing effective systems to support childbirth and childcare, while encouraging male employees 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.)



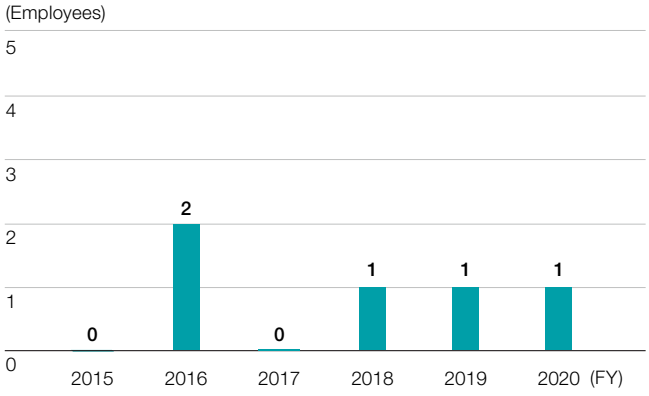
* Tallied from April 1 to March 31 of the following year for each year

Training for employees returning from childcare leave

System for Leave-taking, Re-entry, Relocating to a New Area

Kubota has put in place a system that allows employees more easily to take leave, re-enter the company, and relocate to new areas. The system is helping prevent as much as possible attrition due to spouse transfers, contributing to employee retention, and supporting employee motivation to continue working.

Participants in Re-entry Program (Kubota Corp.)

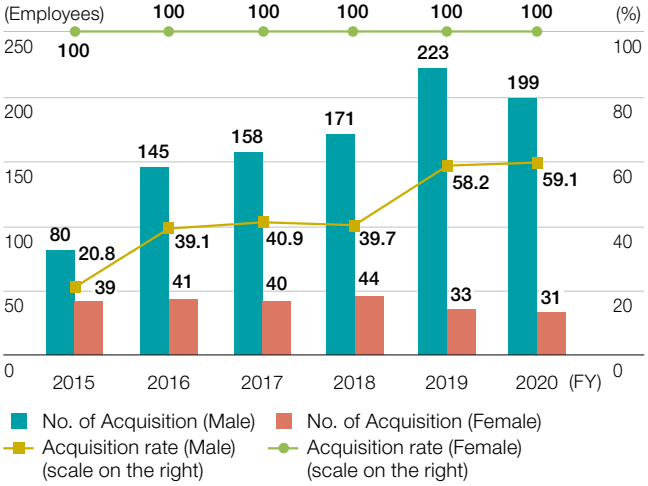


Commenced re-entry in Sep. 2012
* Nine months between April and December of FY2015 (settlement moved to December)
* From January through December, as of FY2016

Encouraging Employees to Take Childcare Leave

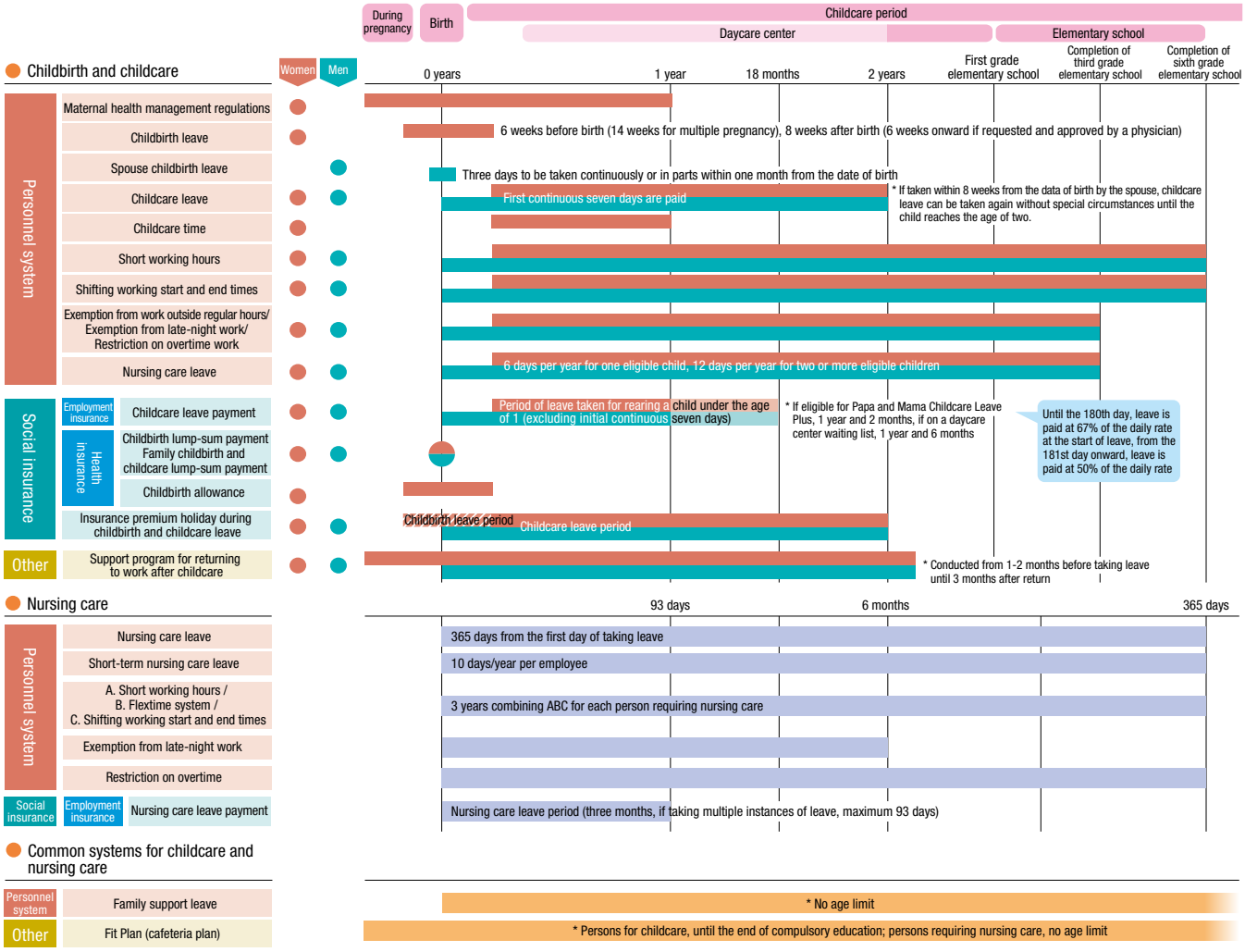
Kubota sets phased targets for the number of male employees taking childcare leave, and actively encourages its use.

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.

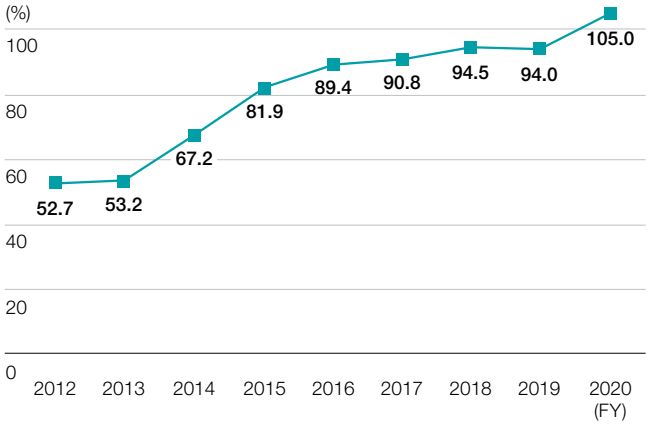
Promotion Policy

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.)



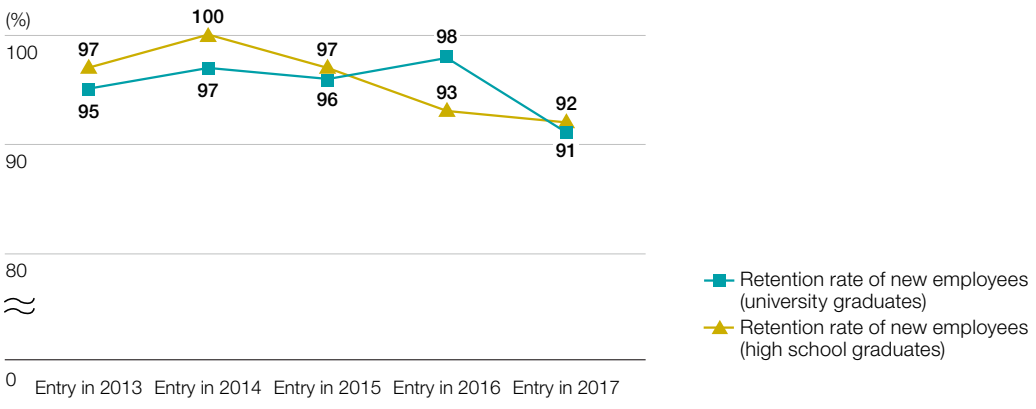
* Tallied from March 16 to March 15 of the following year for each year up to 2015
* Tallied from December 16 to December 15 of the following year for each year from 2016
* FY2020 includes extraordinary vacation days related to COVID-19.

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

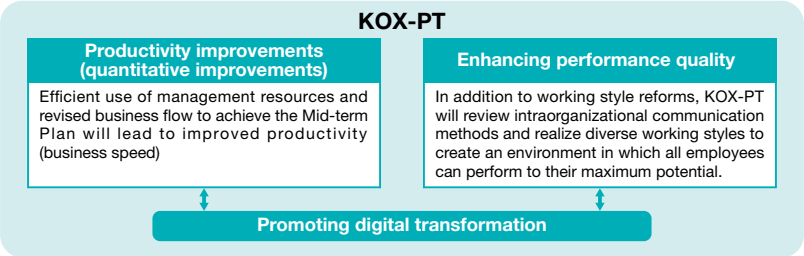


Promoting Workstyle Reforms

In July 2020, we launched the Kubota Operation Transforming Project Team (KOX-PT). In addition to assuming the tasks of standardizing back-office operations and making work process improvements which had been carried out since 2017 by the Workstyle Reform Project Team (HK-PT), the new team is working to reinforce Kubota's corporate structure by fully leveraging management resources, particularly human resources, across the entire Group, as well as to boost job satisfaction by building an environment in which individual employees can perform to their maximum potential.

KOX-PT is not simply a part of our working style reforms: The team was launched with the aim of further reinforcing Kubota's corporate competitiveness even in the midst of drastic changes in our business environment. Kubota currently faces the accelerated globalization of our industries, while the entry of newcomers into our markets is having a significant technology impact. This is the climate in which we have to achieve our corporate goals. Thus, KOX-PT's first priority is to improve productivity (business speed) by making efficient use of management resources and revising business flows to achieve our Mid-term Plan.

In FY2020, Kubota transitioned to teleworking, primarily for our office-based departments, in response to the COVID-19 crisis. For non-office worksites, we made use of teleworking depending on the work content. Working from home is expected to become standard practice going forward, and Kubota has to evolve its working styles to adapt. We will not only revise various personnel systems, but will also explore the best use of office spaces, both to enable new working styles and also achieve more active internal communication that leads to results under any environment, while realizing diverse working styles for employees.



KOX-PT will actively incorporate digital transformation into various job-related actions to boost work productivity and employee performance.

[Examples of KOX-PT Activities]

1. Promoting digital transformation in internal operations

The team is striving to improve work efficiency and achieve more active internal communication through the use of digital tools.

Active use of online meeting tools

2. Holding working style study workshops

The team is incorporating employee feedback into its planning and implementation of measures to enable new Kubota working styles.

Sharing ideas at a working style study workshop

3. Introduction of 1-on-1 meetings

At Kubota, we are aiming not only for more active communication in the workplace but also seek to create an environment where managers can actively support their staff's growth and help them take on new challenges.

1-on-1 meeting between a manager and staff member

Kubota developed and distributed its own 1-on-1 meeting guidebook

Personnel Measures in Tune with Globalization

Expanding the Overseas Trainee System

From the World to Japan

As overseas businesses are expanding rapidly, it is urgently necessary to develop human resources who are capable of playing a core role in promoting the autonomy of overseas sites.

Under these circumstances, Kubota started an overseas trainee system in 2015 with a view to developing candidates for managers and supervisors, and engineers at overseas sites.

Kubota has accepted a total of 33 trainees so far. While continuing to receive trainees from China, Thailand and Indonesia, the Company will also invite trainees from other areas, thereby promoting human resources development to help foster the autonomy of overseas sites.

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.

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 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 6, 2020 (from our company newsletter)

Click here for the Kubota Global Identity.
www.kubota.com/corporate/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 once again to study the thoughts and words of the company's founder, look back on the history of the Kubota Group, and reconfirm the growing expectations placed on us by the international community to make contributions in the areas of food, water, and the environment. The Kubota Group's corporate principles in many respects tie in with the SDGs, the goals toward which the global community is now aspiring. In FY2020, we are conducting an e-learning program considering the relationship between the SDGs and the Group.

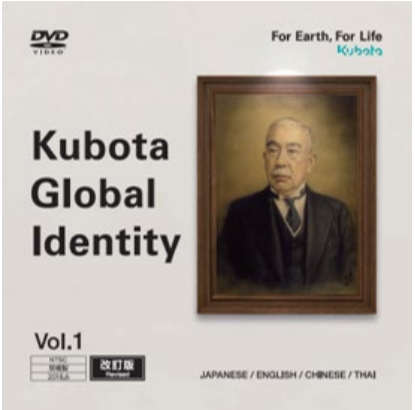
Participation Statistics for Our Corporate Principle Activities (Including Temporary Employees)

Fiscal year	Activity step (five-year plan)	Number of participants	Degree of satisfaction*
FY2013	(1) Acknowledgement	28,969	71%
FY2014	(2) Understanding	35,470	73%
FY2015	(3) Practice and application	35,089	78%
FY2016	(4) Concrete practice	40,855	83%
FY2017	(5) Concrete practice (continued)	41,400	79%

* Numbers reflect the percentage of people responding at least "somewhat satisfied" for degree of satisfaction at lectures held in Japan

Attendee Impressions (new employees)

- On the DVD, there was a statement from the founder: "Everything we do must be not only technologically superior, but also useful to society." Hearing that made me want to create useful to society, too. Learning about Kubota's company history, I thought, from now on it's our job to create a new history.
- I used to recite words about Kubota's global identity in daily workplace gatherings without giving them much thought, but the symposium really brought it home to me. It's something I didn't really understand very well working at the plant, but it was really encouraging to watch the DVD and realize that there are people all over the world working in the same spirit. It made me glad I joined Kubota all over again.



The DVD conveying Kubota's corporate principles is distributed overseas as well. It includes chapters on the founder's story, 130 years of Kubota history, and challenges going forward.

FOCUS

Internal and External SDGs Awareness & Publicity Activities

In FY2020, the Kubota Group implemented the following activities.

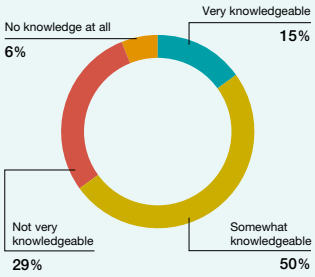
■ Activities to Instill and Improve Awareness of Our Corporate Principles in Kubota Group Employees

- As part of the 2020 Kubota management policy, each division is instructed to share case studies of SDGs internally and disseminate them to outside stakeholders (January)
- A series of special feature articles about the SDGs in company newsletters (throughout the year)
- Display of original posters designed to instill further awareness among Group employees (continuing from the previous year)
- Conducted SDGs awareness training for Kubota Group officers and employees worldwide (from July)
- 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 FY2020 CSR awareness survey conducted on Kubota Group employees in Japan

Kubota stands behind the aims of the "SDGs trains" that started running in 2020 on several railway lines in Japan, and is striving to raise awareness by displaying its own original posters in train cars to help passengers and local residents learn more about the SDGs.

* Wrap advertising trains carrying SDGs-related themes operated by Hankyu Railway, Hanshin Electric Railway, and Tokyu Railways. Each car is wrapped on the outside with information on the SDGs, and the original posters of sponsoring companies are displayed on board. All the trains run on environmentally friendly renewable energy.

Original posters portraying Kubota's engagement in the areas of food, water, and the environment, using cute animals drawn by illustrated book author Tomonori Taniguchi.

See the following website for more information about the SDGs trains. (only in Japanese)

Hankyu Hanshin Holdings, Inc.
www.hankyu-hanshin.co.jp/yume-machi/sdgstrain/gallery.html

Tokyu Corporation
tokyugroup.jp/sdgs/

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.

FY2020 Statistics (Lecturers from the CSR Planning Department)

* Some educational events were conducted by video in FY2020 due to concerns about COVID-19.

	Participants	Timing	Length (per session)	Notes
Kubota	Newly appointed section managers	October 2020	60 minutes	
	Employees promoted to expert positions	April 2020	50 minutes	
	New staff hires	April and May 2020	45 minutes	Two sessions on separate topics
	New mid-career hires	January to December 2020 (monthly)	60 minutes	Held in the month the employee was hired
	Newly appointed foremen	October 2020	60 minutes	
	Newly appointed supervisors	July and September 2020	90 minutes	Split up into 2 sessions for participants

CSR Forums for Management-level Employees and Other Activities

Kubota holds an annual CSR Forum, a lecture for directors and managers providing information on Corporate Social Responsibility (CSR) efforts.

In 2020, given the difficulties of holding large in-person gatherings due to COVID-19, and recognizing the value of enabling a frank exchange of opinions between Kubota directors and outside experts, we limited the number of participants and held a CSR Dialogue in October instead.

(Please refer to the Special Feature to read about the CSR Dialogue.)

The following is a summary of forums from the past seven years.

CSR Forums and Other Activities (Past Seven Years)

Timing	Lecturer	Topic	Participants (including participants via video conferencing 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
October 2020 CSR Dialogue	Journalist	Pandemics and the future of CSR/ESG management and the SDGs	Six internal directors, including the Chairman and President

Employee CSR Awareness Survey

From August to October 2020, we conducted a Kubota Group Employee CSR Awareness Survey. This time, Kubota employees working abroad were also included in the target audience. 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.

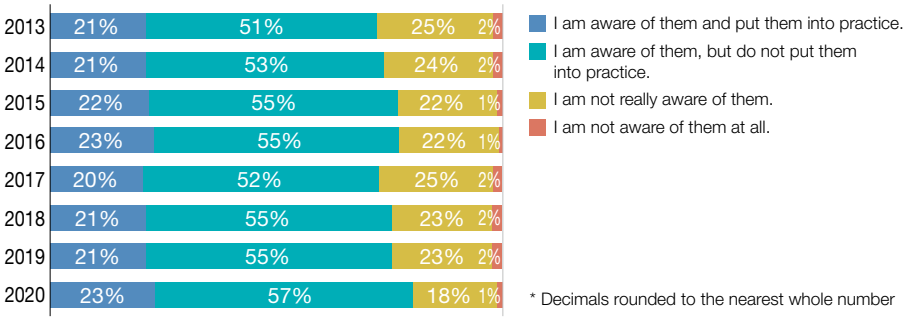
Respondents

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%
FY2020	15,275	13%

* The percentage of respondents that also provided an opinion

Answers to Key Questions in the Employee CSR Awareness Survey

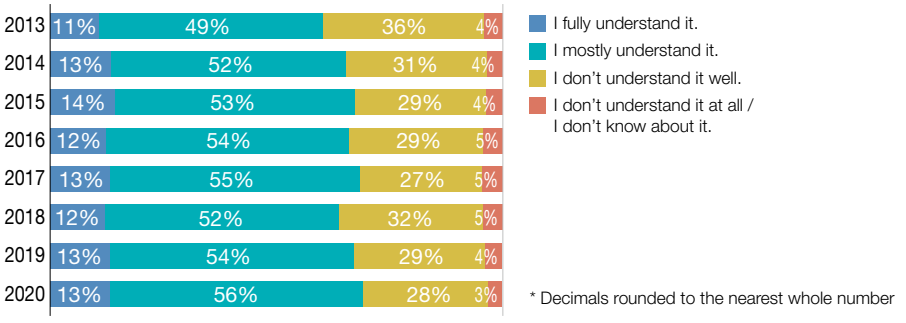
Are you aware of the Kubota Group's mission of helping to solve issues surrounding food, water, and the environment—the elements essential to human survival—as well as our brand statement "For Earth, For Life," and have you considered what you can do in your position?



* 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.

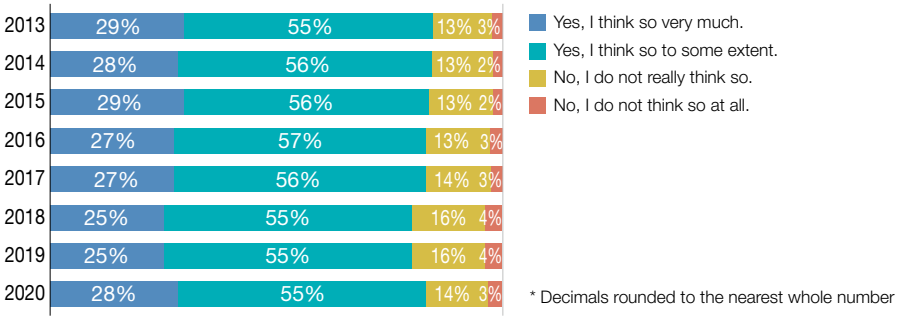
Do you have a good understanding of the Kubota Hotline system?



* Decimals rounded to the nearest whole number

We continue to promote awareness of the Kubota Hotline (internal whistleblowing system), improving understanding of its benefits.

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



* Decimals rounded to the nearest whole number

Kubota has repeatedly stressed the importance of managers communicating with their staff. This helped bring about an improvement in communication even during the COVID-19 crisis.

Involvement with Local Communities

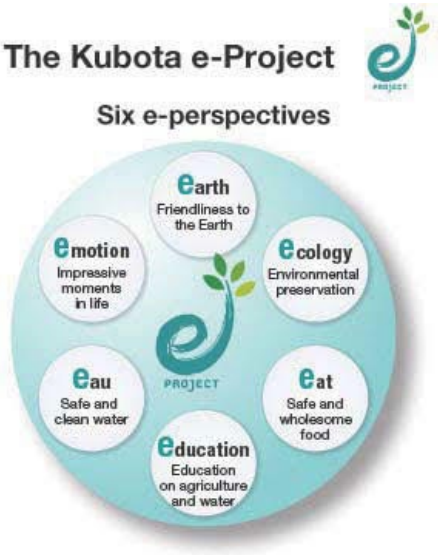
The Kubota Group respects the cultures and customs of each country and region in which it conducts business, and endeavors to establish relationships of trust with local communities. Moreover, Kubota proactively engages in social contribution activities in order to fulfill its responsibilities as a corporate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

The Kubota e-Project

Social Contribution Activities in the Areas of Food, Water, and the Environment

Kubota launched the Kubota e-Project in FY2008 in an effort to contribute to society in the areas of food, water, and the environment.

Kubota 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.com/sustainability/society/community/

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 868 individuals and groups have applied for the prize. In 2020, due to concerns about COVID-19, an online conference was held to give award winners a venue to report on their activities and exchange ideas with selection committee members.

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.
* Ministry of Agriculture, Forestry and Fisheries data (as of 2015)

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.

* In 2020, the event was canceled due to concerns about COVID-19.

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 2.89 ha 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.

* In 2020, the event was canceled due to concerns about COVID-19.

Educating the Next Generation

Kubota Active Lab

Kubota is making contributions in the field of education to provide younger generations with opportunities to develop an interest in science and technology fields. Kubota has co-sponsored the Kubota Active Lab program since 1985, with close to 2,200 students taking part thus far.

(Center) Former Japan national rugby team player and CEO of HiRAKU Co., Ltd. Toshiaki Hirose
(At right) Naohiko Kotake, Professor, Graduate School of System Design and Management, Keio University

In 2020, Kubota invited two speakers to address the topic of "How Technology Will Change the Future of Sports." Toshiaki Hirose, former Japan national rugby team player and CEO of HiRAKU Co., Ltd., and Naohiko Kotake, professor at Keio University, discussed the role sports technology will play in realizing a sustainable society.

Professor Kotake gave an overview of the technologies currently being used in sports. Toshiaki Hirose talked about sports tech and leadership, based on his own experiences. In 2020, due to concerns about COVID-19, the event was held online, with about 170 junior and senior high school students participating and engaging in a Q&A session with the speakers.

Kubota TERRA-KOYA Summer Camp

Kubota sponsors the "TERRA-KOYA" (Earth Hut) 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.

In 2020, the event was canceled due to concerns about COVID-19, but, as an alternative event, Kubota launched the YELL Project, aimed at former TERRA-KOYA campers. ("To send a yell" is a Japanese phrase meaning to encourage or cheer someone.) Now, at a time when the world is facing a myriad of difficulties, Kubota believes it is especially important for people to encourage one another and work together to find a way forward. To this end, the company set up a dedicated website to share photos and messages from former TERRA-KOYA campers.

The YELL Project of Kubota TERRA-KOYA (only in Japanese)
begoodcafe.com/project_report/yellproject/

Visiting Lectures

In 2020, 588 people participated in this program, which 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 people's understanding of agriculture and help cultivate social and emotional learning through the experience of growing rice, including rice transplanting, harvesting, and the tasting of harvested rice. In 2020, Hokkaido-KUBOTA Co., Ltd. held an online rice-growing experience workshop for children.

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.

* In 2020, the event was canceled due to concerns about COVID-19.

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.

* In 2020, due to concerns about COVID-19, the event was held online.

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 country's premier rugby league, and manages the Kubota Spears, a team based in Funabashi, Chiba. In 2017, the team signed a hometown agreement with Funabashi City and, in 2020, signed partnership agreements with Edogawa Ward in Tokyo and Narita City in Chiba Prefecture. Through these tie-ups, the Spears are seeking to use rugby as a way of contributing to neighboring communities. With a team vision of being a "Proud Billboard," the Spears are striving to be a winning team beloved by fans, and to draw on this position to build up the sport of rugby by offering rugby tryout days and coaching, as well as engaging in activities to address community issues and promote the SDGs. In 2020, even when concerns about COVID-19 prevented official matches and many other events from taking place, the team held some events taking strict precautions to prevent infection, and interacted with fans online.

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

Rugby Academy teaches rugby to junior high school students and girl players

Rugby workshop at a special school

In August 2020, the Kubota Spears were the first rugby organization to endorse the Children's Rights in Sport Principles document published by UNICEF.

A memorial rugby match at Kamaishi Unosumai Stadium in eastern Japan, which also worked to support regional reconstruction efforts.

Interacting with fans through online events

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)

* In 2020, the event was canceled due to concerns about COVID-19.

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

Volleyball Club Kubota Spears Kicks off in V League in 2020

FOCUS

Participating in a Volleyball Workshop in Osakasayama City

As co-sponsors of Osaka Prefecture’s Osaka Genki Hiroba* (Osaka Lively Plaza) project, Kubota’s volleyball club (which joined Japan’s V League as the Kubota Spears in 2020) was invited by Osakasayama City to participate in a volleyball workshop held at the city’s Higashi Elementary School on Sunday, September 6. With support from city staff taking measures to prevent COVID-19 infection, the team coached 30 elementary school students of all grade levels.

Going forward, the Spears will continue to engage in volleyball workshops and other activities to serve its home region of Osaka, striving to become a beloved team and valued member of the local community.

* An initiative of Osaka Prefecture for elementary school students, striving to create learning communities that foster the flourishing of children through experiences and learning activities carried out with the participation and cooperation of local volunteers after school and on weekends.

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

Overseas Activities to Contribute to Society

Outreach Programs Launched

Kubota Philippines, Inc. started an outreach program to the community in 2016 which includes visits to a local orphanage. The company also donated cultivators to the Aeta group of indigenous peoples in the Philippines, who often suffer from serious food shortages, and held a feast to deepen relationships with this group.

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.

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.

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.

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.

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. About 50 employees have taken part in these activities to date. In 2020, the company donated a Kubota-made utility vehicle to the volunteer organization, which is finding wide use in clean-up activities and garbage transportation.

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	2017	2018	2019	2020
500 lamps	420 lamps	225 lamps	140 lamps	82 lamps

Drawing Contests for Elementary School Students

Kubota Farm Machinery Europe S.A.S. (France) hosts drawing contests on the theme of “agriculture” for nearby elementary school students.

Submitted works are displayed within the plant, and employees vote for the best drawings. Winners are presented with award certificates and prizes at the school end-of-year ceremony.

Participating in the Angel Tree Project

Each year, U.S.-based Kubota Engine America Corporation and Kubota Tractor Corporation continue to support the Angel Tree Project, which delivers Christmas gifts so that disadvantaged children and the elderly can celebrate Christmas with a smile.

Sponsoring Local Sports Clubs

Kubota Farm Machinery Europe S.A.S supports local sports clubs in various ways, such as donating tatami mats to judo clubs and covering traveling costs for tournaments, and donating trophies and donating to charity funds for soccer clubs.

Other social contribution activities can be found here (only in Japanese)
www.kubota.com/sustainability/society/community

Kubota Group Social Contribution Activities in Response to COVID-19

Japan

Donating Commercial Air Humidifier-purifiers to Local Governments and Medical Institutions

The Kubota Group has been donating commercial air humidifier-purifiers manufactured and sold by the Company, to assist in creating environments so that the staff of medical institutions and local governments at the front of the battle against the pandemic can continue working with peace of mind.


Providing Slightly Acidic Electrolyzed Water to Local Governments

In the earlier stages of the COVID-19 crisis, when sterilizing alcohol was in short supply, Kubota distributed the slightly acidic electrolyzed water generated within Pure Washer units free of charge to local governments and medical associations to distribute to regional medical institutions, nursery schools, assisted-living facilities, and facilities for the disabled to be used as a disinfectant.


Supporting the “Full of Flowers Project” to Aid Flower Growers

In April 2020, the Ministry of Agriculture, Forestry and Fisheries launched the “Full of Flowers Project” to aid flower growers facing a sharp contraction in demand for flowers amid the COVID-19 pandemic. Supporting the project’s aims, Kubota bought flowers from growers and used them to decorate about 80 Kubota Group bases throughout Japan. The Company also participated in the Midosuji Pedestrian Street Project, a festival held in November in Osaka City, setting up a photo booth and distributing free flowers to passers-by.


Overseas

Kubota Bases Worldwide Provide Protective Gear and Medical Equipment

Through its overseas bases in the US and Canada, the UK, Norway, Thailand, Myanmar, India, and other regions, the Kubota Group donated needed supplies to local medical and healthcare facilities, research centers, small- and medium-sized businesses trying to resume operations, and community residents. (Supplies included personal protective equipment such as masks and face shields, disinfectant and non-contact thermometers, food, laptops, automatic guided vehicles (AGVs) for hospitals, forklifts, and simplified negative-pressure isolation rooms for isolating infected people.)

Face shields (US)


Automated guided vehicles for hospitals (Thailand)


Cutting-edge ventilators (India)

Other social contribution activities can be found here (only in Japanese)
www.kubota.com/sustainability/society/community

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 an Agricultural High School in Miyagi

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, 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.

July 2020 Heavy Rains in Japan

Delivering 3,000 Brown Rice Bread Loaves to Disaster-Struck Areas

Kumamoto Prefecture and the Kyushu and Chubu regions in western Japan suffered from heavy rains in July 2020. Nakakyushu Kubota Co., Ltd. has a sales office in Ashikita-machi, Hitoyoshi City in Kumamoto, which was particularly hard hit by the rains. Nakakyushu Kubota distributed about 3,000 loaves of the brown rice bread it makes from rice produced in Kumamoto Prefecture to the Ashikita Evacuation Center and Hitoyoshi Volunteer Center.

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 hardships and mental burden of the people receiving treatment and their families.

For more information (only in Japanese)
www.kubota.co.jp/related/

Governance Report

<SDGs related to this section>

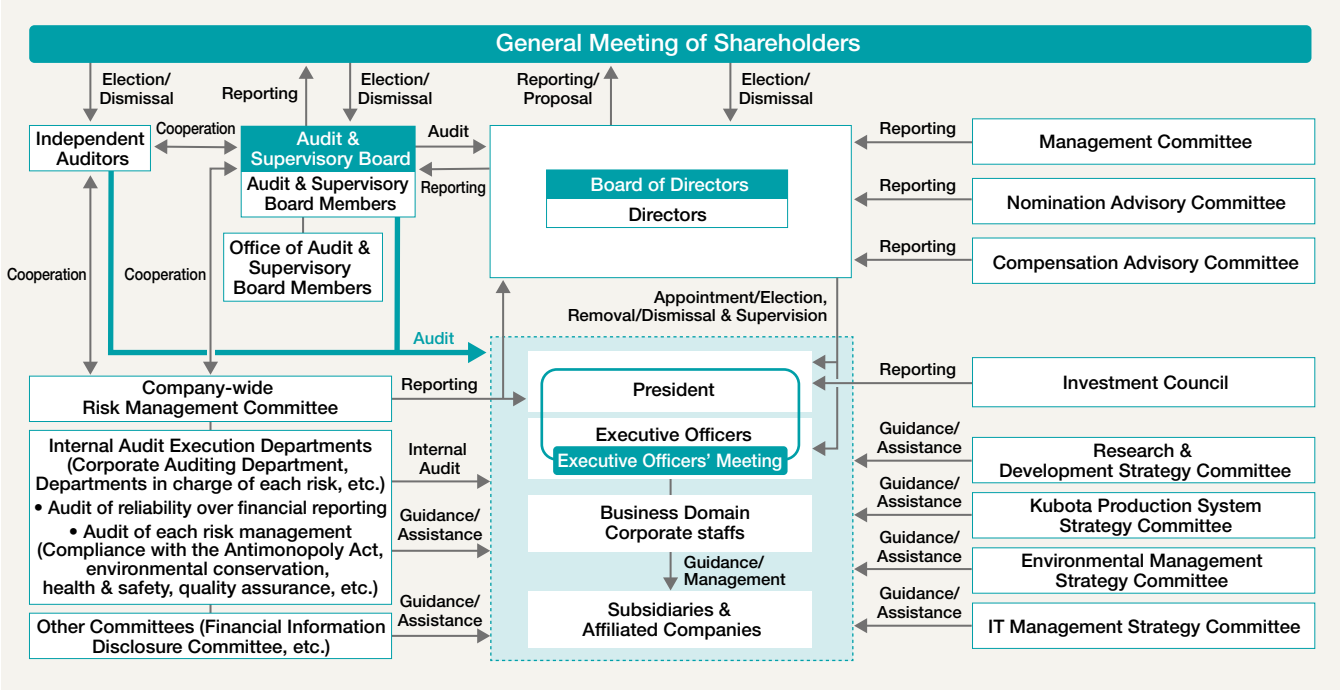
Corporate Governance

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 the execution of duties by the Directors.

In addition to its regular monthly Audit & Supervisory Board Meetings, it also meets as and when required to discuss and make decisions 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 area and workplace, and make prompt and appropriate business decisions. In addition to its regular monthly meetings, it also meets as and when required. The Representative Directors instruct the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the Representative Directors regarding 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. Since March 2021, Outside Directors have been appointed to chair each committee, to conduct committee activities in an even fairer and more transparent manner.

The Nomination Advisory Committee met three times during the fiscal year for the purpose of discussing the nomination of candidates for Directors, and the nomination of Advisors with the appropriate involvement and advice from the Outside Directors. (Including one resolution in writing.) 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 system with the appropriate involvement and advice from the Outside Directors. (Including one resolution in writing.)

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

Kubota Corporation elects four Outside Directors and three 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 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 Corporation elected Yuzuru Matsuda as an Outside Director since Kubota Corporation 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 Corporation has no business relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings, Inc., or JSR Corporation, for which Mr. Matsuda concurrently plays an important role. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him, and there appears to be no conflict of interest with ordinary shareholders.

Kubota Corporation elected Koichi Ina as an Outside Director since Kubota Corporation 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 Corporation 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, 2020 was less than 2% of total consolidated revenues of the Company. Kubota Corporation has no business relationship with Sansha Electric Manufacturing Co., Ltd. and Central Japan Industries Association, for which Mr. Ina concurrently plays an important role. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him, and there appears to be no conflict of interest with ordinary shareholders.

Kubota Corporation elected Yutaro Shintaku as an Outside Director since Kubota Corporation 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 Corporation has no business relationship with Terumo Corporation, at which Mr. Shintaku started his career, and Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., Tonen International Scholarship Foundation, and Hitotsubashi University Business School, for which Mr. Shintaku concurrently plays an important role. Kubota Corporation 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, 2020 was less than 2% of total consolidated revenue of the Company. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him, and there appears to be no conflict of interest with ordinary shareholders.

Kubota Corporation elected Kumi Arakane as an Outside Director since Kubota Corporation wishes to receive her advice about general management based on her long career at a cosmetics manufacturer serving as a Director and being in charge of various areas of business, including product development, research, quality control, and purchasing. Kubota Corporation has no business relationship with KOSÉ Corporation, at which Ms. Arakane started her career, and KAGOME Co., Ltd. or TODA CORPORATION, for which Ms. Arakane concurrently plays an important role. Kubota Corporation places her as an Independent Executive since there is no particular vested interest between Kubota Corporation and her, and there appears to be no conflict of interest with ordinary shareholders.

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

Kubota Corporation elected Masaki Fujiwara as an Outside Audit & Supervisory Board Member since Kubota Corporation 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 Corporation has no business relationship with Sansha Electric Manufacturing Co., Ltd., for which Mr. Fujiwara concurrently plays an important role. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him, and there seems to be no conflict of interest with ordinary shareholders.

Kubota Corporation elected Yuichi Yamada as an Outside Audit & Supervisory Board Member since Kubota Corporation expects him to further enhance its auditing processes through his expert viewpoints and from an independent standpoint. Having gained extensive experience and a record of accomplishments in corporate auditing while serving at a major audit firm, he also possesses extensive expertise on auditing in general, such as through working as outside audit & supervisory board member for other companies. Kubota Corporation has no business relationship with Japan Finance Corporation, Yuichi Yamada Certified Public Accountant Firm, or Sumitomo Metal Mining Co., Ltd., for which Mr. Yamada concurrently plays an important role. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him, and there seems to be no conflict of interest with ordinary shareholders.

Kubota Corporation elected Yuri Furusawa as an Outside Audit & Supervisory Board Member since Kubota Corporation expects her to further enhance its auditing processes through her wide experience and expert viewpoints that she acquired by working in various positions domestically and internationally as a member of central government ministries. In addition, she has also experienced business development globally and promoted work-style reform, women's activities, and diversity in the center of the government. Kubota Corporation places her as an Independent Executive since there is no particular vested interest between Kubota Corporation and her, and there seems to be no conflict of interest with ordinary shareholders.

Attendance Rate of Outside Executives (Jan.–Dec. 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%	Yuichi Yamada 100%*

* Outside Audit & Supervisory Board Member Yuichi Yamada attended all Audit & Supervisory Board Meetings held after his appointment in March 2020.

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 their appointment and evaluation require a discussion with and consent from the Audit & Supervisory Board Members. As of March 19, 2021, 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 for prompt reporting by Audit & Supervisory Board Members on matters that may have a significant impact on management, as well as a system wherein any expenses incurred related to execution of duties by the Audit & Supervisory Board Members are to be disbursed in a timely manner.

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.

Policy for Determination of Remuneration, etc. and its Calculation Method for Directors and Audit & Supervisory Board Members

1. Basic Policy Regarding Remuneration
   - The Company aims to have a remuneration plan that achieves sustainable and stable growth in the business areas of food, water, and the environment and sharing value with shareholders.
2. Procedures for Determining Remuneration
   - To ensure fairness and transparency, remuneration is determined by the Board of Directors after it has been deliberated on in the Compensation Advisory Committee, which is composed of Outside Directors, internal Directors and the Director in charge of the Human Resources and General Affairs Department.
   - The appropriateness of the overall remuneration level is verified based on a database of management remuneration at other major domestic corporations provided by external research organizations.
3. Overview of Remuneration Plan for Directors
   1) Remuneration Composition and Composition Ratios
      - The remuneration for Directors (excluding Outside Directors) consists of basic remuneration, which is set by corporate rank, 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 composition ratios of remuneration vary according to the Director's bonus amount and are set so that the higher the corporate rank, the higher the ratio of the Director's bonus will be. The ratio of "basic remuneration" to "bonus" to "stock compensation" for Directors for the fiscal year will generally be 45%:40%:15%.
      - The remuneration for Outside Directors consists of basic remuneration only because of the roles they play and the need to preserve their independence.
   2) Basic Remuneration
      - The Company pays basic remuneration, which is set by corporate rank. The basic remuneration is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders, in consideration of operating

results, remuneration levels of other companies, and other factors.

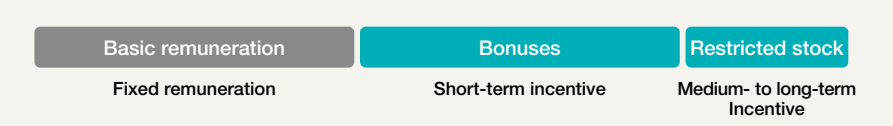
3) Variable Remuneration (Bonuses for Directors)

- The Company pays variable remuneration (bonuses for Directors), which acts as a short-term incentive linked to performance in a single fiscal year. "Profit attributable to owners of the parent," which represents results of business activities and constitutes the capital for shareholder returns, has been adopted as the indicator used to calculate the bonus amount. After the bonus amounts for each corporate rank are decided, these amounts are adjusted according to the degree of performance achievement in organizations of which the individuals are in charge, and then approval for that variable remuneration is obtained at the Ordinary General Meeting of Shareholders.

4) Restricted Stock Compensation

- The Company pays restricted stock compensation, which is regarded as a medium- to long-term incentive.
- The amount of stock compensation is decided within the limits established by the total amount of the monetary compensation claims and the total number of common shares to be issued or disposed of as approved at the General Meeting of Shareholders.

(Reference) Image of Remuneration Plan for Directors



4. Remuneration for the Audit & Supervisory Board Members

- The remuneration for Audit & Supervisory Board Members consists solely of basic remuneration because of the roles they play and the need to preserve their independence. The remuneration for 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.

Please refer to the Annual Securities Report for details.
www.kubota.com/ir/financial/yuho/data/yh131q4e.pdf

Director and Auditor Remuneration (Jan.–Dec. 2020)

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)	6	815	405	302	108
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	78	78	—	—
Outside Directors	3	51	51	—	—
Outside Audit & Supervisory Board Members	3	38	38	—	—

* The amounts of restricted stock compensation are those shown as expenses for the fiscal year ended December 31, 2020.

Training for Executives

The Company holds annual executive forums related to SDGs, human rights, health and safety, the environment, quality, and starting in the fiscal year ended December 31, 2020, also related to ICT to promote digital transformation, for all of its Directors, Audit & Supervisory Board Members, and Executive Officers.

In the fiscal year ended December 31, 2020, such forums were held online on four occasions. Visiting lecturers were brought in, etc. and those in attendance were provided with opportunities to acquire and update knowledge necessary for supervising operations.

Kubota Corporation also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance.

Moreover, Kubota Corporation conducts inspections and engages in discussions with on-site executives at its overseas affiliates, and at the regional offices in Japan, so that those in attendance, including Outside Directors and Outside Audit & Supervisory Board Members, can gain a deeper understanding of the Group's business activities and make appropriate management decisions.

Outside Directors attended more meetings via the internet and exchanged various opinions at the "2025 Medium-Term Management Plan and Long-Term Vision (GMB2030) Review Meeting," "Discussion with Audit & Supervisory Board Members Regarding Evaluating the Effectiveness of the Board of Directors," "Business Strategy Meeting Regarding the COVID-19 Pandemic" and other meetings.

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 2020>

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 one occasion with all three Outside Directors and all five Audit & Supervisory Board Members participating

Corporate Governance Report
www.kubota.com/ir/news/data/cgre.pdf

Policy for Constructive Dialogue with Shareholders

Kubota, recognizing that constructive dialogue with shareholders and investors contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value, regularly stays abreast of the shareholder composition, makes timely and appropriate disclosure of a wide range of information ranging from financial information to non-financial information and promotes constructive dialogue with shareholders and investors. The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors. Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

General Manager of Planning & Control Headquarters is in overall charge of directing and promoting IR. The department in charge of IR plays a central role in developing its IR activities through organic coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Secretary and Public Relations Dept., ESG Promotion Dept., General Affairs Dept. and Legal Dept.

(3) Feedback to management

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers' Meeting, and relevant departments by the President and General Manager of Planning & Control Headquarters as necessary.

(4) Dialogue with institutional investors and analysts

The Company holds individual and group meetings, product exhibitions and briefings on business operations, and results briefings with institutional investors and analysts. In addition, the Company discloses the results materials and the results briefing materials in both English and Japanese at the same time, and regularly holds tours and briefings on business operations in Japan and overseas.

(5) Dialogue with individual shareholders and investors

The Company aims to promote lively communication through 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 holds online briefings and takes other steps to publicize its business activities to gain greater understanding.

(6) Policy for insider information management when engaging in dialogue

Insider information, such as any undisclosed material facts, is not conveyed at the meetings with investors. The following section describes the structure and procedures regarding the timely disclosure of the Company information.

1. Financial Information Disclosure Committee

   The Company has established the Financial Information Disclosure Committee so as to monitor and control financial information disclosure and, thereby, ensure its fairness, correctness, timeliness, and comprehensiveness. The committee consists of a committee chairperson, who is General Manager of Planning & Control Headquarters; committee members, who are General Manager or Deputy General Manager of Corporate Compliance and Risk Management Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Secretary and Public Relations Dept., General Manager of Accounting Dept., and General Manager of Corporate Auditing Dept.; and, as observers, one full-time Audit & Supervisory Board Member and one Audit & Supervisory Board Member specializing in finance. The committee meets periodically in order to draft and assess the Annual Securities Reports ("*Yukashoken Hokokusho*") and the Quarterly Reports ("*Shihanki Hokokusho*") pursuant to the Financial Instruments and Exchange Act. And the committee also meets in response to extraordinary events such as important decisions and material facts that must be disclosed immediately.

   In accordance with the intent and meaning of fair disclosure rules set out in the Financial Instruments and Exchange Act, the Company takes all reasonable care to avoid selective disclosure of information, such as by simultaneously releasing Japanese and English versions of results briefing materials with attached explanations and the minutes of question-and-answer sessions via the corporate website, and by working to enhance the timely and fair disclosure of information in order to promote proactive dialogue with investors.

2. Company regulations for information disclosure

   The Company has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has stipulated "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to promote awareness and ensure thorough efforts in regard to the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.

Information for investors
www.kubota.com/ir/

Directors and Senior Management (as of March 19, 2021)

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
Toshihiko Kurosawa
Dai Watanabe

Outside Directors
Yuzuru Matsuda
Koichi Ina
Yutaro Shintaku
Kumi Arakane

Audit & Supervisory Board Members

Audit & Supervisory Board Members
Toshikazu Fukuyama
Yasuhiko Hiyama

Outside Audit & Supervisory Board Members
Masaki Fujiwara
Yuichi Yamada
Yuri Furusawa

Executive Officers

Senior Managing Executive Officers
Haruyuki Yoshida
Yuji Tomiyama
Kazuhiro Kimura

Managing Executive Officers
Kaoru Hamada
Yasuo Nakata
Takao Shomura
Kazunari Shimokawa
Mutsuo Uchida
Nobuyuki Ishii
Kazuhiro Shinabe
Ryuichi Minami
Yoshimitsu Ishibashi
Yasukazu Kamada
Katsuhiko Yukawa
Ryoji Kuroda
Eiji Yoshioka
Hiroto Kimura
Muneji Okamoto

Executive Officers
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	Position	Outside	Areas of specialization and experience							Nomination Advisory Committee	Compensation Advisory Committee
			Experience in corporate management	Innovations/ R&D	Sales/ Marketing	Manufacturing/ Quality control	Legal affairs/ Compliance	Finance	Global		
Masatoshi Kimata	Chairman and Representative Director		●		●	●			●	●	
Yuichi Kitao	President and Representative Director		●	●		●			●	●	
Masato Yoshikawa	Director and Executive Vice President				●		●	●	●	●	●
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	●	●	●				●	●	●	●
Kumi Arakane	Director	●		●	●	●	●			●	●
Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)						●	●	●		
Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)				●	●	●		●		
Masaki Fujiwara	Audit & Supervisory Board Member	●					●	●	●		▲ (observer)
Yuichi Yamada	Audit & Supervisory Board Member	●					●	●			
Yuri Furusawa	Audit & Supervisory Board Member	●					●		●		

(Notes) 1. The above table, considering each person's experience and other factors, shows the areas in which they have more specialized expertise, and is not an exhaustive list of the areas of expertise that they can offer.
2. Other than members of the Compensation Advisory Committee in the above table, Mr. Kazuhiro Kimura, a Senior Managing Executive Officer, also serves as a member of that committee.

Directors and Audit & Supervisory Board Members

1. **Masatoshi Kimata** — Chairman and Representative Director
2. **Yuichi Kitao** — President and Representative Director
3. **Masato Yoshikawa** — Director and Executive Vice President
4. **Toshihiko Kurosawa** — Director and Senior Managing Executive Officer
5. **Dai Watanabe** — Director and Senior Managing Executive Officer
6. **Yuzuru Matsuda** — Outside Director
7. **Koichi Ina** — Outside Director
8. **Yutaro Shintaku** — Outside Director
9. **Kumi Arakane** — Outside Director
10. **Toshikazu Fukuyama** — Audit & Supervisory Board Member
11. **Yasuhiko Hiyama** — Audit & Supervisory Board Member
12. **Masaki Fujiwara** — Outside Audit & Supervisory Board Member
13. **Yuichi Yamada** — Outside Audit & Supervisory Board Member
14. **Yuri Furusawa** — 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.

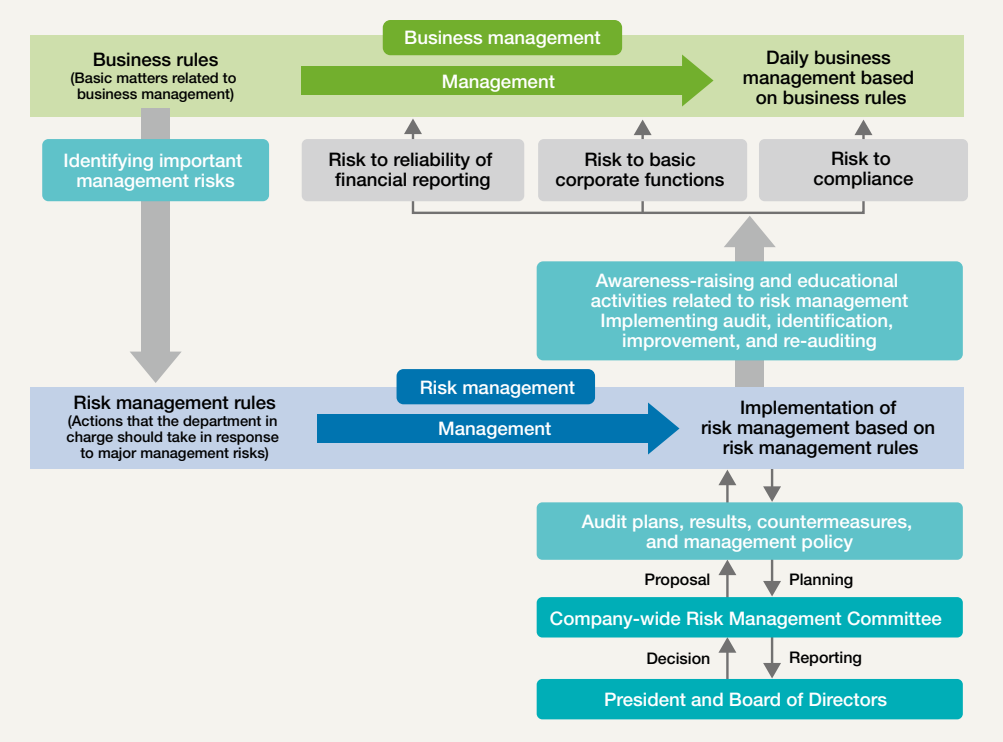
In risk management, operations that each department in charge of risk management should implement are determined in the risk management rules. Based on these rules, necessary actions to be promoted for risk management are identified and the departments are audited, thereby verifying the effectiveness 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 FY2020*1
Internal control over reliability of financial reporting	Financial reporting	• Risk to reliability of financial reporting	9,466
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	83
	Environmental conservation	• Non-compliance with laws and regulations • Environmental accidents • Past environmental debt	11,991
	Health and Safety	• Occurrence of serious accidents • Occupational illnesses • Administrative disposition and litigations	777
	Quality assurance	• Occurrence of quality problems detrimental to the Kubota brand, etc.	569
	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	7,531
	Information security	• Computer virus infection • Information leakage • Information system failure	1,992
	Intellectual property	• Infringement of other companies' intellectual property	781
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	100
	Compliance with the Construction Business Act	• Non-compliance with the Construction Business Act	594
	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	201
	Prevention of illegal payments	• Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Making inappropriate payments to overseas public servants	38
	Classified information management	• The outflow of classified information including plans for development and sale of new products	1,085
	Protection of personal information	• Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information	246
	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	109
	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.	639

*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]

- Corporate Compliance 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)]

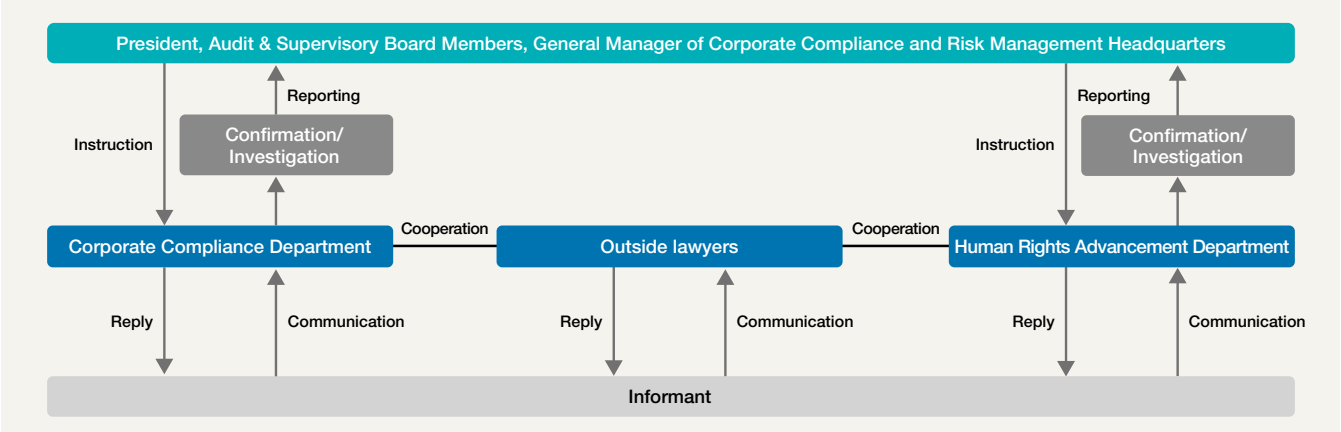
Period	Number of cases
Jan.–Dec. 2016	30
Jan.–Dec. 2017	52
Jan.–Dec. 2018	71
Jan.–Dec. 2019	59
Jan.–Dec. 2020	74

* 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, 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 as well, Kubota conducts written audits opinion exchange meetings and other activities 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

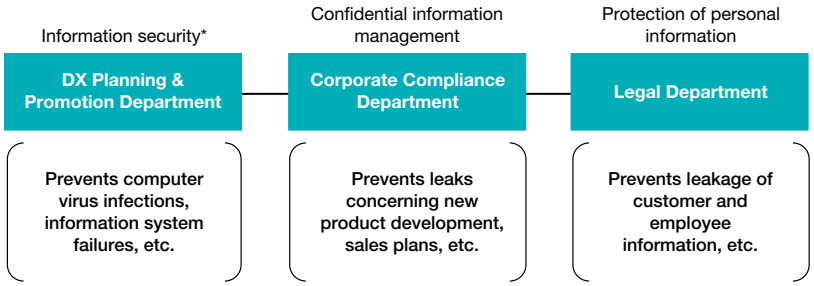
Kubota is aware that the appropriate protection and management of the personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

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 2020, Kubota took steps to implement and reinforce the security infrastructure needed to support flexible working styles not restricted by time or place, such as working from home.

With Kubota-CSIRT—an organization for managing information security-related incidents/accidents—at the helm, in 2021 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

Kubota Group has placed particular focus on preventing bribery among risk management activities on the preventing illegal payment, and will work to achieve SDGs Target 16.5: Substantially reduce corruption and bribery in all their forms.

Amid increasing international moves to anti-bribery, we marked December 9 – designated by the United Nations as International Anti-Corruption Day – by broadcasting a President's Message to all Kubota Group officers and employees every year. In the message, our top management made a clear commitment by declaring that 'Kubota Group rejects bribery and all other inappropriate business practices.'

Message from Mr. Kitao, President, Kubota Corporation
(Screenshot of Thomson Reuters e-learning)

As a focused initiative to educate officers and employees on prevention of bribery, Kubota Group runs a program of training sessions in Japan and overseas. In FY2020, under coronavirus pandemic, new approach were taken such as web-based training sessions and an e-learning program to prevent further spread of infection. In the web-based training, information on bribery-related legislation and enforcement conditions in each country is presented as well as the case studies of bribery. And the e-learning was prepared to have an impact to the viewers by introducing a message movie from the President of Kubota Corporation at the beginning, as well as adopting movies and comprehension test in the program. Through continuous program of training sessions, Kubota Group seek 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, Korea, Indonesia, Myanmar, the Philippines, Vietnam and Mexico.

Meanwhile, as an initiative directed toward outside the company, 'Request to Suppliers' was posted on the Kubota website in the name of the General Manager of the Corporate Compliance and Risk Management Headquarters. The text outlined to suppliers the Kubota Group's approach to bribery prevention and asked for their understanding and cooperation in bribery prevention activities.

To verify these risk management activities, Kubota Group has established the Committee on Prevention of Illegal Payments. In FY2020, document surveys were conducted at 11 departments/companies in Japan and 39 overseas bases to investigate whether preventive framework were in place and sufficiently functioning, as well as whether there were any illegal payments.

The policies for these risk management activities and the results of the activities are periodically reported to the President, the Board of Directors, and the Audits & Supervisory Board through the Company-wide Risk Management Committee, composed mainly 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, Kubota Group never allows business based on unfair practices such as bribery.

The Group also strictly prohibits all of its companies, officers and employees from being involved in bribery.

President, Kubota Corporation

Kubota Group Charter for Action & Code of Conduct

All the employees working for the Kubota Group, including those overseas, are required at the time of joining the Group to submit a written 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. The reading out of the Charter continued at Group companies in Japan in 2020 (done remotely due to concerns about COVID-19).

Period	No. of participants
Nov.-Dec. 2019	27,018
Nov. 2020- Feb. 2021	26,860

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. The reading out of the Charter continued at Group companies in Japan in 2020 (done remotely due to concerns about COVID-19).

Compliance Support Courier

A document that uses illustrations and Q&As to encourage employees to think about common compliance issues. Distributed monthly by e-mail.

Learning from hotline cases

This is a feature appearing in the Company newsletter, which is issued every other month. Using examples from the Kubota Hotline for whistleblowers, readily relatable cases that could occur at any workplace are presented as a way of improving individual commitment to and awareness of compliance and preventing recurrence. Following an outline of the real-life example in the form of a *manga* cartoon, its main points are discussed.

Third-Party Comments

Third-Party Comments on the KUBOTA REPORT 2021

Katsuhiko Kokubu

Professor
Graduate School of Business Administration, Kobe University

Formulation of the long-term vision “GMB2030”

The most distinctive aspect of this year’s report is the long-term vision, “GMB2030,” which was drafted and tied in with the medium-term management plan. The vision lays out a clear, overall picture of Kubota’s ESG management approach. In terms of ESG management, Kubota has already served as an excellent example among Japanese firms, but my impression is that “GMB2030” sets out a core framework that runs throughout the various strategies, integrating all aspects of the vision under the ESG concept. As with other forms of management, ESG management can’t be carried out using a top-down approach alone, and can’t bear fruit without practical action at the ground level. So, I think the point will be how top management and staff in the field can combine their resources to put ESG management into effect.

“A platformer upholding life” committed to an abundant society and the cycles of nature

The phrase “a platformer upholding life” connotes the ideal kind of company Kubota seeks to be in 2030. I think this gives to the Group a wonderful sense of direction, unique to Kubota, with its 130-year history in its business fields. Going forward, I would like to see the Group explore more deeply the meaning of “platformer.” To say “platformer” rather than simply “platform” suggests the need to strive to do everything possible to create the platforms that will make the world a better place. I think a key direction for achieving this is digital transformation (DX). Digital transformation is mentioned in this Report, but doesn’t get the attention it deserves. I believe that in the fields of water and agriculture, digital transformation will really determine whether human society flourishes or not, so I want Kubota to shine in this area.

The relationship between sustainability and economic viability

The Kubota Report is an unusually high-quality report that is imminently worth reading. I think the Report could be even better, though, if it included more policies and discussions concerning the relationship between sustainability and economic viability. This issue is also brought up in the dialogue between Kubota’s top management and Hiroko Kuniya, but all I took away from that was the conclusion that both needed to be balanced. Of course, it is crucial to achieve such a balance, but the question is how to do so. A business strategy to balance sustainability and economic viability in the short term will be quite different from a long-term strategy. Similarly, as economic inequality draws global attention, the question of how to distribute economic gains will be an unavoidable issue. I think this is also something to be taken into account in how a company demonstrates its attitude toward its employees.

“If you try hard, you can get it done.” “Do not be afraid of making mistakes.”

I was struck by the words of Kubota’s founder, Gonshiro Kubota, which appear at the beginning of this Report. My hope is that this is the spirit that will animate “GMB2030.”

In Response to the Third-party Comments

I am very grateful to Professor Kokubu for sharing his valuable opinions.

This past February, the Kubota Group announced our long-term vision, "GMB2030," which has a 10-year horizon, and our medium-term management plan, in effect until 2025. We have prepared this KUBOTA REPORT 2021, organized around these two forward-looking communications, to convey the kind of company we want to be over the longer term. The Report for the first time incorporates concrete case studies showing the total solutions and open innovation the Group is engaging in to realize the vision and management plan, starting with our Environmental Vision, which indicates the direction of our business activities from an environmental perspective as we move toward 2050. The Report thus weaves together our business and ESG strategies.

It was very encouraging for Professor Kokubu to recognize our efforts to give a clear overall picture of our ESG management alongside "GMB2030" and the medium-term management plan.

Professor Kokubu also raised several key issues, such as how top management and staff in the field can work together to put ESG management into effect, how to strike a balance between sustainability and economic viability, and the need to further flesh out the meaning of the phrase "platformer." He also pointed out the need for digital transformation in the fields of water and agriculture—here as well, as a company we are committed to creating solutions that lead to innovation. We are taking to heart the issues and expectations Professor Kokubu expressed, and will seek to reflect them in our actions to implement ESG management going forward. We are eager to receive further counsel from him.

The corporate principles expressed in Kubota Global Identity are at the core of the Kubota Group's management approach. We are seeing more and more opportunities both to do business and to fulfill our duties to society in the areas of food, water, and the environment.

Moving toward the goal of becoming a Global Major Brand that can do more than other companies in contributing to society, the Kubota Group's 42,000 employees will continue to work together as a team to become a sustainable company, a corporate group that is trusted by and indispensable to society.

Kazuhiro Kimura

Senior Managing Executive Officer, General Manager of Corporate Compliance and Risk Management Headquarters, General Manager of Human Resources and General Affairs Headquarters, In charge of ESG Promotion, General Manager of Head Office, General Manager of Kubota Technical Training Center
Kubota Corporation

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KUBOTA Corporation

1-2-47 Shikitsu-higashi, Naniwa-ku,
Osaka 556-8601, Japan
Inquiries: ESG Promotion Dept.
Tel: +81-6-6648-2937 Fax: +81-6-6648-2617

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