

For Earth, For Life
Kubota

Kubota Group

ESG REPORT

2024



Editorial Note

With this integrated report, the Kubota Group's aim is to explain to our stakeholders Kubota Group's approach and initiatives to create corporate value sustainably, in line with management strategies that take a medium- to long-term perspective. Through discussions, the Group aims to gain the empathy and participation of our stakeholders.

In last year's report, we included fuller explanations of implementation strategies based on six types of capital we utilize to achieve our value creation processes and the Long-Term Vision. We also introduced feedback from the employees who are on the front lines of our efforts to create value through employee roundtable discussions. We also disclosed some targets of materiality, and recognized how these tie into our Long-Term Vision and each of the measures we are taking.

In the report this year, we are taking the information in last year's report on board but our guiding principle this time is to dig deeper and take a broader look. Specifically, in response to the feedback we gained from shareholders and investors, we have disclosed more information on targets of materiality that we announced last year. Moreover, this year we disclose specific progress toward achieving GMB2030 on solutions in the fields of food, water, and the environment, and DX initiatives.

We in the Kubota Group will continue to work to resolve environmental and social issues through our business in the fields of food, water, and the environment; through the dialogue that this integrated report is intended to encourage, we aim to be a corporate group that is trusted and needed by society.

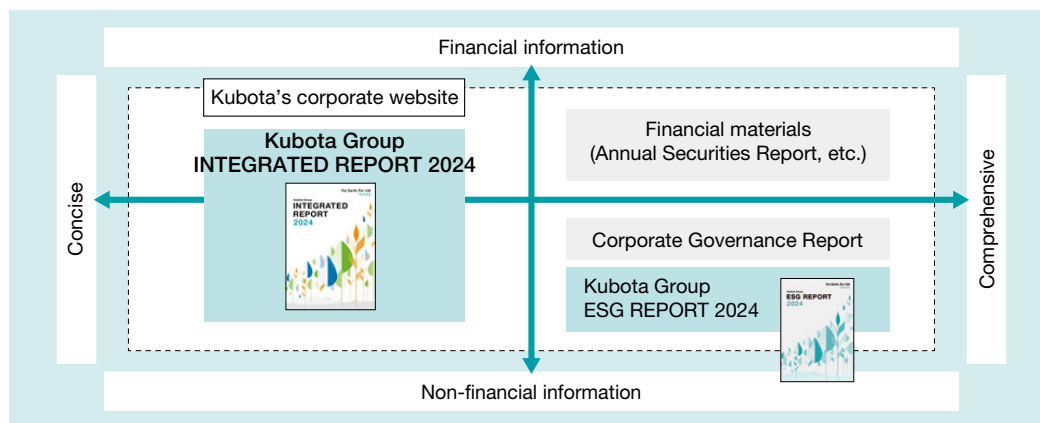
Period covered by the ESG REPORT 2024 **From January 2023 to December 2023**
 * Matters outside the above period are partially included.
 * We intend to update the report each June, with the next edition scheduled for June 2025.

Boundary of the ESG REPORT 2024 **In principle, the entire Kubota Group is covered.**
 * Some statements may refer to the non-consolidated Kubota.



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

How this report fits into our overall information disclosure



Main information disclosure tools	Details
Kubota's corporate website	A website that covers everything about the Kubota Group, including the Long-Term Vision "GMB2030" and the Mid-Term Business Plan 2025.
Kubota Group INTEGRATED REPORT 2024	An annual report that focuses on Kubota's approach, based on management strategies that take a medium-to-long-term perspective, and its future outlook. The Integrated Report can be found via the link below. https://www.kubota.com/ir/financial/integrated/integrated-report/data/integratedreport2024-a3-en-full.pdf
Kubota Group ESG REPORT 2024	A report that provides details on initiatives that correspond to the four ESG topics. The profile part of the report, which precedes the ESG reporting, explains more about the corporate principles and policies that form the basis for these initiatives, and also gives an overview of Kubota Corporation. <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Environmental reporting</div> <div style="border: 1px solid black; padding: 2px;">Social reporting</div> <div style="border: 1px solid black; padding: 2px;">Governance</div> </div>
Corporate Governance Report	A report listing details of systems and policies based on Kubota's Corporate Governance Code.
Annual Securities Report	An annual report that provides particular detail on Kubota's finances.

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Founded in **1890**

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

In 1890, Gonshiro Kubota, the founder of the Kubota Group, started his metal casting business at the age of 19. Inheriting the founder's beliefs to this day, 50,000 employees of the Kubota Group are promoting the company's businesses all over the world as part of their efforts to make the Kubota Group "Global Major Brand Kubota."

The Founding Spirit of Kubota's Founder, Gonshiro Kubota

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



Corporate Principles

Kubota Global Identity

Spirits

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

Brand Statement

For Earth, For Life



For Earth, For Life —

the Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

Mission

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

The world has many problems in the areas of food, water, and the environment, which are indispensable for human beings.

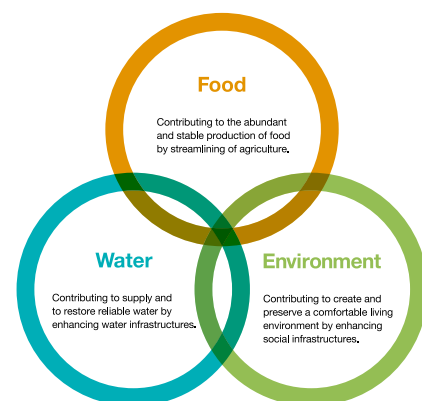
Those problems are not separate themes, but linked closely to each other.

The population growth has a great influence on environmental changes, brings problems to water resources, and leads to the short supply of food.

The Kubota Group considers food, water, and the environment as a singular theme and contributes to solve problems in these areas.

KUBOTA GLOBAL LOOP = Relations among food, water, and the environment

Food, water, and the environment are not separate themes, but linked closely to each other.



Kubota Global Loop

Corporate Data (as of December 31, 2023)

Corporate name: Kubota Corporation
 Established: 1890
 Capital: ¥84.1 billion
 Total number of shares issued: 1,176,666,846
 Number of shareholders: 111,990
 Revenue (consolidated): ¥3,207 billion
 Employees (consolidated): 52,608
 Global network: Over 120 countries
 Overseas revenue ratio: 79%

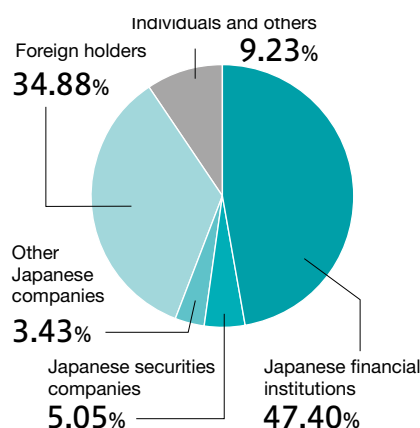
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 Naniwa-ku, Osaka 556-8601 Japan
 Tel. +81-6-6648-2111
 Tokyo Head Office
 1-3, Kyobashi 2-chome, Chuo-ku,
 Tokyo 104-8307 Japan
 Tel. +81-3-3245-3111

Share & Shareholder Information (as of December 31, 2023)

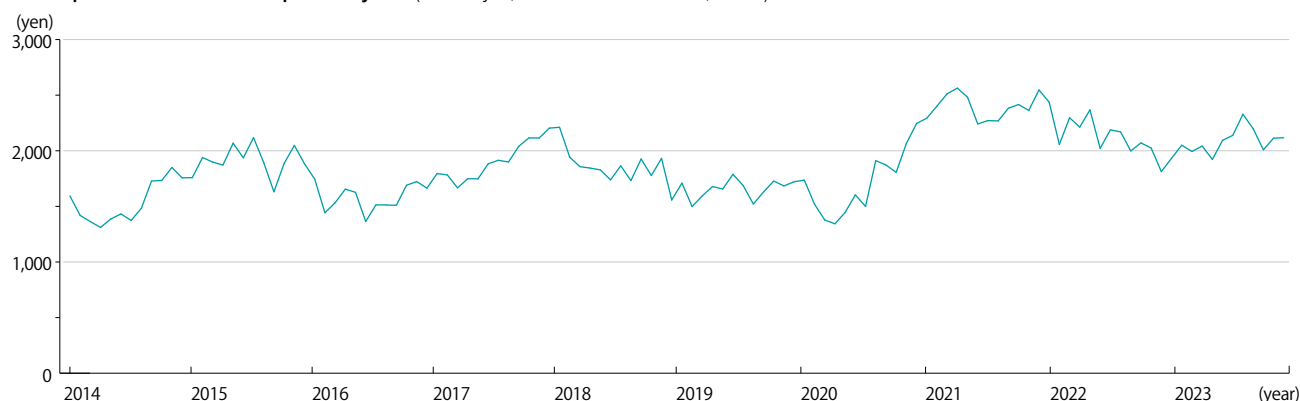
Basic share information

Fiscal year	January 1 to December 31
General Meeting of Shareholders	Held each March
Record date	General Meeting of Shareholders: December 31 Year-end dividend: December 31 Interim dividend: June 30
No. of shares constituting one share unit	100 shares
Shareholder register agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Contact details	Stock Transfer Agency Business Planning Dept. Sumitomo MitsuiTrust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063 Tel. 0120-782-031 (toll-free)
Agent helpdesks	Sumitomo Mitsui Trust Bank, Limited head office or branches throughout Japan
Reporting method	Kubota website
Stock exchange	Tokyo Stock Exchange

Shareholder Categorized Distribution



Stock price trends over the past 10 years (January 1, 2014–December 31, 2023)



10 Largest Shareholders

	Shareholders	Number of shares held (thousand)	Percentage of issued shares (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	189,908	16.14
2	Custody Bank of Japan, Ltd. (Trust Account)	65,222	5.54
3	Nippon Life Insurance Company	62,542	5.32
4	Meiji Yasuda Life Insurance Company	59,929	5.09
5	Sumitomo Mitsui Banking Corporation	36,006	3.06

	Shareholders	Number of shares held (thousand)	Percentage of issued shares (%)
6	Mizuho Bank, Ltd.	31,506	2.68
7	Moxley and Co LLC (standing proxy: Sumitomo Mitsui Banking Corporation)	21,332	1.81
8	Bnym Treaty Dtt 15	20,379	1.73
9	State Street Bank West Client – Treaty 505234	19,842	1.69
10	MUFG Bank, Ltd.	18,156	1.54

* Percentage of issued shares is calculated after excluding treasury shares.

Global expansion

Founding
February 1890

Gonshiro Kubota, the founder of the Kubota Group, started his metal casting business in Osaka.

First sales site established in U.S.
September 1972

We established Kubota Tractor Corporation in California, U.S., to act as a sales site for our Kubota tractors.

Start of local production in Europe
July 1989

We established a group company in Germany to act as a manufacturing site for compact construction machinery, which already held the biggest share of sales in Europe, and began local production.

Innovation

Creation of innovation centers
June 2019

We opened the Innovation Center in Japan, and then in July one in Europe, in order to strengthen our development structure to achieve open innovation.

Collaborations with external companies and organizations
48 projects

Since the opening of the innovation centers, partnerships—including those announced with startups—are expanding worldwide, and there are expectations for collaborations in various product fields.

KSAS users
26,300+ sites
(as of December 2023)

The KSAS cloud-based farm management support service, which we launched in 2014, has evolved over the years thanks to user feedback, and is an increasingly user-friendly system that helps farmers raise the sustainability of their operations.

Sustainability

Emissions compared to 2014
28.0% decrease

We have set ourselves the target of cutting CO₂ emissions (in Scopes 1 & 2) by 50% by 2030, and by fiscal 2023 we have already achieved a reduction of 28.0%.

MSCI ESG rating
AAA

The Kubota Group was ranked as a “Leader” among 39 companies from the construction machinery, agricultural machinery, large-cargo-vehicle industries.

CDP 2023
Highest rating in two fields

Kubota became one of very few companies to be A-Listed by CDP—an international, non-profit organization that carries out surveys of, and discloses, information on the environment—in two categories: climate change and water security.

Total Tractor Production Volume
More than 5.6 million units worldwide
(cumulative)



Total Engine Production Volume
More than 30 million units
(cumulative)



Share of Thailand Tractor Market / Share of Combine Harvester Market in 8 Countries in the ASEAN Region (total)*
No. 1 * For crawler combine harvesters only



Engine Line-up
Approximately 3,600 models



Sales Volume of Mini Excavators
Global No. 1 for 22 consecutive years
Source: Off-Highway Research



Global Supply Record of Ductile Iron Pipes
Over 70 countries



Submerged Membrane Unit Deliveries
More than 7,300 worldwide



Adoption Rate of Kubota Facilities for High-purity Water Treatment Facilities in Japan
Approximately more than 80%
* Based on activated charcoal-treated water volume



Note: Except where sources are provided, information included here is the result of Kubota research.

President's Message

Aiming to be an “Essentials Innovator for Supporting Life,” committed to a Prosperous Society and Cycle of Nature, we will help to bring about a more sustainable society by promoting Kubota's unique ESG management.



President and
Representative Director
Kubota Corporation
Yuichi Kitao

The Kubota Group's Aspirations

While the world has been suffering under the COVID-19 pandemic, other social and economic issues — including climate change, natural disasters, and problems concerning demographics, resources, and geopolitics — are also more pressing than ever. However, the world has set itself common goals such as the SDGs or the Paris Agreement, and companies have a growing need to fulfill their social responsibilities. The Kubota Group, on the landmark milestone of its 130th anniversary, launched its GMB2030 Long-Term Vision and Mid-Term Business Plan 2025. The Kubota ideal for the future is to be committed to a prosperous society and cycle of nature by aiming to be an “Essentials Innovator for Supporting Life.” By providing solutions that can address issues in food, water, and the environment — fields without which people cannot live — we believe that we can make ourselves indispensable to society. In addition to further developing our existing business, we hope to be able to provide three new types of solutions by having each business field work together and effect each other and building a variety of business partnerships and ecosystems, namely solutions aimed at enhancing the productivity and safety of food, promoting the circulation of water resources and waste, and improving urban and living environments.

Business operations positioning ESG at the core of management

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

To Our Stakeholders

The “S” in K-ESG stands for “society,” which we take to also mean “stakeholders.” I would improve relationships with every stakeholder that shows “empathy” and “participation” with Kubota Group by enhancing and strengthening communication with them. Toward the year 2030, we will undertake initiatives to contribute to the realization of a sustainable society by solving social issues related to food, water, and the environment, bringing together the collective strengths of 50,000 people in the Group.

K-ESG Management to Realize the Long-Term Vision “GMB2030”

K-ESG Management Initiatives

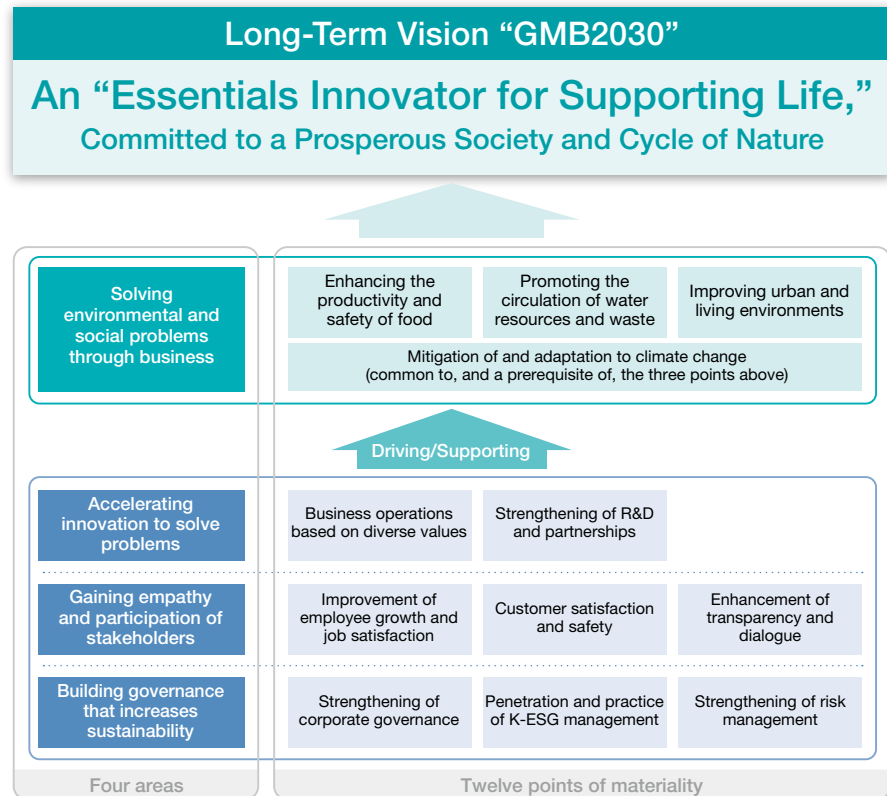
Our belief is that the heart of K-ESG management is creating corporate value—a combination of social value and economic value—by resolving environmental and social issues through our business activities, while passing down the Kubota heritage since the company’s founding. To that end, it is vital that we accelerate innovation, gain the empathy and participation of stakeholders, and create a corporate governance system that allows us to implement initiatives sustainably.

This is the way of thinking behind K-ESG management, the ethical and behavioral model to achieve the goals of the Long-Term Vision “GMB2030.”

- 1 We will continue to create corporate value (social value and economic value) by solving environmental and social problems through business.
- 2 We will resolve those problems through innovation.
- 3 We will forge ahead with initiatives by gaining the empathy and participation of stakeholders.
- 4 We will make our efforts sustainable through corporate governance that incorporates diversity and medium- and long-term perspectives.

Materiality

We have set the areas of materiality connected to our K-ESG management, our ethical and behavioral code that guides our efforts toward the realization of “GMB2030,” by considering the demands of society and our stakeholders, as well as our vision for the Kubota Group and management direction. We have broken these down into twelve points of materiality in four areas, relating to the “What” of materiality—the initiatives to tackle climate change that are common to, and a prerequisite for, the success of our solutions and business activities we will expand to realize “GMB2030”—and the “How”—the measures that will drive and support these initiatives.



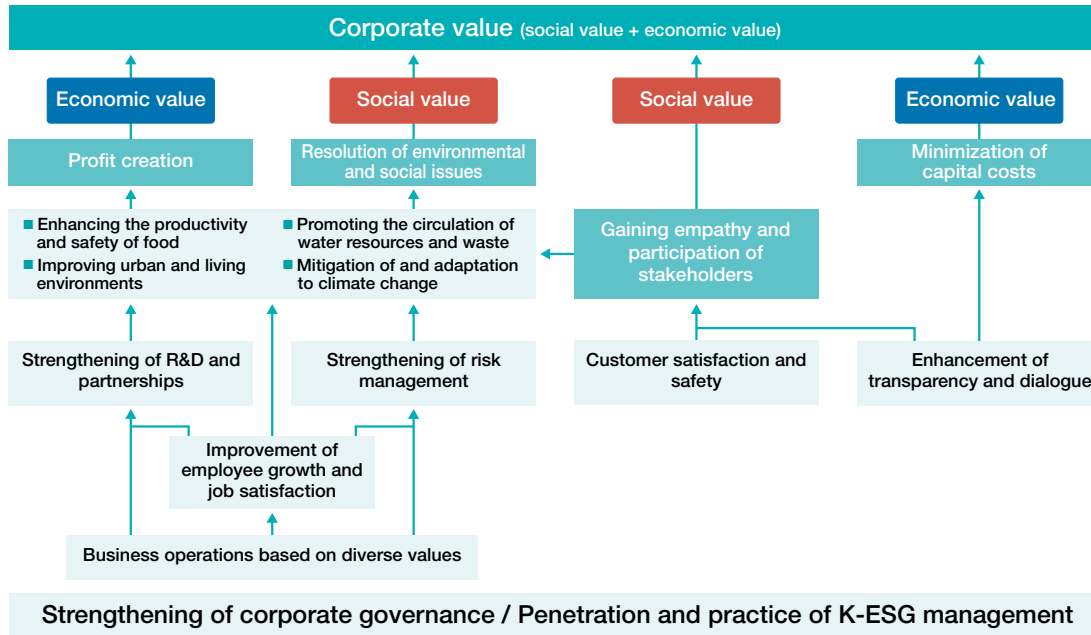
Materiality Identification Process

Materiality is discussed by the ESG Management Strategy Meeting, which, under the direct control of the President, identifies materiality candidates with consideration to opinions and evaluations gained through dialogue with investors and shareholders. It then reports these to the Board of Directors, who decide on the final materiality. This materiality, and its indicators, are not fixed in stone, however; we are always carrying out reviews that take into account social trends and our business circumstances to ensure that we enhance the level of our K-ESG management. In 2022, executives formed the core of efforts to confirm anew the importance of each area of materiality and to discuss our ultimate objectives. As part of this, we also undertook a review of the indicators that measure our progress.



Interrelationship Between Areas of Materiality and Corporate Value

The interrelationship between different areas of materiality, and their relationship with corporate value, is hypothetically explained in the diagram below. Solving environmental and social issues (by promoting materiality related to business in the fields of food, water, and the environment) will create corporate value. Moreover, the empathy and participation of stakeholders, and a robust governance system, will also help to create corporate value and solve these problems.



Relationship Between ESG Indicators and Corporate Value

During analysis* of the relationship between ESG indicators related to our areas of materiality and corporate value, there were many instances that showed a positive correlation. We were therefore able to prove quantifiably that promoting K-ESG management boosts our corporate value.

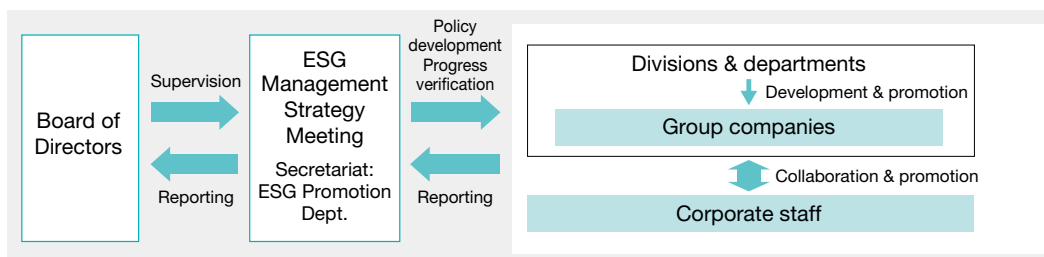
Examples where ESG indicators show a positive correlation with corporate value

- Proportion of employees who think positively of Kubota Global Identity and workplace culture
- Training expenses and number receiving training
- CO² emissions
- Water and energy usage

* This involved multiple regression analysis of each ESG indicator (+ ROE) and PBR to identify correlational relationships. These were deemed to be relationships proven to have a coefficient of determination adjusted for the degrees of freedom of 0.5 or above and a p value for the ESG indicator of 0.05 or below. Analysis was carried out on the Digital ESG Platform developed by ABeam Consulting Ltd., based on a model developed by Ryohei Yanagi in his 2023 book *CFO Policy* (published by Chuokeizai-sha Holdings, Inc.)

K-ESG Management Promotion Framework

The ESG Management Strategy Meeting, which comes under the direct control of the President, formulates policies, and also investigates and evaluates major measures, aimed at creating corporate value for the Kubota Group in the medium and long term. The meeting's membership comprises the President and directors in charge of business divisions, finance, human resources, R&D, manufacturing, the environment, and other areas. Items decided on by the ESG Management Strategy Meeting are passed on to the business or corporate domains, who take them forward. They are also reported to the Board of Directors as and when necessary.



Note: In the names of organizations, we use "ESG" rather than "K-ESG."

Materiality Objectives and Indicators

Materiality	Reason for its importance	Ultimate objectives
<p>Enhancing the productivity and safety of food</p> <p>Promoting the circulation of water resources and waste</p> <p>Improving urban and living environments</p> <p>Mitigation of and adaptation to climate change</p>	<p>Four megatrends that we are witnessing are: attempts to achieve both economic growth and resource recycling, moves toward net zero greenhouse gas emissions, efforts to create a society where the marginal cost of products is close to zero through recycling and sharing, and the formation of new small and medium-sized communities that are not obsessed only with global capitalism. In response to these, we believe that there are three roles that we should play: providing solutions to support infrastructure in the areas of food, water, and the environment; realizing the development of a sustainable society and a circulation loop of nature; and, contributing to resolving social issues in a variety of communities.</p>	<p>An “Essentials Innovator for Supporting Life,” committed to a prosperous society and cycle of nature</p> <p>Alongside the challenge 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.</p>
Business operations based on diverse values	<p>Recognizing diverse values allows us to amplify our strengths and make up for our weaknesses, and will help us achieve a competitive advantage. By allowing our diverse employees to fully demonstrate their myriad abilities, we can create new value by responding to change and innovating, and this will also spur on business growth.</p>	<p>Our employment will be fair and will provide employees with equal opportunities, regardless of race, gender, nationality, age, or disability. On a global level, we will construct a positive, open culture where everyone can share their frank opinions, and put in place an environment where diverse employees can demonstrate their true capabilities.</p>
Strengthening of R&D and partnerships	<p>In recent years, the issues themselves have become more advanced and more complex. Solving those issues will therefore require us to further enhance our R&D capabilities. Furthermore, we can accelerate the speed of this process by bringing in new expertise through collaboration with business partners.</p>	<p>In order to foresee the ever-changing society and the issues that arise, and to proactively solve them, we can make better decisions. To enable this, we will take on board the latest expertise and opinions, embody them quickly and continuously in products and services that we can continue to offer society.</p>
Improvement of employee growth and job satisfaction	<p>To be able to realize sustainable growth, our organization must be energetic and capable of responding to changes in the business environment flexibly. For that to happen, employees must feel motivated and hungry to tackle the challenge. Job satisfaction can be realized by enabling them to feel they are growing, and that they are making a real contribution to society and their colleagues.</p>	<p>In order for employees to get a sense of their own growth and the contribution that they are making to society and to their colleagues, we will aspire to be an organization that has developed an appropriate culture, systems, and mechanism so that employees can be motivated and feel a desire to work.</p>
Customer satisfaction and safety	<p>By sticking close to our customers and picturing the future from their perspective, we will be able to discover issues at an early stage, and provide new value that exceed their expectations. Repeating this will lead to greater customer satisfaction, and to gaining their trust, which will allow us to make the greatest possible social contribution.</p>	<p>We aim not only to satisfy all our customers through our products and services, but also to impress them by exceeding their expectations.</p>
Enhancement of transparency and dialogue	<p>Highly transparent dialogues are linked to gaining the empathy and participation of employees, suppliers, and other stakeholders, which helps to support our business activities. A better understanding of the Kubota Group will enhance our corporate value.</p>	<p>By disclosing information on our corporate activities in a way that is highly transparent and appropriate, and through dialogue, we aim to provide stakeholders with an accurate understanding of its activities. This will help to gain their trust and empathy, and encourage more participation in our corporate activities.</p>
Strengthening of corporate governance	<p>Our highest management priority is to raise our overall corporate value, balancing long-term, stable economic value and social value. Therefore, it is necessary to achieve corporate governance that supports transparent, fair, prompt and decisive management.</p>	<p>Whatever the social landscape or the business environment we find ourselves in, we will continue to be a self-directed organization that can realize sustainable growth. To that end, our aim is to construct a governance system that has both auditing and executive functions that help to improve the quality of both, to achieve that permanence.</p>
Penetration and practice of K-ESG management	<p>Sharing common values and codes of conduct among the global Kubota Group will allow us to attain “One Kubota,” as well as business development. This will then support our efforts to solve environmental and social issues.</p>	<p>Every executive and employee in the Kubota Group understands our corporate principles, our vision, and our K-ESG government, and will work under our “One Kubota” approach to solve environmental and social issues.</p>
Strengthening of risk management	<p>Changes to the social landscape or the business environment are becoming more severe with every passing year, and risks are becoming ever-more diverse. A response to risks that is speedier and more effective than ever is indispensable in our quest to create sustainable corporate value.</p>	<p>We update our list of risks as they appear due to advances over time or changes to the social landscape or business environment and work to control them. We also possess the high-level capabilities to respond to crises, should they occur. Around the world, we will roll out the systems and mechanisms that allow us to do this, so that we can make decisions, and respond, swiftly.</p>

*Indicators for “Strengthening of R&D and partnerships” have been amended in line with a materiality review.

Materiality Objectives and Indicators

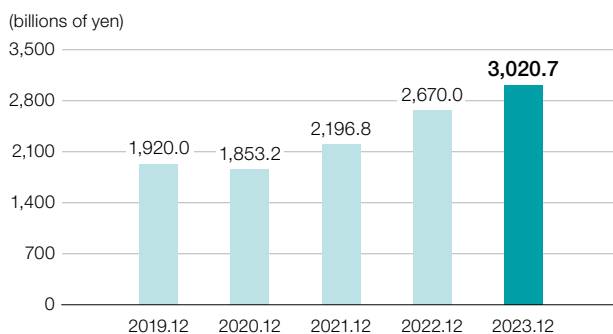
Materiality	Indicators	Medium- and long-term targets	FY2023 results/topics
Enhancing the productivity and safety of food	<ul style="list-style-type: none"> Progress of smart agriculture and other new solutions 	To be disclosed	<ul style="list-style-type: none"> Expanded our smart agriculture-related services (e.g. opened KSAS Marketplace, launched the retrofit unit KSAS Simple Connect). Promoted demonstration tests, etc., of automated operations in overseas specialty crop markets.
Promoting the circulation of water resources and waste	<ul style="list-style-type: none"> Progress of resource recovery and other new solutions 	To be disclosed	<ul style="list-style-type: none"> Made progress with proposals based on our melting furnace and phosphorus and methane gas recovery technologies, and took further steps toward commercialization.
Improving urban and living environments	<ul style="list-style-type: none"> Progress of water environment platform and other new solutions 	To be disclosed	<ul style="list-style-type: none"> Announced KSIS Blue Front, a platform to make O&M in water and sewage facilities more efficient, and KSIS Pipeful, a platform for water pipelines.
Mitigation of and adaptation to climate change	<ul style="list-style-type: none"> Emissions in Scopes 1, 2, and 3 	<ul style="list-style-type: none"> Scopes 1 and 2: 50% reduction from 2014 levels Scope 3: To be disclosed (each to be achieved by 2030) 	<ul style="list-style-type: none"> Scope 1 and 2: 28.0% reduction compared to 2014 levels Continued to promote energy-savings, electrification of furnaces, and expanded use of renewable energy, etc.
Business operations based on diverse values	<ul style="list-style-type: none"> Progress on diversity among executive officers Proportion of female managers 	<ul style="list-style-type: none"> Proportion of foreign executive officers: 10% (by 2025) Proportion of female managers (non-consolidated): 7% (by 2030) 	<ul style="list-style-type: none"> Proportion of foreign executive officers: 7% (as of March 22, 2024) Proportion of female managers (non-consolidated): 4.6%(as of January 1, 2024) Implemented measures to raise psychological safety, such as by dropping hierarchical patterns of address
Strengthening of R&D and partnerships	<ul style="list-style-type: none"> Patent Asset Index (total value of patent portfolio) 	<ul style="list-style-type: none"> 12.5% increase compared to 2020 (by 2025) 	<ul style="list-style-type: none"> Launched unmanned, automated combine harvesters, for a complete line-up of unmanned, automated models for our big three of tractors, rice transplanters, and combine harvesters. Invested in two start-ups, and participated in two joint R&D projects with academic research institutions.
Improvement of employee growth and job satisfaction	<ul style="list-style-type: none"> Employee engagement score DX personnel 	<ul style="list-style-type: none"> Employee engagement score: 70 (by 2030) DX personnel: 1,000 (by 2024) 	<ul style="list-style-type: none"> Employee engagement score (non-consolidated): 52 DX personnel: 936 Fostered a culture of taking on challenges and growth through 1-on-1 meetings with executives from business and indirect divisions Promoted DX for tasks, and introduced and utilized in-house AI tools.
Customer satisfaction and safety	<ul style="list-style-type: none"> Customer satisfaction 	To be disclosed	<ul style="list-style-type: none"> Pressed ahead with improvement activities based on customer questionnaires, and maintained customer satisfaction evaluations (in Japan and North America)
Enhancement of transparency and dialogue	<ul style="list-style-type: none"> External institution rating 	<ul style="list-style-type: none"> Acquire the highest possible rating from a major external ratings agency (by 2025) 	<ul style="list-style-type: none"> Acquired a AAA rating, the highest level, from MSCI ESG
Strengthening of corporate governance	<ul style="list-style-type: none"> Effectiveness of the Board of Directors 	<ul style="list-style-type: none"> Strengthened functions of both the monitoring side and executive side as well as reinforcing periodic confirmation functions of the corporate governance system. 	<ul style="list-style-type: none"> Held discussions between members of the Board of Directors about the board's roles and operations to organize how we can clarify the ideal vision for the Board of Directors.
Penetration and practice of K-ESG management	<ul style="list-style-type: none"> Penetration of the corporate principles and vision among employees 	<ul style="list-style-type: none"> Penetration score: 75 (by 2025) 	<ul style="list-style-type: none"> Penetration score: 44 Analyzed and quantified the relationship between ESG/non-financial activities and corporate value (see Relationship Between ESG Indicators and Corporate Value on p. 10).
Strengthening of risk management	<ul style="list-style-type: none"> Progress toward the creation of a risk management system 	<ul style="list-style-type: none"> Construct a global risk management system and implement due diligence (by 2025) 	<ul style="list-style-type: none"> Moved forward with risks assessments, and identified risks requiring priority efforts in economic security and human rights. Formulated human rights policies, implemented risk assessments, and prepared to expand supplier surveys.

*Indicators for "Strengthening of R&D and partnerships" have been amended in line with a materiality review.

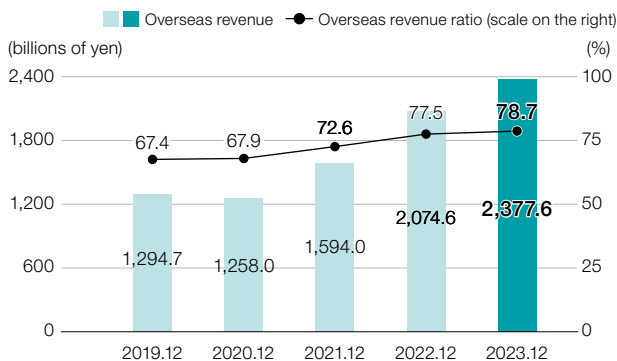
Financial Highlights

The following are excerpts from the Kubota Group's key financial data over the past five years.

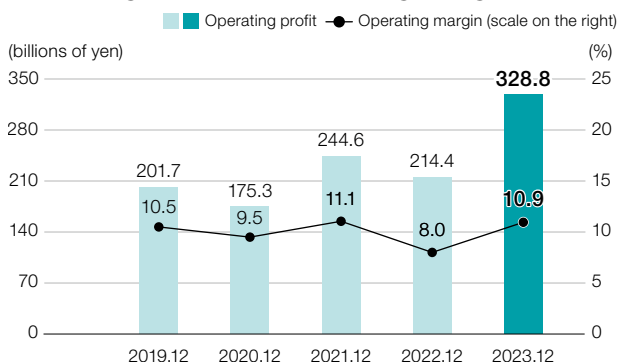
Revenue



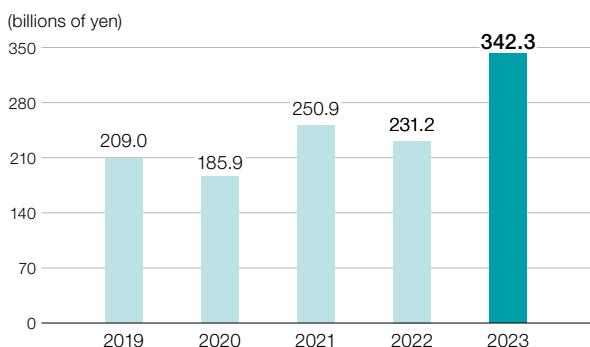
Overseas Revenue and Overseas Revenue Ratio



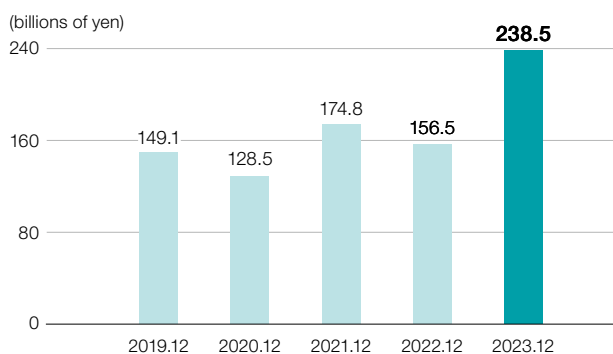
Operating Profit and Operating Margin



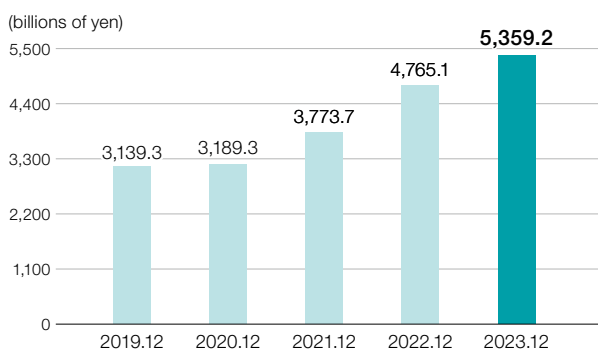
Profit before Income Taxes



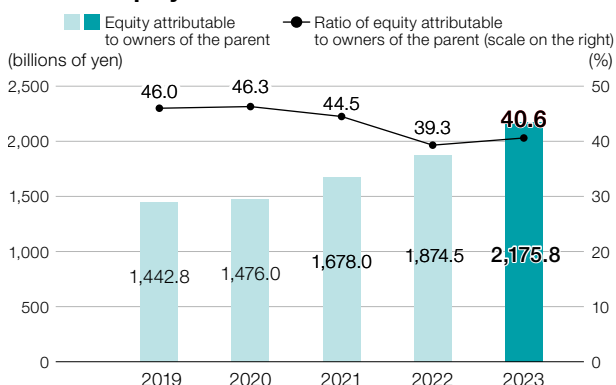
Profit Attributable to Owners of the Parent



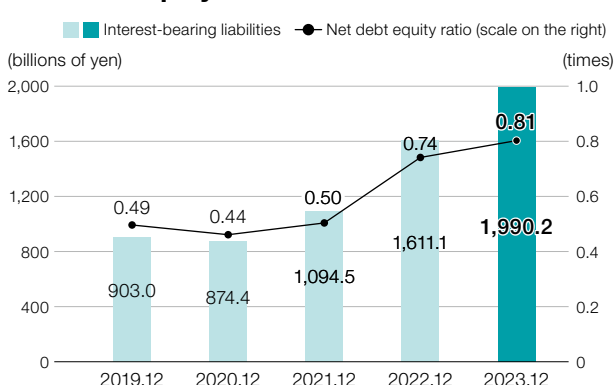
Total Assets



Equity Attributable to Owners of the Parent and Ratio of Equity Attributable to Owners of the Parent



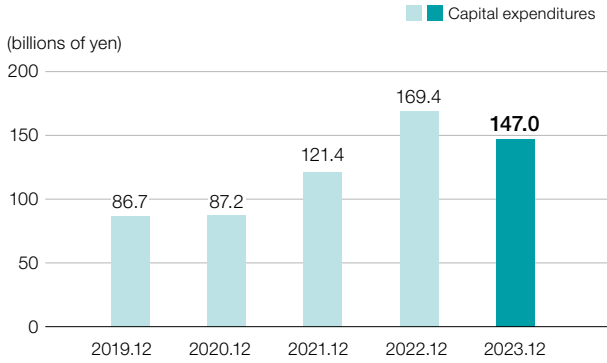
Interest-bearing Liabilities and Net Debt Equity Ratio



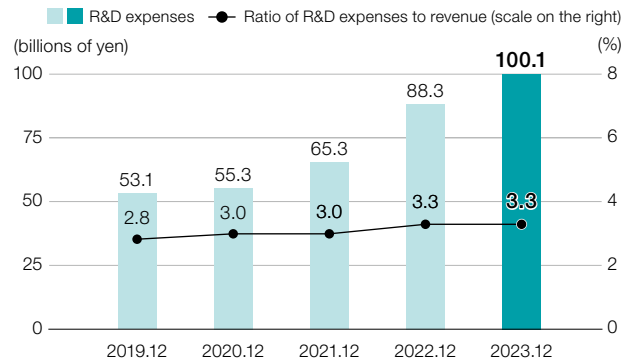


Click here for detailed financial data. [Click▶](#)

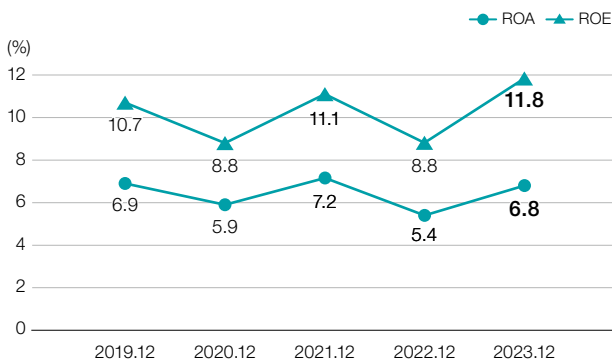
Capital Expenditures



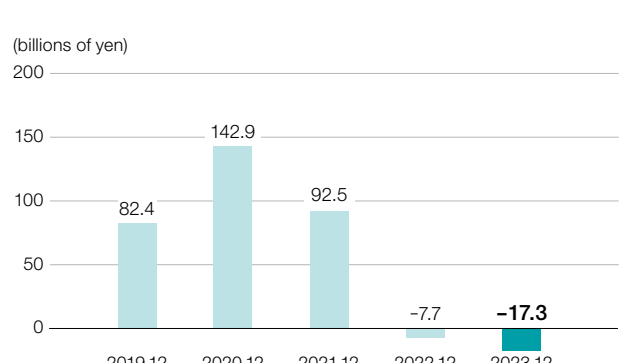
R&D Expenses and the Ratio of R&D Expenses to Revenue



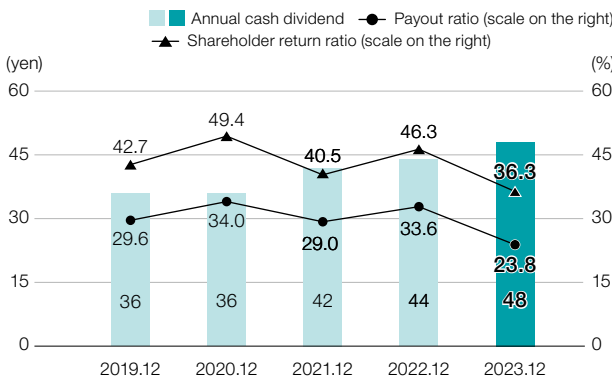
ROA and ROE



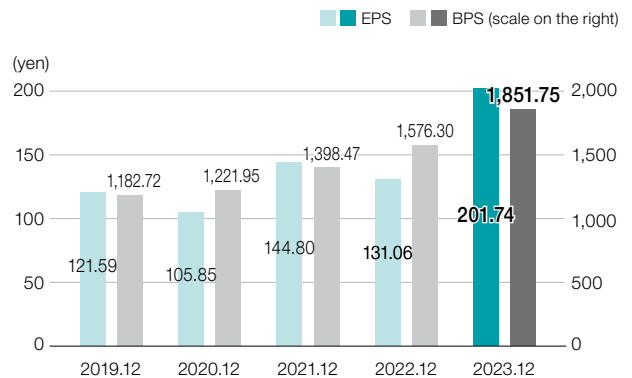
Net Cash Provided by Operating Activities



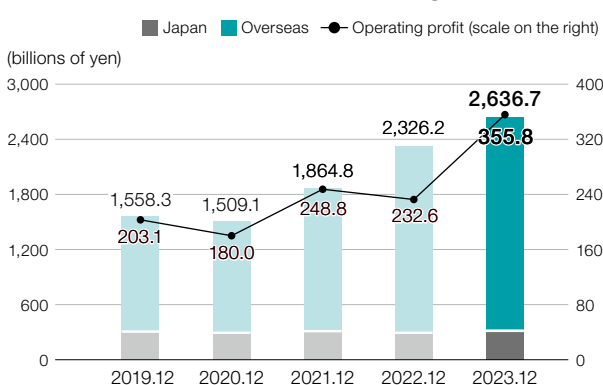
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio



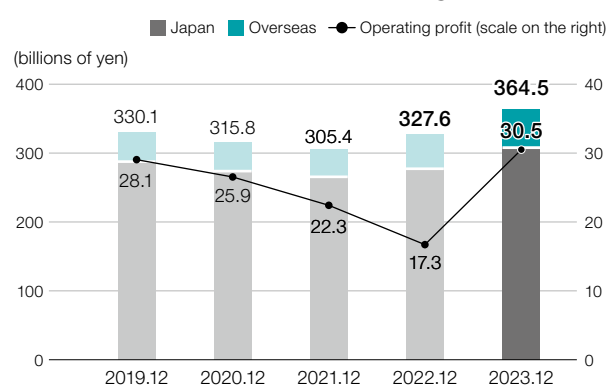
Basic Earnings per Share <EPS> and Equity Attributable to Owners of the Parent per Share <BPS>



[Farm & Industrial Machinery] Trends in Revenue and Operating Profit



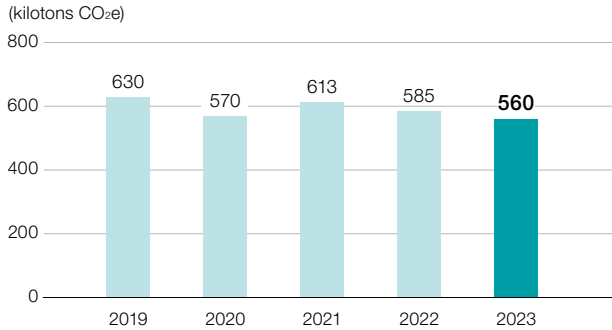
[Water & Environment] Trends in Revenue and Operating Profit



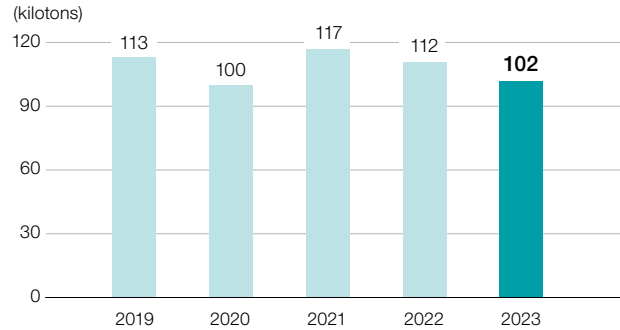
Non-financial Highlights

The following are excerpts from the Kubota Group's key non-financial data over the past five years.

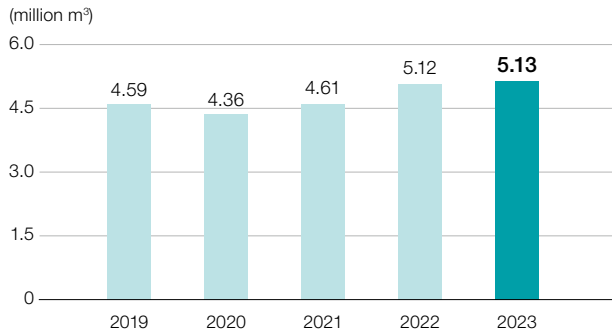
CO₂ Emissions*¹ (Consolidated)



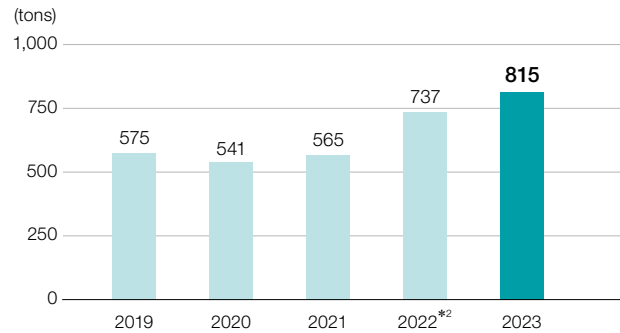
Waste Discharge*¹ (Consolidated)



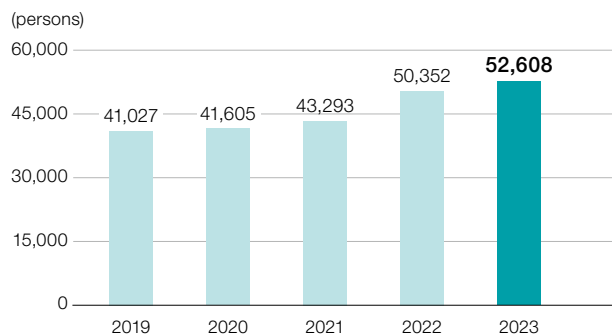
Water Withdrawal*¹ (Consolidated)



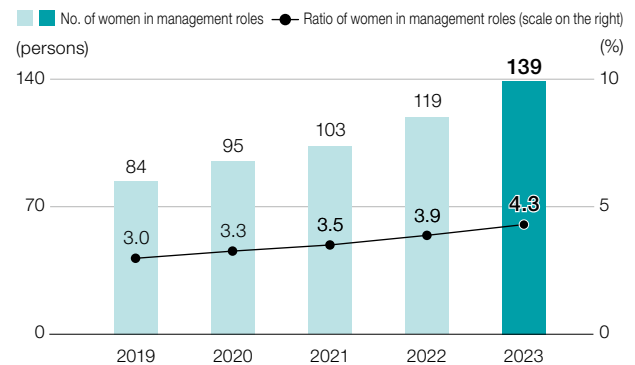
VOC (Volatile Organic Compound) Emissions*¹ (Consolidated)



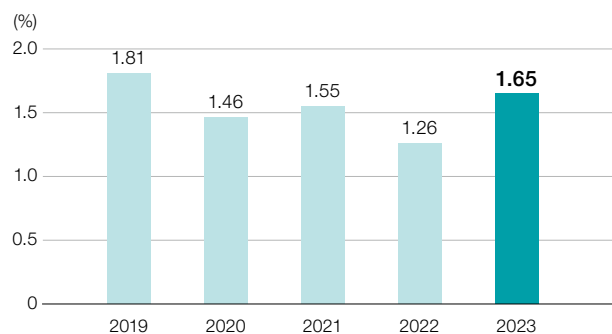
No. of Employees (Consolidated)



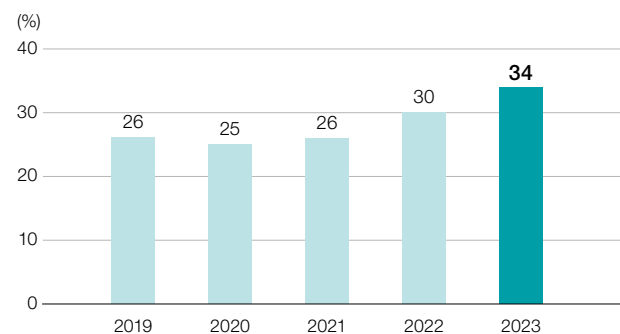
No. of Women in Management Roles (Non-consolidated)



Job Turnover Rate (Non-consolidated)



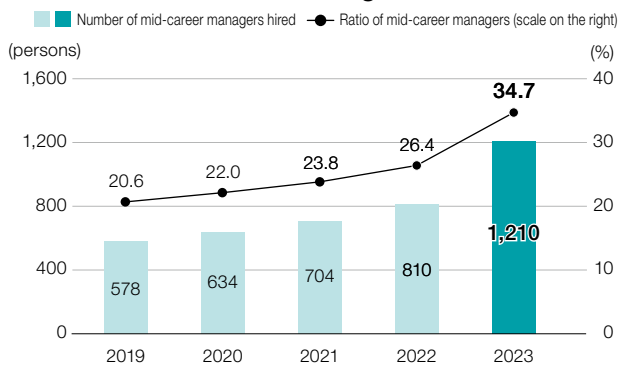
Proportion of Representatives of Sites Outside Japan Being Locals



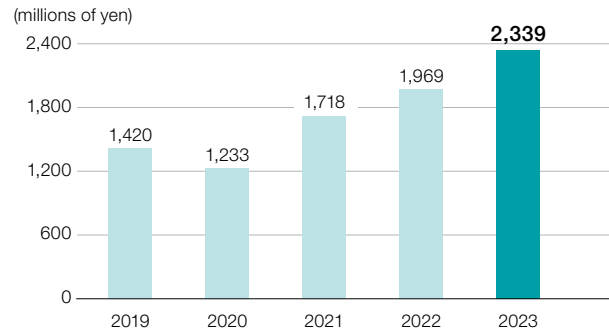
*¹ For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p. 92).

*² Figures for FY2022 have been adjusted in order to improve accuracy.

Number of Mid-career Managers Hired (Non-consolidated)

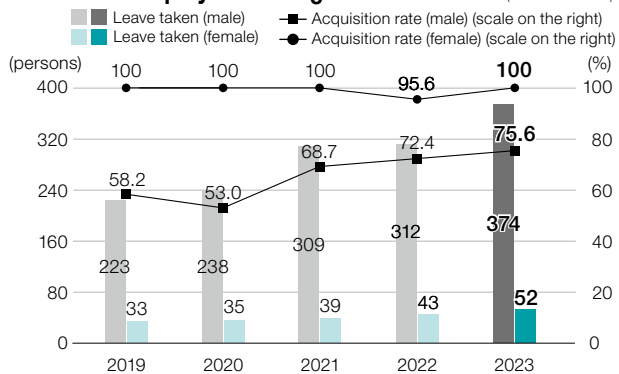


Human Resource Development Expenses (Non-consolidated)



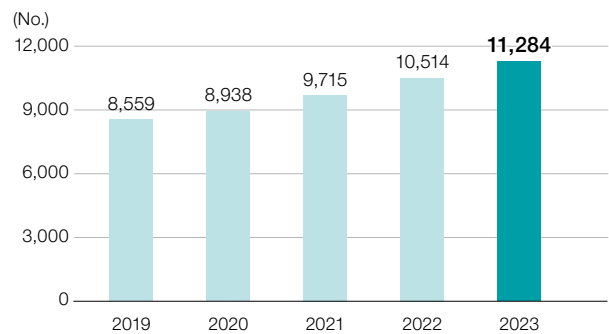
*Please refer to "Strategic provision of opportunities to learn" on page 140 for details on human resource development.

Number of Employees Taking Childcare Leave (Non-consolidated)

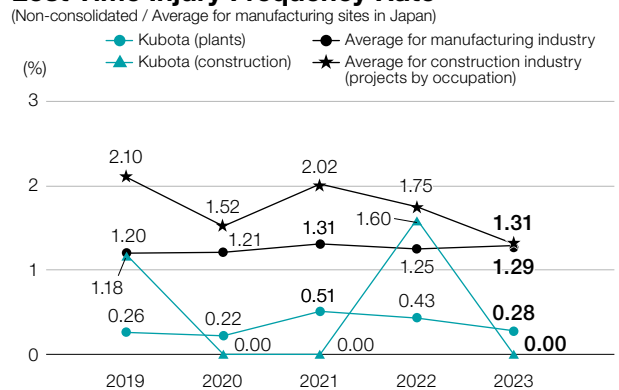


*FY2022 data published in INTEGRATED REPORT 2023 has been amended; figures shown here are post-adjustment figures.

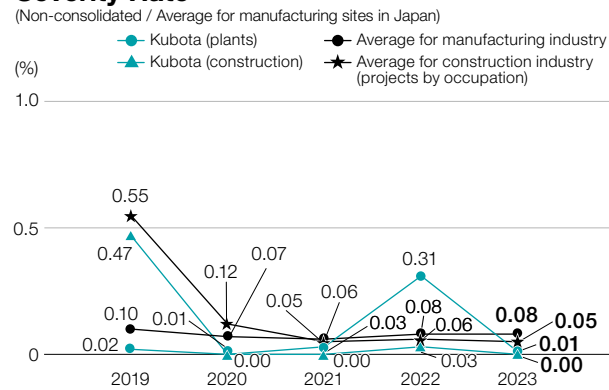
No. of Patents/New Utility Models Possessed (Kubota Corporation and Group Companies in Japan)



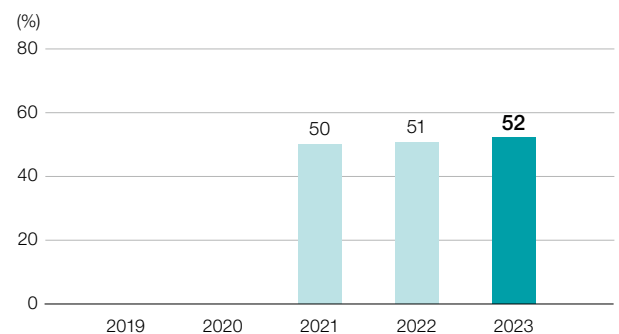
Lost Time Injury Frequency Rate (Non-consolidated / Average for manufacturing sites in Japan)



Severity Rate (Non-consolidated / Average for manufacturing sites in Japan)

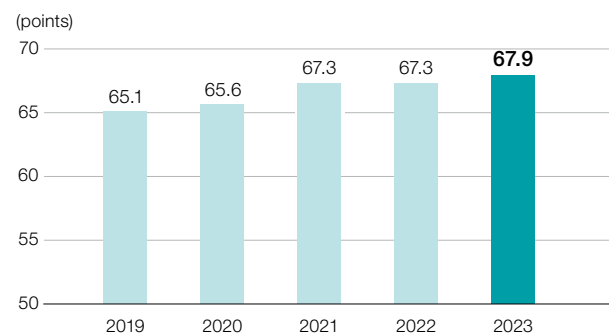


Engagement Score (Non-consolidated / employees for general positions)



*Engagement survey started in fiscal 2021. See page 134 of ESG REPORT for details.

Overall Customer Satisfaction with Dealer Where Purchased (Japan, agricultural machinery)



*The collation method that we switched to in fiscal 2023 has been retroactively applied to data for previous fiscal years. The amended data is shown here.

Chapter

2

Environment

Kubota's mission is to solve global issues in the fields of food, water, and the environment, and in order for us to help bring about a sustainable society, we have formulated a vision and medium- to long-term targets for environmental conservation. As we work towards achieving them, we will make every effort to minimize the environmental footprint and environmental risks of our corporate activities and contribute to the development of a sustainable society and the conservation of the global environment.

<SDGs related to this section>



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Environmental Management Basic Policy

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

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

Environmental Charter / Action Guidelines

The Kubota Group Environmental Charter

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

The Kubota Group Environmental Action Guidelines

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

Environmental Management Approach

Concepts of Environmental Management

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

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



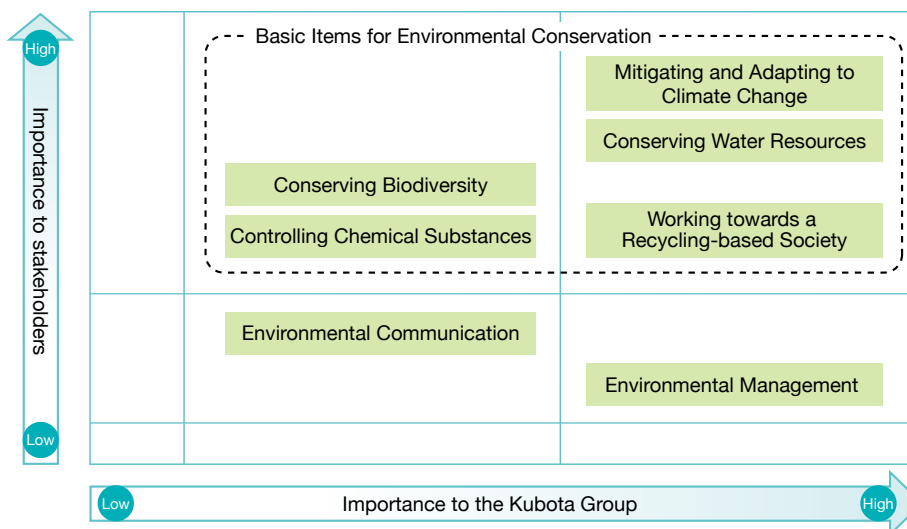
Materiality in Environmental Management

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

Process for Identifying Materiality

Step 1	<p>Gathering and analyzing information</p> <p>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.</p>
Step 2	<p>Listing material issues</p> <p>Through discussions at the ESG Management Strategy Meeting and interviews with relevant internal departments, and dialogues with ESG (environment, society, governance) investment institutions and external experts, we listed issues relating to environmental conservation.</p>
Step 3	<p>Identifying materiality</p> <p>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.</p>
Step 4	<p>Formulating and implementing key measures</p> <p>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.</p>

Materiality Matrix



Materiality Awareness

Mitigating and Adapting to Climate Change	Against a backdrop of more frequently occurring natural disasters caused by abnormal weather and other factors believed to be linked to climate change, tackling this challenge has become an issue of global proportions. As a corporate group that conducts business activities throughout the globe, the Kubota Group believes in the importance of working to reduce the emissions of greenhouse gases (a climate change mitigation strategy) in the corporate value chain as well as undertaking adaptive measures designed to avoid and reduce damage due to the impact of climate change.
Conserving Water Resources	Access to safe drinking water is a critical part of life-supporting infrastructure. Despite this, there are many people throughout the world that cannot access safe drinking water. In the future, the impacts of climate change are expected to exacerbate the uneven distribution of water resources. The Kubota Group has defined "Water" as one of its business areas, and believes in the importance of becoming more deeply committed to the supply of safe, secure water through the construction of water infrastructure, as well as conserving local water resources, which includes saving water, recycling wastewater, and applying water quality-related risk management at its business sites.
Working towards a Recycling-based Society	Mineral resources are used widely throughout modern society, but there is a limit to the amount existing on the planet. More recently, increasing amounts of waste and marine plastic pollution have become global issues. Likewise, the Kubota Group believes in the importance of providing waste processing services and related equipment, for example, as solutions for issues related to the wasted material from human lifestyles and economic activities, as well as effectively utilizing resources and reducing waste in the business value chain.
Conserving Biodiversity	As part of agriculture, living things are the resource that is subject to harvest, and these living things and biodiversity are integral to plentiful and stable food production. The Kubota Group defines "food, water, and the environment" as its business areas, and we believe in the importance of delivering products and services that contribute to the conservation of biodiversity and natural capital, such as addressing efficiency in agriculture and its wide-ranging needs, safe and secure water supply and solutions for recycling resources. We also think it is important that we undertake business activities in consideration of the results of impact assessments on biodiversity and natural capital, and protect the natural environment around our 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. Also, the Taskforce on Nature-related Financial Disclosures (TNFD) released its recommendations in September 2023 regarding a framework for companies to assess the impacts of their business activities on the natural environment and biodiversity and how that information should be disclosed.








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

		Envisaged scenario	Impact on the Group	Time horizon*		
				Short term	Medium term	Long term
Mitigating and Adapting to Climate Change	Risks	<ul style="list-style-type: none"> • Stricter regulations for companies related to energy saving and controls on the emissions of greenhouse gases, etc. • High energy prices due to structural changes in energy driven by accelerating moves towards decarbonization and expanded use of renewable energy, etc. • Increasing frequency and severity of weather disasters such as typhoons and torrential rains driven by climate change • More pests, lower crop yields • Changes in agricultural style due to relocation of suitable farming land, etc. • Transition to next-generation power, such as electrification, and discontinuation of products with poor energy efficiency in line with growing interest in climate change among our markets and customer base • Stronger calls for disclosure of climate action 	Increase in regulatory compliance cost Increase in product development and manufacturing costs Negative impact on the Group and its suppliers Loss of selling opportunities Increase in product development cost Loss of selling opportunities Deterioration in stakeholder trust			→
	Opportunities	<ul style="list-style-type: none"> • Launch of products and services that facilitate energy savings, energy creation, and decarbonization • Accelerate energy-saving measures, such as upgrading to high-efficiency equipment at business sites • Growing demand for agricultural machinery and farming solutions in step with the change of agricultural practices • Increased demand for water infrastructure that is resilient to floods, droughts, and other weather disasters 	Expansion of selling opportunities Increase in productivity Expansion in business related to adapting to climate change			→
Working towards a Recycling-based Society	Risks	<ul style="list-style-type: none"> • Expansion of regulations on import, export and use of discarded plastic and stricter waste-related regulations, etc. • Resource depletion and soaring resource prices • Expanded use of recycled materials towards the transition to a recycling-based economy 	Increase in regulatory compliance cost Increase in manufacturing costs Increase in product development and manufacturing costs			→
	Opportunities	<ul style="list-style-type: none"> • Launch of products that consider resource recycling, including the use of recycled materials • Contribution to the effective use of resources through the deployment of environmental and waste-disposal services • Promotion of easier product maintenance and used product recycling • Acceleration of resource conservation measures at business sites 	Expansion of selling opportunities Improvement of resource efficiency			→
Conserving Water Resources	Risks	<ul style="list-style-type: none"> • Non-compliance with wastewater standards, etc. • Stricter water-related regulations, etc. • High water prices due to aging water infrastructure and shortage of available water for industrial use • Increasing frequency and severity of weather disasters such as flooding and droughts driven by climate change • Water use restrictions in areas of high water stress risk • Lower crop yields due to shortage of water resources • Changes in agricultural styles due to relocation of suitable farming land, etc. • Changes in needs for products and services in regions with high water risk 	Fines and shutdowns Lower social credibility Increase in regulatory compliance cost Increase in manufacturing costs Negative impact on the Group and its suppliers Loss of selling opportunities Increase in product development and manufacturing costs			→
	Opportunities	<ul style="list-style-type: none"> • 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 in water conservation and wastewater reuse at business sites • Expansion in need for water infrastructure that is highly resistant to flooding, droughts, and other disasters 	Expansion of selling opportunities Increase in productivity Expansion in business related to adapting to climate change			→
Controlling Chemical Substances	Risks	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Launch of products compliant with emissions gas regulation and toxic substance use regulation • Decreased use of substances of concern at business sites • Decreased use of paints and improved yields at business sites 	Expansion of selling opportunities Improvement in working environment Increase in productivity			→
Conserving Biodiversity	Risks	<ul style="list-style-type: none"> • Violation of biodiversity- and natural capital-related regulations • Decline in natural capital • Inappropriate land use, pollutant emissions, and excessive resource consumption, etc. • Sales of products with a low level of environmental performance • Stronger calls for disclosure of action on conserving biodiversity and natural capital 	Fines and litigation Shortages of raw materials and water resources Increase in procurement costs Litigation raised by local communities Lower social credibility Customer churn Deterioration in stakeholder trust			→
	Opportunities	<ul style="list-style-type: none"> • Greater demand for products and services that contribute to sustainable agriculture, including restrictions on the excessive use of agrochemicals and fertilizer • Launch of products and the like that curb exhaust gas emissions, noise, and vibrations • Rising demand for products and services that contribute to the recovery and recycling of resources • Promotion of activities that consider biodiversity and natural capital, and environmental communication with local communities 	Expansion of selling opportunities Improve brand image Improvement of employees' environmental awareness			→

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

Key Measures

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

	Value chain of business (Expanding Environment-conscious Products and Services P73-77)		
	Design and development, procurement	Manufacturing and distribution	Use and disposal
Mitigating and Adapting to Climate Change (P32-53) 	<ul style="list-style-type: none"> Optimal regional procurement Distributed procurement 	<ul style="list-style-type: none"> Reduce waste and loss in the use of energy based on the Kubota Production System concept Recover and reuse waste energy Fuel conversion Expand use of renewable energy Improve distribution efficiency Promote modal shift Promote BCP measures 	<ul style="list-style-type: none"> Lower fuel consumption Shift to next-generation power Use of low-carbon fuels R&D for decarbonization of power sources and reducing GHG emissions in society Improve efficiency and save labor for work and management Conserve energy during construction
Working towards a Recycling-based Society (P54-57) 	<ul style="list-style-type: none"> Use recycled materials Reduce the number of parts Reduce packing material 	<ul style="list-style-type: none"> Conserve resources Promote the 3Rs for waste and convert waste into functional materials Reduce plastic Reduce packing material Ensure proper waste management Strengthen waste management using systems 	<ul style="list-style-type: none"> Extend product life Improve ease of maintenance Promote product recycling Ensure proper disposal
Conserving Water Resources (P58-59) 	<ul style="list-style-type: none"> Assess water risks Optimal regional procurement Distributed procurement 	<ul style="list-style-type: none"> Promote the 3Rs for water resources Ensure proper wastewater management Promote BCP measures 	<ul style="list-style-type: none"> Save water consumption Promote purification or recycling of wastewater More efficient development and management of water infrastructure
Controlling Chemical Substances (P60-62) 	<ul style="list-style-type: none"> Reduce the use of substances of concern 	<ul style="list-style-type: none"> Reduce VOC emissions Substitute for organic solvents Ensure proper chemical substance management 	<ul style="list-style-type: none"> Make exhaust gas cleaner Reduce environmental impacts on soil and water areas
Conserving Biodiversity (P63-72) 	<ul style="list-style-type: none"> Assess the dependence and impact on natural capital 	<ul style="list-style-type: none"> Assess the dependence and impact on natural capital Promote environmental conservation activities and reduce the environmental impact Beautification and greening of business sites and neighborhoods 	<ul style="list-style-type: none"> Conserve soil and water areas Reduce noise and vibration
Environmental Management (P78-82) 	<ul style="list-style-type: none"> Promote global environmental management led by the members at the management class level Systematically reduce environmental impacts 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 and services 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 (P83-85) 	<ul style="list-style-type: none"> Strengthen information dissemination through the environmental report and website Promote environmental communication tailored to each target Enhance two-way communication with stakeholders Participate in regional environmental conservation activities 		

Relationships Between Environmental Conservation Activities and the SDGs

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



View the list of related SDGs and targets

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 on 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 net zero emissions of CO₂ and carbon neutrality. Also, the move from the conventional economy that has led to mass production, mass consumption, and mass waste disposal toward a circular economy has progressed, which aims for an economy with minimized waste generation by preserving and maintaining the values of products and resources as long as possible.

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

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

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



This symbol denotes our initiatives to realize carbon neutrality

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, conservation of water, 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 environment-conscious 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. According to the IPCC’s Sixth Assessment Report, atmospheric concentrations of methane and nitrous oxide, which are far more damaging greenhouse gases than CO₂, are rising and measures are needed to curb their emissions. Also, climate change is affecting the reduction and relocation of arable land, agricultural practices, and even ecosystems. Given the declining number of farm workers owing to the impact of urbanization in rural areas, more efficient food production in limited areas under cultivation is now needed.

In the “food” sector, which is one of our business areas, we believe we can reduce emissions of not only CO₂, but also methane and nitrous oxide, and contribute to more efficient food production by further evolving smart agriculture, the automatic operation of farm machinery, farming technology, and water environment solutions technology. By increasing the productivity of agriculture, we will help reduce greenhouse gas emissions in the agricultural sector by improving the efficiency of agriculture, reducing energy consumption, conserving resources of fertilizer and pesticides, 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 1.5°C, the population who has to face water shortages is expected to increase. Also, population increase and improved living standards are assumed to further aggravate the resource and waste problems and agricultural water shortages due to mass production, mass consumption, and mass waste disposal.

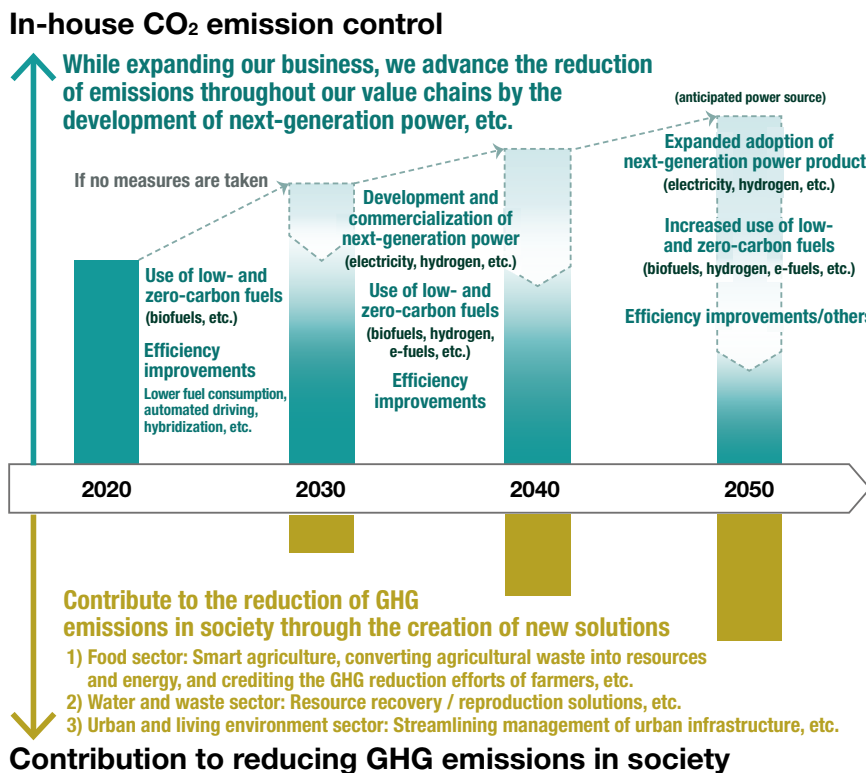
In the “water and the environmental” fields, we will provide products, services, and solutions, such as products to contribute to disaster prevention and disaster recovery, and efficient water monitoring and management systems that utilize AI / IoT, which are designed to avoid and mitigate damage due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

Taking on the Challenge of Carbon Neutrality

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

Toward the realization of a carbon-neutral society, we will continue to reduce our greenhouse gas emissions and conserve energy, and also press ahead with plans to improve the fuel-efficiency of our products, or electrify them. However, uncertainty still shrouds the sources of power required of a carbon-neutral era because they are susceptible to regulations and policies geared towards decarbonization, market trends, and the development of infrastructure. With a view to the future at least 10 years from now, the Kubota Group has commenced the development and commercialization of products that can do more work more precisely, but with less energy.

We will continue to reduce CO₂ emissions across the entire lifecycle of our products, and at the same time, curb GHG emissions in society through the provision of products and services. Having set ourselves the challenging goal of net-zero CO₂ emissions by 2050, we intend to push ahead with initiatives to help us achieve it.



This symbol denotes our initiatives to realize carbon neutrality

In the Kubota Group’s Environmental Vision, we stated the aim of achieving carbon neutrality, or in other words, net-zero greenhouse gas emissions. Our so-called “towards net zero” initiatives for reducing both our own GHG emissions and those of society are indicated by this symbol.

We believe that efforts toward carbon neutrality should not be undertaken solely by companies or individuals, but rather need to be pursued across the entire value chain. The symbol reflects our expectations for all employees to keep on challenging themselves irrespective of repeated failures so that people can lead prosperous lives in 2050 and beyond.

The use of this symbol going forward will make it easier for readers to identify initiatives geared towards carbon neutrality.

Background in establishing the Environmental Vision

World Around Kubota's Business in 2050

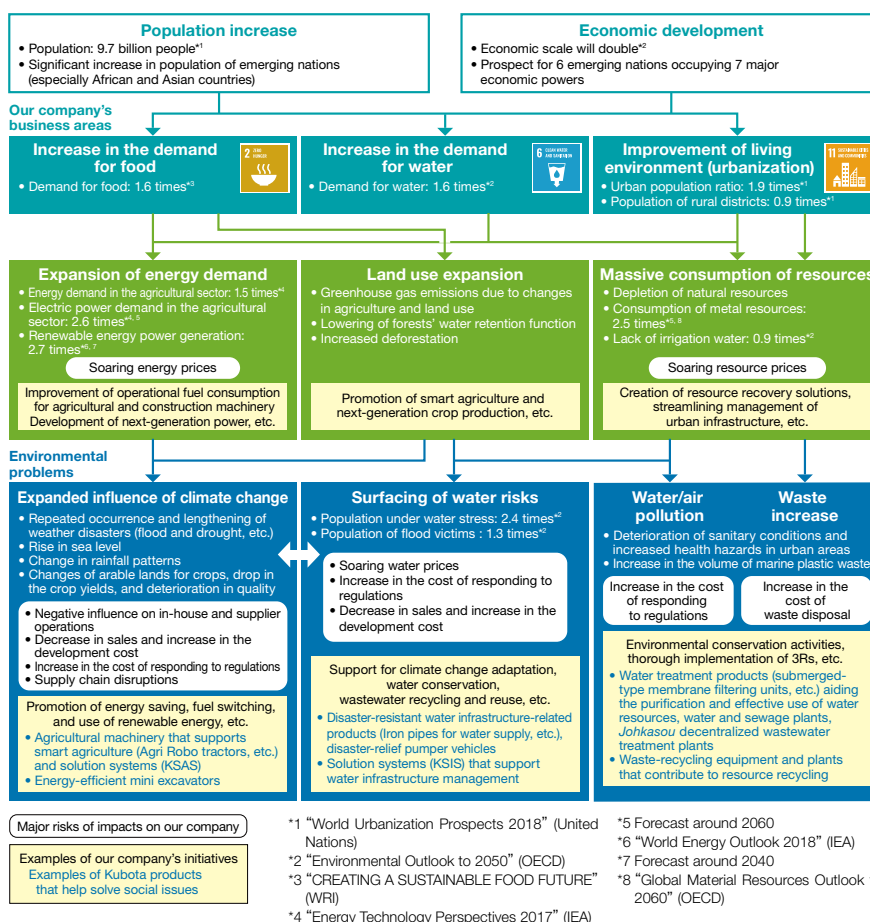
Based on the scenarios of the Intergovernmental Panel on Climate Change (IPCC) and the World Resources Institute (WRI), we analyzed a social image in 2050 when the temperature rises by 1.5°C/2°C and 4°C. Global environmental problems, including climate change and water risks, may not only have negative 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 1.5°C/2°C

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

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

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

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

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

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

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

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

Expected Image of Society

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

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


Medium- and Long-Term Environmental Conservation Targets and Results

In order to promote environmental management in light of various recent social developments, such as SDGs and the Paris Agreement, as a sustainable company, the Kubota Group has challenged itself to achieve zero environmental impact in its Environmental Vision for 2050. Moreover, to promote systematic reduction of environmental impacts, we have been promoting environmental activities by formulating our medium- and long-term targets for environmental conservation. Toward achieving these targets, the Group is advancing systematic initiatives in both the production and product development stages.

Long-Term Environmental Conservation Targets 2030 and Results

Mitigating and Adapting to Climate Change

The shift to a decarbonized society has been accelerated, with each country declaring substantially zero emissions of CO₂ and carbon neutrality. In its Environmental Vision, the Kubota Group announced its commitment to take up the challenge of achieving carbon neutrality by 2050. Based on these global trends and the image for the company expected by society in the future, in our Long-Term Environmental Conservation Targets 2030, in 2022 we expanded the boundary of our CO₂ reduction target from the Kubota Group in Japan to a global boundary, and revised our target upward. We will continue energy saving to reduce energy consumption at our sites, reduce CO₂ emissions through fuel conversion by adopting electric furnaces and so forth, and by expanding our use of renewable energies, we will promote initiatives to achieve carbon neutrality.

2030 Targets	Reduce CO ₂ emissions from the Kubota Group* by 50% compared to the base year FY2014.
Result 	In FY2023, CO ₂ emissions of the Kubota Group* were reduced by 28.0% compared to the base year FY2014.

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

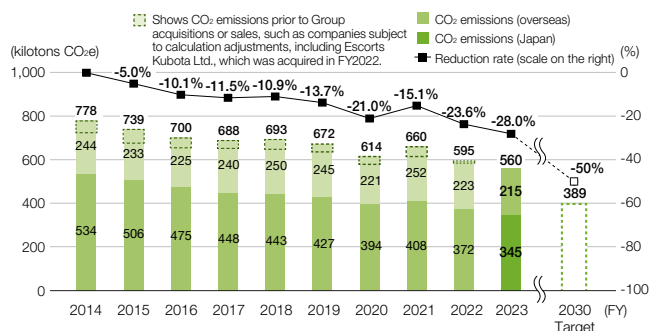
Efforts to Develop Environment-conscious Products

In FY2023, we designated 37 new Eco-Products.

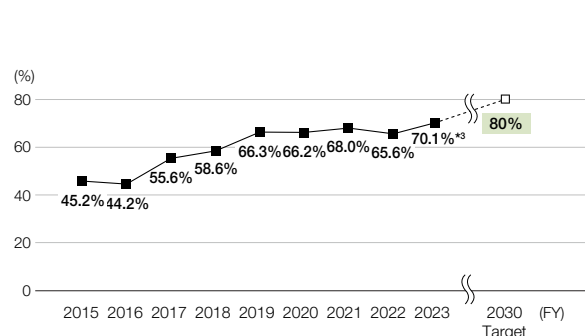
2030 Target	Increase the sales ratio of Eco-Products to 80% by FY2030. Aim to put all new products which are certified as Eco-Products in the market in FY2030 and later.
Result	The sales ratio of Eco-Products was 70.1% in FY2023.

Results for Long-Term Environmental Conservation Targets

Kubota Group Scope 1 and 2 CO₂ Emissions*¹



Sales Ratio of Eco-Products*²



*¹ CO₂ emissions of companies that have been acquired or sold that significantly impact overall Group emissions have been adjusted retroactively to before the acquisition or sale. Namely, Great Plains Manufacturing, Inc. (acquired in 2016), Escorts Kubota Ltd. (acquired in 2022), and P.T. Metec Semarang (sold in 2017). The CO₂ emissions before adjustments are 714 kilotons CO₂e in 2014, 674 kilotons CO₂e in 2015, 647 kilotons CO₂e in 2016, 645 kilotons CO₂e in 2017, 647 kilotons CO₂e in 2018, 630 kilotons CO₂e in 2019, 570 kilotons CO₂e in 2020, 613 kilotons CO₂e in 2021, and 585 kilotons CO₂e in 2022. In FY2023 we had no acquisitions or sales subject to adjustments.


*² 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

*³ From FY2023, sales of the ceramic material TXAX have been excluded from the calculations because TXAX is considered to be a component. If TXAX was included, the FY2023 sales ratio of eco-products would come to 69.9%.




For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

The FY2023 results of the environment-related information provided in the Kubota Group ESG Report 2024 have received the third-party assurance by Deloitte Tohmatsu Sustainability Co., Ltd. The indicators subject to assurance are marked with the  symbols.

Medium-Term Environmental Conservation Targets and Results

Since FY2021 we have been undertaking initiatives with the aim of achieving our Medium-Term Environmental Conservation Targets 2025. And so that we can continuously make improvements, we have also established a set of targets for the year 2030. We intend to systematically roll out initiatives aimed at achieving our targets, at our production sites and product development.

Reporting Boundary	Issue	Action item	Management indicator ^{*3}	Base FY	Target for FY2025 ^{*9}	Target for FY2030 ^{*9}	FY2023 Result	
Global Production Sites 	Mitigating and Adapting to Climate Change	Reduce CO ₂ ^{*1}	CO ₂ emissions per unit of production (Scopes 1, 2)	2014	▲45%	▲60%	▲46.6%	
			Ratio of renewable energy usage ^{*4}	—	20% or more	60% or more	15.9%	
	Working towards a Recycling-based Society	Reduce waste	Save energy	Energy consumption per unit of production	2014	▲35%	▲40%	▲37.8%
			Waste discharge per unit of production	2014	▲45%	▲50%	▲49.7%	
			Hazardous waste discharge per unit of production ^{*5}	2019	▲17%	—	▲11.6%	
			Recycling ratio (Japan) ^{*6}	—	Maintain 99.5% or more	—	99.6%	
	Conserving Water Resources	Conserve water resources	Recycling ratio (Overseas) ^{*6}	—	Maintain 90.0% or more	—	94.9%	
Water withdrawal per unit of production			2014	▲35%	▲40%	▲36.5%		
Controlling Chemical Substances	Reduce VOCs ^{*2}	VOC emissions per unit of production	2014	▲42%	—	▲37.9%		
Products	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products ^{*7}	—	70% or more	—	70.1%	
		Efficient resource use	Usage ratio of recycled materials ^{*8}	—	Maintain 70% or more	—	90.4%	

Reporting Boundary	Issue	Action item	Management indicator	Result of FY2023
Global Production Sites	Working towards a Recycling-based Society	Improve resource efficiency	• Reduce disposable plastics at business sites	See p.57
			• Work with suppliers to conserve packaging materials and make them returnable	
			• Implement paperless operation	
	Conserving Water Resources	Control wastewater	• Manage wastewater appropriately in accordance with the standards of the water discharge by operating wastewater treatment facilities and water recycling facilities, etc.	See p.59
Conserving Biodiversity	Conserve biodiversity at business sites	• Promote the protection of the natural environment by greening our establishments and creating biotopes	See p.71	
	Promote social contribution activities	• Promote conservation of the local natural environment and biodiversity as social contribution activities	See p.72	
Products	Improving Products' Environmental Performance	Efficient resource use	• Display the material of new parts and provide material information ^{*10}	Currently in progress ^{*12}
		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 ^{*11} • Launch the vehicles that comply with the latest emissions regulations onto the market	See p.76

*1 CO₂ emissions indicate 90.6% of base-year Scope 1 and 2 emissions and include greenhouse gases from non-energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO₂ emissions from energy sources.

*2 VOCs (volatile organic compounds) refer to the substances that are most prevalent in the emissions of the Kubota Group. Up until 2022, there were six substances: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene. Since FY2023 there have been five substances: xylene, toluene, ethylbenzene, styrene, and 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 for FY2014 is used when translating the money amount of production of overseas sites into Japanese yen.

*4 The applicable boundary is global sites.

*5 In Japan, specially controlled industrial waste as defined in the Waste Management and Public Cleaning Law; Overseas, waste that is defined as hazardous in each country or region.

*6 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100. Heat recovery is included in the external recycling amount.

*7 The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System

Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

*8 Usage ratio of recycled materials (%) in the cast metal products and parts manufactured by the Kubota Group (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.)). Since FY2023, old pig iron generated at the same business sites has been excluded from the calculation.

*9 ▲ indicates a negative figure.

*10 In accordance with internal standards, we provide information on materials through material labeling and specification sheets for plastic components.

*11 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stages IV and V) level, shipped to Europe, North America, Japan, and Korea

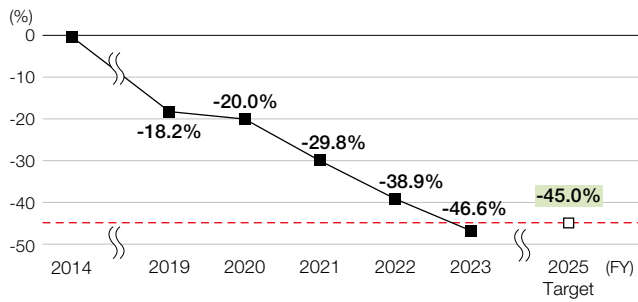
*12 Due to the reorganization or new establishment of businesses, our internal standards regarding the method of providing material information have been developed. These standards were into operation from 2023.



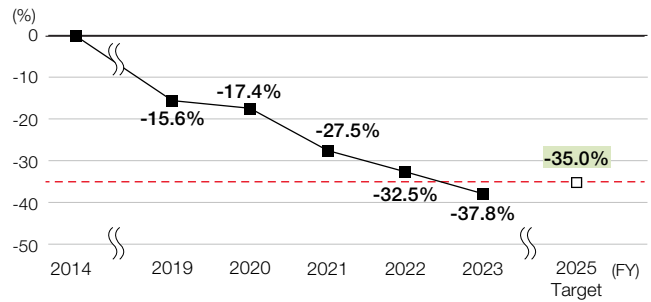
For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

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

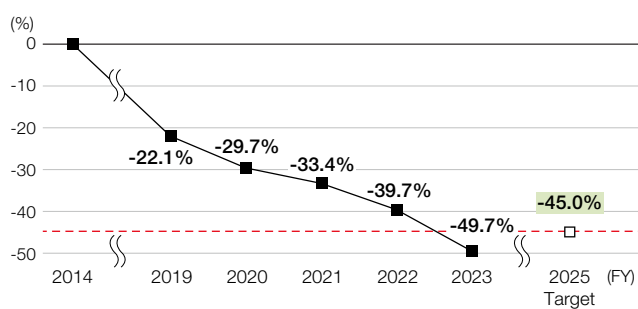
Trends in Reduction Ratio of CO₂ Emissions per Unit of Production*1



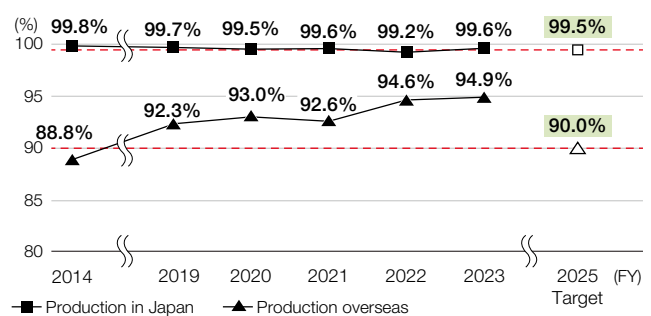
Trends in Reduction Ratio of Energy Use per Unit of Production*1



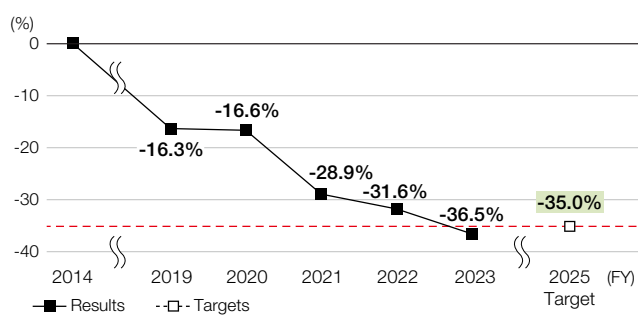
Trends in Reduction Ratio of Waste Discharge per Unit of Production*1



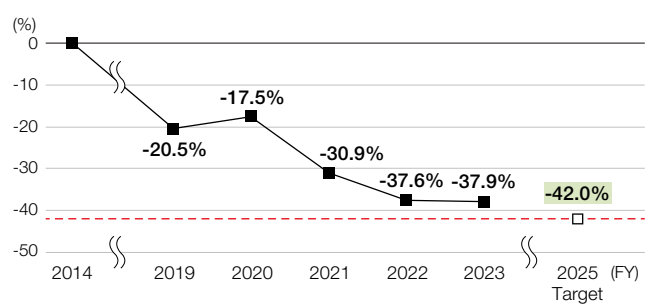
Trends in Recycling Ratio*1



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



Trends in Reduction Ratio of VOC Emissions per Unit of Production*1,2



*1 The environmental impacts of companies that have been acquired or sold that significantly affect the Group's overall environmental impacts have been retroactively adjusted to before the acquisition or sale. The companies subject to calculation adjustments are Great Plains Manufacturing, Inc. and Escorts Kubota Ltd., which were made Group companies in 2016 and 2022, respectively, and P.T. METEC SEMARANG, which was spun off in 2017. In FY2023 we had no acquisitions or sales subject to adjustments.
 *2 The result for FY2022 has been revised to improve accuracy.

As an “Eco-First Company”

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


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

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



Eco-First Mark

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



ECO FIRST Commitment (Updated)

Our initiatives as a leading company in environmental conservation

December 27th, 2021

Mr. Tsuyoshi Yamaguchi
Minister of the Environment

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

- We will focus our efforts on building a decarbonized society.**
 - The Kubota Group has a target, of controlling greenhouse gas emissions and net zeroing in 2050 throughout the value chains. In addition, the Kubota Group will disclose information on our efforts to reduce greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) throughout the value chains.
 - Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing CO₂ emissions per production money amount by 25% or more compared to the base year 2014.
 - Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing energy consumption per production money amount by 15% or more compared to the base year 2014.
 - Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of increasing the recyclable energy availability of electric consumption to 1% or more.
 - The Kubota Group in Japan has a long-term target, for 2030, of reducing CO₂ emissions from the business sites by 30% compared to the base year 2014.
 - To achieve the above targets, the Kubota Group fully utilizes available cutting edge technologies as follows: improve the efficiency of facilities such as production equipment, HVAC, and lighting devices; replace fuel for production equipment; improve the insulation efficiency of buildings and facilities; visualize energy and reduce unnecessary use of energy; recover waste heat; and use photovoltaic power generation and green electricity.
 - The Kubota Group will quantitatively identify the reduction effect of greenhouse gas emissions and actively provide the information on the reduction effects to clients in Japan and other countries to enlighten them in order to promote the reduction of greenhouse gas emissions through the dissemination of decarbonized products, services and technologies. We will improve the working fuel efficiency of agricultural and construction machinery, and promote smart agriculture by using robots and ICT. We will also pursue research and development for decarbonization of power, such as electrification, hybridization and fuel cell application.
 - The Kubota Group supports the TCFD recommendations and actively discloses information related to climate change.
- We will work towards recycling-based society in a positive manner.**
 - Production plants of the Kubota Group in Japan and other countries will promote the “3R (Reduce, Reuse, Recycle) of Waste” by reducing the amount of slag generated and concentrating waste liquid to achieve the target, for 2025, of reducing the waste discharge per production money amount by 33% or more compared to the base year 2014. We will also have a target, for 2025, of reducing the hazardous waste* discharge per production money amount by 3% or more compared to the base year 2019.
 - * Hazardous waste refers to specially controlled industrial waste in Japan and hazardous waste specified by the laws and regulations of the country or region overseas.
 - The Kubota Group will promote the recycling of wastes and achieve 99.5% or more recycling ratio* of wastes generated by production plants in Japan and 90% or more in overseas production plants in 2025.
 - * Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.
 - Production plants of the Kubota Group in Japan and other countries will promote the “3R (Reduce, Reuse, Recycle) of Water” to achieve the target, for 2025, of reducing the water consumption per production money amount by 23% or more compared to the base year 2014.
 - We will work on the following 3 points to promote the effective use of resources.
 - Reduce disposable plastics at business sites
 - Work with our suppliers to conserve packaging resources and make them returnable
 - Implement paperless operation by individual employees and promotion of computerization at business sites
 - In order to collect the scattered garbage that causes marine plastic pollution, we will conduct beautification activities on the roads around the production plants of the Kubota Group in Japan at least once a year.
 - The Kubota Group will make efforts to effectively use resources and reduce waste through the business value chains in order to control plastic emissions. For example, we will promote the elimination of single-use plastics at the cafeteria in the business sites and to label the materials used in our products.
- We will work toward reducing emissions into the atmosphere.**
 - Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing the amount of VOCs* emission per production money amount by 42% or more compared to the base year 2014.
 - * VOCs comprise the six VOCs that are most prevalent in emissions from the Kubota Group, namely toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene.
 - Production plants of the Kubota Group in Japan and other countries will take necessary measures to control the emission or spread of VOCs from our business activities.
- We will develop highly environmentally friendly products.**
 - The Kubota Group will improve environmental performances in the product development phase and reduce environmental impacts throughout the life cycle of products. We will increase the sales ratio of Eco-Products certified products* to 70% or more in 2025. In addition, we will increase the sales ratio of Eco-Products certified products* to 80% in 2030. We also aim to put all new products which are certified as Eco-Products on the market in 2030 and later.
 - We quantitatively identify the effect of saving energy consumption by supplying low-carbon products and services. We will actively provide the information to our clients.
 - * The sales ratio of the products which have fulfilled the internal requirements in our own Eco-Products Certification System
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100
 - The Kubota Group will maintain the usage ratio of recycled materials* among casting products and their parts as more than 70%.
 - * Usage ratio of recycled materials (%): materials used in the cast metal products and parts (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))
 - We will display the materials for new parts and provide material information.
 - The Kubota Group will develop industrial diesel engines that comply with the latest emission regulations of Japan, the US and Europe and put on the market of the engine-based products*.
 - * Targeting the tractors and combine harvesters (output range: 56 kW(=560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage V) level, shipped to Europe, North America, Japan, and Korea.
- We will promote activities friendly to the natural environment and biodiversity.**
 - Based on our activity guideline on the conservation of biodiversity, the Kubota Group will appropriately manage environmental impacts and risks accompanying business activities. Also, we will promote the protection of natural environment by greening our establishments and creating biotopes.
 - We will promote conservation of the local natural environment and biodiversity as social contribution

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

Yuichi Kitao
Representative Director and President
Kubota Corporation

For Earth, For Life
Kubota

Eco-First Commitment of the Kubota Group



See here for details on Eco-First Company certification

www.kubota.com/sustainability/environment/ecofirst/

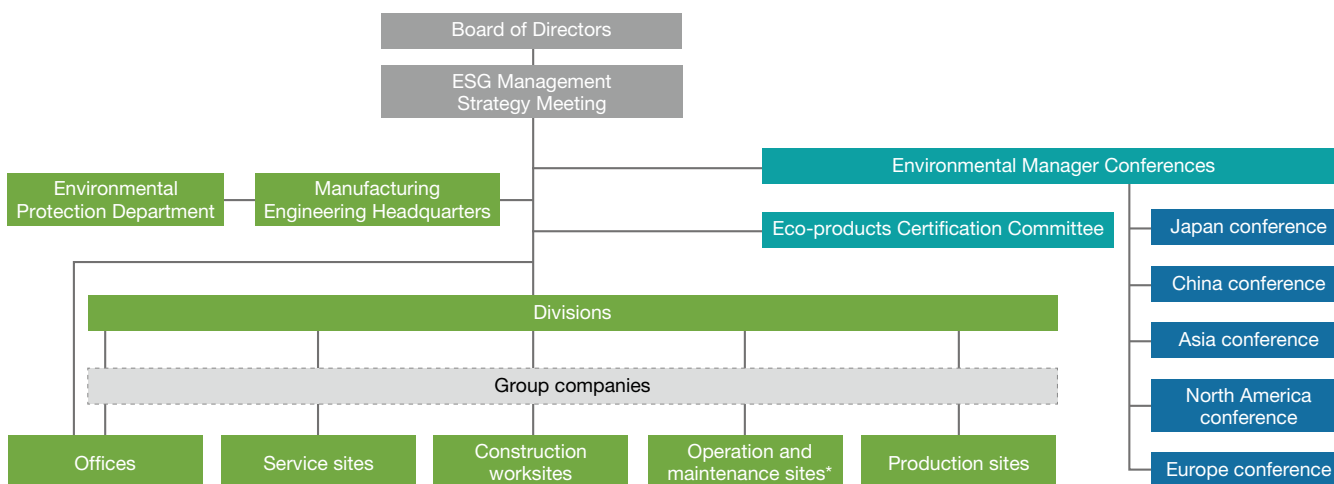
Environmental Management Promotion System

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

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

Organization Structure

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



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

ESG Management Strategy Meeting

The ESG Management Strategy Meeting provides opportunities for management to discuss the Kubota Group's issues and response strategies from an ESG perspective. The discussions covers the medium- and long-term direction of the Kubota Group's environmental management, such as medium- and long-term targets and key measures in light of global environmental issues such as climate change and the business environment, and the meeting determines priority items and plans. Environmental issues were discussed on four occasions in 2023 at meetings in February, July, October and December.

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



ESG Management Strategy Meeting

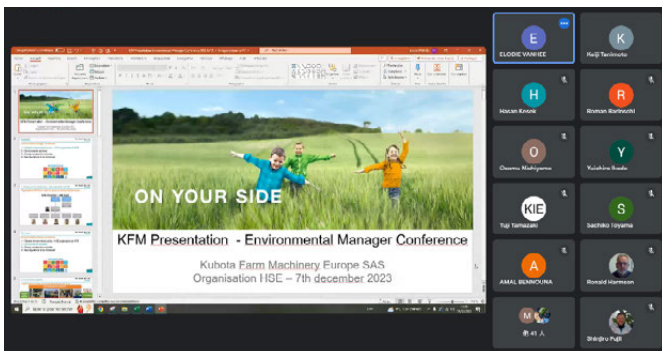
Environmental Manager Conferences

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

To realize the Environmental Vision, it will become necessary to accelerate the further reduction of environmental impacts globally. Moreover, as production has increased in overseas areas, it is necessary to thoroughly implement environmental risk reduction measures. We revised the method of holding the conferences, which were held every second year up until 2019, making use of the online format to stimulate sharing of information such as policies and exchanges of examples within regions. Instead of the usual stand-alone conferences in each region, in 2023 we held joint conferences for the China and Asian regions and the same for the North American and European regions in an effort to facilitate exchanges between regions. 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. Also, the environmental manager in Thailand was invited as a guest speaker at the Japan conference to present the environmental activities being implemented there.

As for conferences held in overseas regions, since 2017 the Kubota Group has been building a framework to enable 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.



Joint North America-Europe conference (held online)



Joint China-Asia conference (held online)



Please refer to page 78 (Environmental Management) for information about business operations based on our environmental management system.

Mitigating and Adapting to Climate Change

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) states that “it is unequivocal that human influence has warmed the atmosphere, ocean and land.” In 2023, parts of the world experienced heatwaves, leading to the highest average summer temperatures ever recorded globally, a phenomenon that was described as “The era of global boiling has arrived.” With countries declaring their intentions to achieve net-zero CO₂ emissions and carbon neutrality, the movement driving society’s transition to a decarbonized society is gaining momentum, which certainly indicates that the initiatives of individual companies to reduce greenhouse gases are growing increasingly important.

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

Mitigation of Climate Change

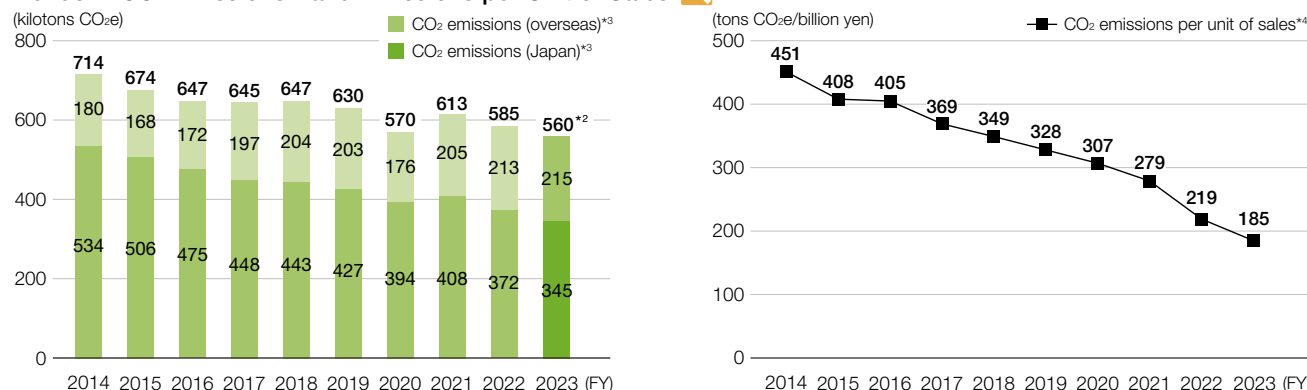
CO₂ Emissions (Scope 1 and Scope 2)

In FY2023, CO₂ emissions were 560 kilotons CO₂e, a decrease of 4.3% compared to the previous year. On the other hand, CO₂ emissions per unit of sales improved by 15.2% compared to the previous year.

CO₂ emissions decreased due to implementation of reduction measures and reduced production at casting production sites, despite worsening emission factors associated with electricity usage.

Emissions per unit of sales improved due to an increase in consolidated sales and by promoting CO₂ reduction measures such as expanding the use of renewable energy, promoting energy conservation activities, and installing high-efficiency equipment.

Trends in CO₂ Emissions*¹ and Emissions per Unit of Sales



*¹ The CO₂ emissions for companies acquired or sold that have a significant impact on the Group’s overall CO₂ emissions have been retroactively adjusted to before the acquisition or sale. The adjusted values are: 778 kilotons CO₂e in FY2014, 739 kilotons CO₂e in FY2015, 700 kilotons CO₂e in FY2016, 688 kilotons CO₂e in FY2017, 693 kilotons CO₂e in FY2018, 672 kilotons CO₂e in FY2019, 614 kilotons CO₂e in FY2020, 660 kilotons CO₂e in FY2021, and 595 kilotons CO₂e in FY2022. In FY2023 we had no acquisitions or sales subject to adjustments.

*² CO₂ emissions (560 kilotons CO₂e) include portions of CO₂ that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (14 kilotons CO₂e).

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

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

Measures to Reduce CO₂ Emissions

The Kubota Group has established the Medium- and Long-Term Environmental Conservation Targets (p.26-28) and is devoting efforts to reducing CO₂ emissions and energy use associated with its business activities.

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

We have implemented some of the specific reduction measures that include a switch to equipment with higher-energy efficiency, eliminating loss in energy consumption through 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-FY2023 the ratio of LEDs as a percentage of all lights at production sites had increased to 90.4%. In FY2023, we implemented company-wide air-conditioner energy-saving measures.

We are also accelerating the introduction of renewable energy. In FY2023, solar power generation systems were expanded or newly installed at the Kubota Sakai Rinkai Plant (Japan), Siam Kubota Corporation Co., Ltd. (Thailand), Kubota Engine (Thailand) Co., Ltd., Kverneland Group Soest GmbH (Germany), Kverneland Group Ravenna S.r.l. (Italy), and elsewhere. This brought the renewable energy consumption of the entire Group to 132,287 MWh (roughly equivalent to a 69,614-ton reduction in CO₂ emissions). The renewable energy usage ratio in 2023 was 15.9%, versus the 2025 target of 20%.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for CO₂ reduction, global production

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

sites achieved a reduction of 9.9 kilotons CO₂e in FY2023 compared with the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 260 million yen compared to the previous year. CO₂ emissions per unit of production in FY2023 improved by 46.6% compared to the base year (FY2014).

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

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



Solar panels capable of generating 1,566 kW of power were installed at the Kubota Global Institute of Technology (Japan), a facility that opened in September 2022.

Practice Report

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

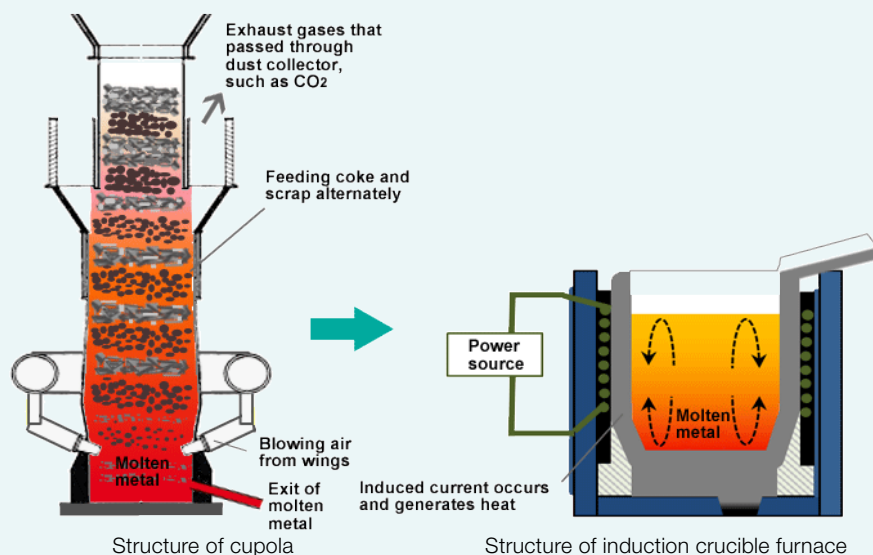
At the Kubota Hanshin Plant (Japan), the feedstock melting equipment used to manufacture cast iron pipes for water supply systems and other applications was renovated at the end of 2023. Previously, the plant used a cupola melting furnace that requires coal-derived coke as a fuel source, one of the major sources of CO₂ emissions. Having replaced the cupola furnace with electric furnaces, we are now aiming to decarbonize the plant's operations. The introduction of electric furnaces is expected to reduce the plant's CO₂ emissions by around 15,000 tons annually.

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

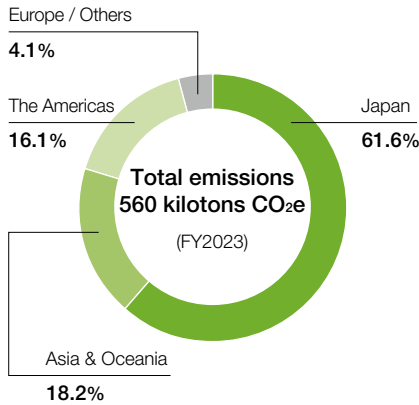
The newly installed electric furnaces are high-frequency induction crucible furnaces used for melting cast iron. When an alternating current flows through a coil, it creates a magnetic field inside the crucible and the current runs through the metal as a result of electromagnetic induction. The metal then heats up because of electrical resistance in the metal itself.

A familiar example of this process would be induction cooktops, which make use of the same principle to heat up metal pots and pans by way of electromagnetic induction. Industrial electric furnaces leverage this same principle, but on a much larger and sturdier scale. The furnaces installed at the Hanshin Plant have a rated melting capacity of 15 tons for cast iron and a rated temperature of 1,500°C. Compared to the cupola, an electric furnace is best suited to small-lot, high-mix production, and offers such advantages as low running costs and minimal energy consumption.

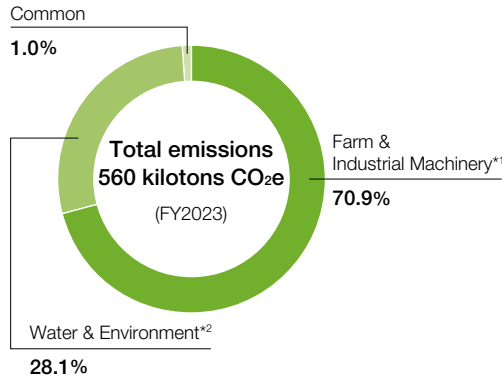
In our Environmental Vision we have outlined our commitment to work towards achieving carbon neutrality by 2050, which is why we are focusing on reducing CO₂ emissions at the production stage. The shift away from cupola to electric is one part of this initiative.



CO₂ Emissions by Region



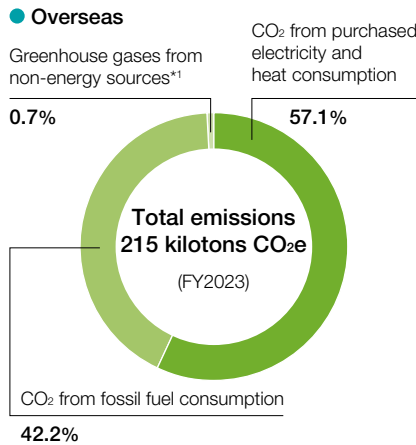
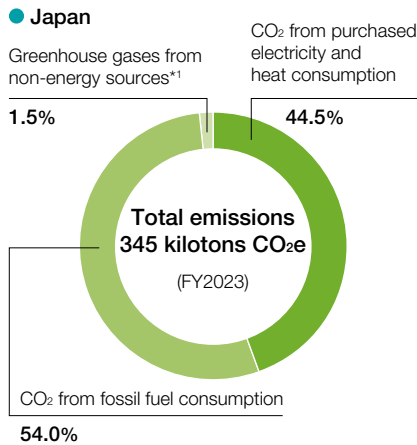
CO₂ Emissions by Business



*1 CO₂ emissions generated from the production of products such as agricultural machinery, construction machinery, and engines.

*2 CO₂ emissions generated from the production of products such as ductile iron pipes and cast steel.

CO₂ Emissions by Emission Source



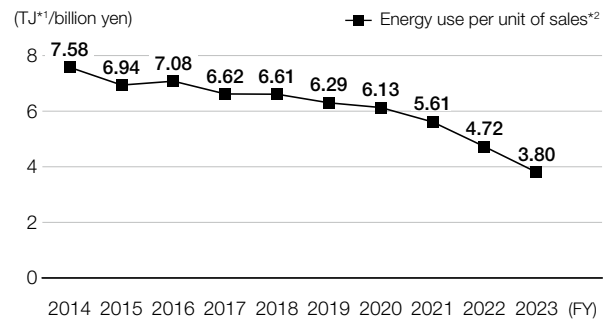
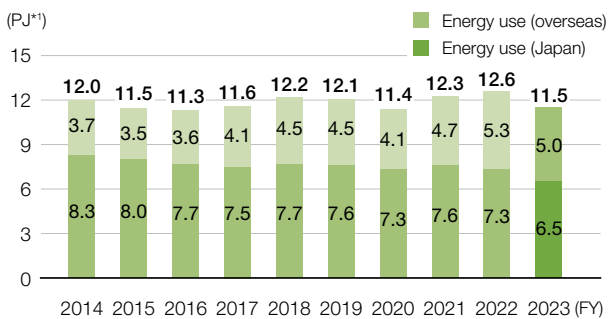
*1 Greenhouse gases from non-energy sources include the following: CO₂ 4.2 kilotons CO₂e, CH₄ 1.4 kilotons CO₂e, N₂O 0.6 kilotons CO₂e, HFC 0.4 kilotons CO₂e, PFC 0 kilotons CO₂e, SF₆ 0.006 kilotons CO₂e, and NF₃ 0 kilotons CO₂e



Please follow the link below for CO₂ emission amounts at each production site.

www.kubota.com/sustainability/environment/report/2024/sitereport.html

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



*1 PJ = 10¹⁵J, TJ = 10¹²J

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









For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

CO₂ Emissions throughout the Value Chain

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

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

CO₂ Emissions in Each Stage of Value Chain

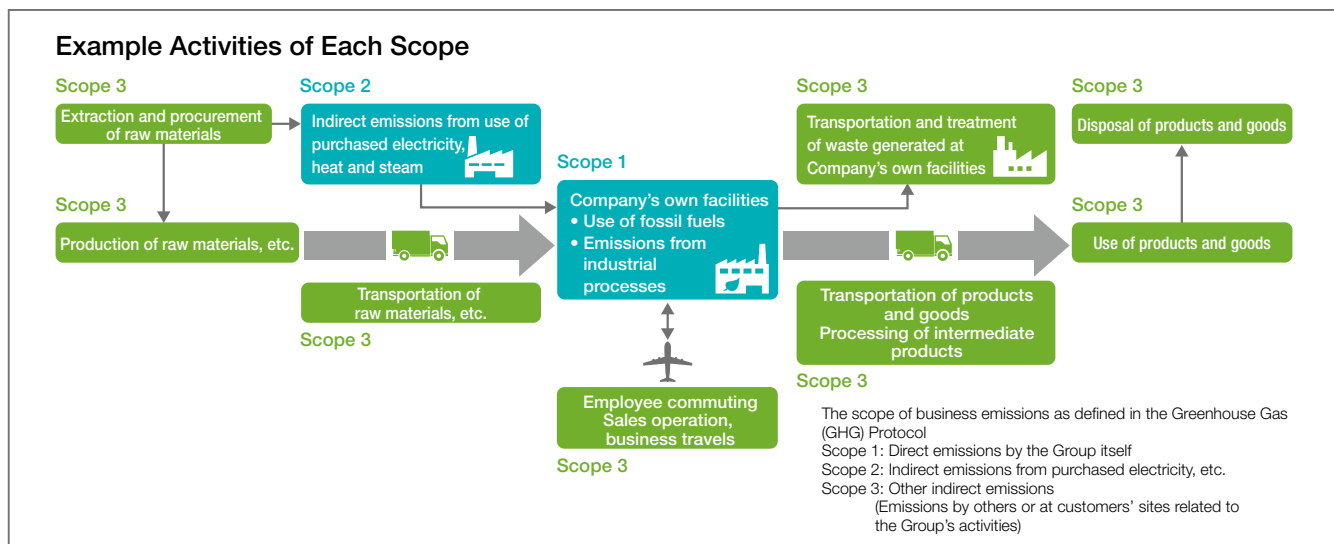
Classification		Scope of calculation	CO ₂ emissions (kilotons CO ₂ e) ^{*3}				
			2021	2022	2023		
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1) ^{*1}	Use of fossil fuels 	303	295	277		
		Non-energy-derived greenhouse gas emissions 	6	7	7		
	Indirect emissions (Scope 2) ^{*1}	Purchased electricity and heat use 	304	283	276		
Upstream and Downstream emissions	Other indirect emissions (Scope 3)	Category	1	Resource extraction, manufacturing and transportation related to purchased goods/services	3,732	4,104	4,191
			2	Manufacturing and transportation of capital goods such as purchased equipment	406	567	492
			3	Resource extraction, manufacturing and transportation related to purchased fuels/energy 	112	111	108
			4	Upstream transportation and distribution	285	282	246
			5	Disposal of wastes discharged from business sites 	31	31	28
			6	Employee business travels	11	19	28
			7	Employee commuting	10	10	17
			8	Operation of assets leased to the Kubota Group	0 ^{*4}	0 ^{*4}	0 ^{*4}
			9	Downstream transportation and distribution	0	0	0
			10	Processing of intermediate products ^{*2}	342	346	338
			11	Use of sold products ^{*2} 	28,133	36,951	36,787
			12	End-of-life treatment of sold products	61	68	69
			13	Operation of assets leased to other entities	0 ^{*4}	0 ^{*4}	0 ^{*4}
			14	Operation of franchises	0 ^{*4}	0 ^{*4}	0 ^{*4}
			15	Investments	0 ^{*4}	0 ^{*4}	0 ^{*4}
Total of Scope 3			33,174	42,489	42,306		
Total of Scopes 1, 2, and 3			33,787	43,074	42,866		

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

*2 From FY2023, the boundary of products subject to calculations was changed. This change has been applied retroactively to previous years.

*3 Totals shown may differ from the simple sum of values shown due to rounding.

*4 CO₂ emissions are indicated as zero (0) because there are no applicable activities or the impact is extremely low.



Adaptation to Climate Change

Measures to Adapt to Climate Change

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

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

● Initiatives on Products and Services

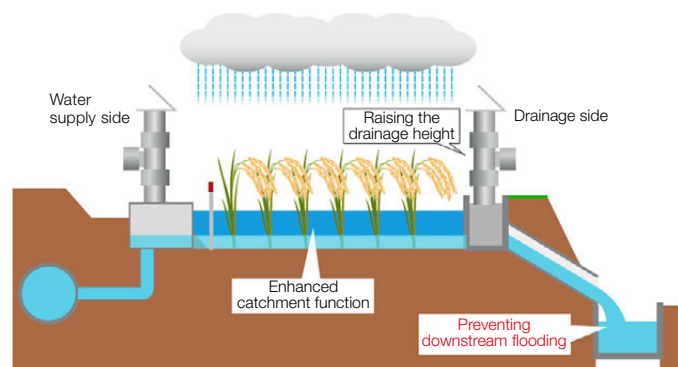
Category		Major initiatives
	Food	<ul style="list-style-type: none"> Provision of tractors that are capable of deep plowing necessary for growing rice in abnormally high temperatures without lowering the quality/yield, and the provision of information useful for soil cultivation, such as the proper distribution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

Provision of Farm Water Management System WATARAS

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

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

agriculture.kubota.co.jp/product/rice_equipment/watering-WATARAS/ (only in Japanese)



Overview of WATARAS-managed “smart rice paddy dam”

● Initiatives taken at Business Sites

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

Disclosure in Accordance with the TCFD Recommendations

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

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



TCFD Recommendations

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

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

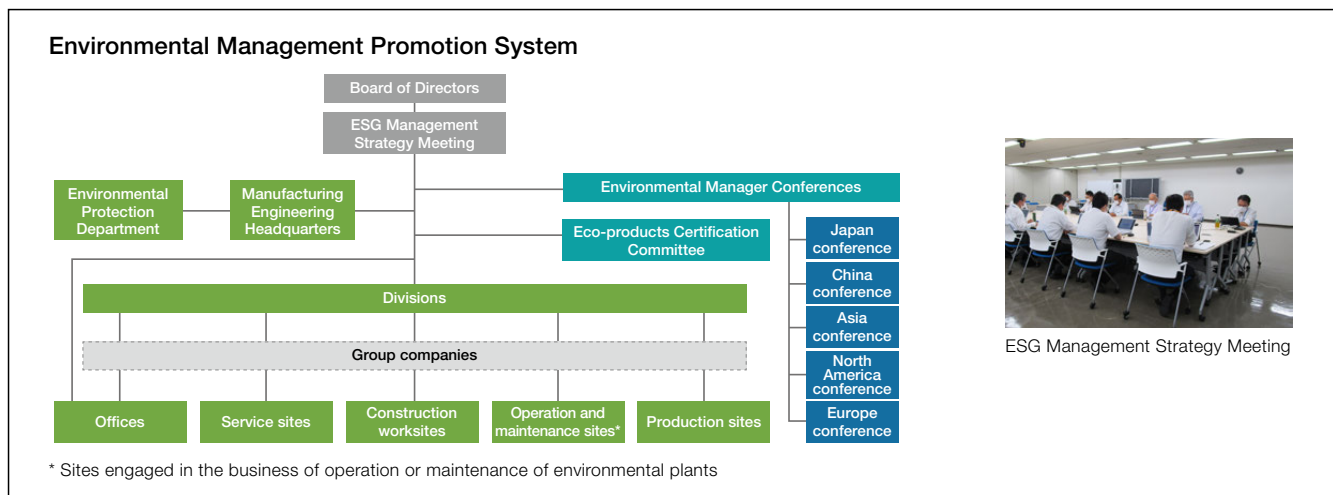
Disclosure Items in the TCFD Recommendations	Relevant Section (excluding TCFD disclosures)	Page
Governance		
a. Describe the board's oversight of climate-related risks and opportunities.	Environmental Management Promotion System, Corporate Governance System	P30 P156
b. Describe management's role in assessing and managing risks and opportunities.	Environmental Management Promotion System, Remuneration plan overview	P30 P161
Strategy		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Management Approach — Materiality in Environmental Management, Environmental Management Approach — Risks and Opportunities	P19 P20
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	P20 P21
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental Vision, Mitigating and Adapting to Climate Change, Expanding Environment-conscious Products and Services	P22 P32 P73
Risk Management		
a. Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Management Approach — Materiality in Environmental Management	P19
b. Describe the organization's processes for managing climate-related risks.	Environmental Management Approach — Materiality in Environmental Management, Environmental Management Promotion System, Expanding Environment-conscious Products and Services, Internal Control System, Internal Control System—Internal Control System Operation Activities (Risk Management Activities)	P19 P30 P73 P171 P172
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 System, Internal Control System	P30 P156 P171
Metrics and Targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Medium- and Long-Term Environmental Conservation Targets and Results, Mitigating and Adapting to Climate Change — Measures to Reduce CO ₂ Emissions, Remuneration plan overview	P26 P32 P161
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Mitigating and Adapting to Climate Change — CO ₂ Emissions throughout the Value Chain, Environmental Data	P35 P86
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	P26

Disclosure in Accordance with the TCFD Recommendations

Governance

Environmental Management Promotion System

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



The ESG Management Strategy Meeting is chaired by the president & representative director and attended by all inside directors, directors in charge of business divisions, the director in charge of finance, the director in charge of human resources, the director in charge of R&D, the director in charge of manufacturing, the director in charge of environmental management, and the general manager of the Corporate Planning & Control Department. The meeting participants discuss the medium- and long-term direction of environmental management in light of global environmental issues such as climate change and the business environment. They also decide on plans for key initiatives aimed at reducing environmental impacts and risks, and enhancing the lineup of environment-conscious products. The results of the meetings are reported to the Board of Directors and the Executive Officers' Meeting, and are distributed throughout the Group. It also promotes management based on the plan-do-check-action (PDCA) cycle by assessing and analyzing the progress of the entire Group's environmental conservation activities and reflecting the results when formulating new plans and policies. The ESG Management Strategy Meeting was convened four times in FY2023 to discuss environmental issues.

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

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

Board Oversight and Reflecting the Performance of Climate Change Measures into Executive Compensation

The outcomes of measures and medium- and long-term environmental conservation targets discussed and reported at the ESG Management Strategy Meeting are reported to the Board of Directors and Executive Officers' Meeting, when required. From 2022, the Kubota Group revised the executive compensation system to encourage the achievement of performance targets related to business scale and profitability, as well as to accelerate efforts in ESG management. Twenty percent (20%) of the annual bonus awarded to executives is evaluated with ESG indicators, with climate change measures incorporated into a part of those indicators. Progress is evaluated based on the indicators alongside other metrics.

External Climate-related Activities

Based on the Kubota Group's environmental charter, we aim to help bring about a society capable of sustainable development on a global scale. We have also declared our commitment to contributing to the conservation of the global and local environment through environment-conscious products, technologies, services, and corporate activities. As such, when we consider participating in external activities, we make sure that the environmental conservation activities, including measures promoted by the Kubota Group to tackle climate change, are consistent with our environmental charter. The decision to participate in the activities of other organizations is made after confirming that nothing contradicts with past internal decisions, our environmental charter and action guidelines, and policies and the like formulated by the ESG Management Strategy Meeting. If there are conflicts with an organization's ideas or policies, we may decide to withdraw our participation. Also, the environmental conservation activities carried out independently by each global site are reviewed once a year to make sure that they align with the Kubota Group's business policies and environmental conservation activity policies.

Disclosure in Accordance with the TCFD Recommendations

Timeline of Climate Change Action

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



Related pages “Environmental Management Promotion System” (p.30), “Remuneration plan overview” (p.161), “Corporate Governance System” (p.156)

Strategy

In 2021, the Group formulated the Environmental Vision, which presents the direction for its business activities from an environmental perspective towards 2050, having made an analysis of future society based on the scenarios for 1.5°C/2°C and 4°C temperature rises by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and others. The Environmental Vision not only lays down the challenge of achieving zero environmental impacts through efforts aimed at reducing CO₂ emissions at our production sites, but also represents our commitment to help solve various social issues in the fields of food, water, and the environment through the provision of environment-conscious products and solutions and to help bring about a carbon-neutral and resilient society. In order to achieve the Environmental Vision, we need to consider how our business activities are impacted by regulatory developments, technological advancements, and changes in the market. We also need to focus on the physical changes brought on by the acceleration of climate change. That is why we analyzed and evaluated the impacts of climate change on our business domains in light of the anticipated future changes in the market and business environment with the use of 1.5°C/2°C and 4°C scenarios.

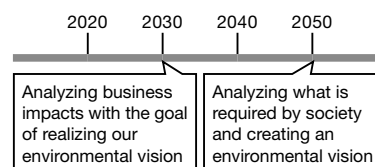
Going forward, we will continue to analyze climate change risks and opportunities under each scenario, examine methods for evaluating the foreseeable impacts on business activities as well as the financial impacts of climate change, and strive to provide even greater information disclosure to the public.

Scenario Analysis Process

Step 1: Selecting target business fields and climate scenario

For the Environmental Vision we formulated in 2021, we projected what society might look like in 2050 and set goals for contributing to the realization of carbon neutrality within that timeframe. Moreover, in order to construct an image of the environmental businesses thought to be necessary in the future, we conducted an analysis of anticipated business lines in the year 2030. The Kubota Group operates businesses in the areas of food, water, and the environment. Of those three fields, in 2021 we analyzed our business operations in food (agricultural machinery) and water, the two fields we expect will be impacted significantly by climate change from both a financial and non-financial point of view. In 2022 we expanded our analyses to include all of our business fields.

Scenario Analysis Time Horizon



To assess the impacts on our businesses in the year 2030, we selected the 1.5°C/2°C and 4°C scenarios in light of the available scientific evidence.

Item	Assumptions
Target businesses	All businesses (Farm & Industrial machinery and Water & Environment)
Time horizon	Analyzing impacts on business in 2030 considering the anticipated changes in around 2050 as a result of climate change

Setting scenario		Reference scenario
Transition aspect	1.5°C/2°C scenario	The IEA’s Net Zero Emissions by 2050 Scenario (NZE 2050)*1, Sustainable Development Scenario (SDS)*1,2, and the FAO’s Towards Sustainability Scenario (TSS)*3
	4°C scenario	The IEA’s Stated Policies Scenario (STEPS)*1,2 The FAO’s Business-as-usual Scenario (BAU)*3
Physical aspect	1.5°C/2°C and 4°C scenarios	IPCC’s Shared Socio-economic Pathway (SSP) scenario*4

*1 Source: IEA “World Energy Outlook 2023” *2 Source: IEA “Energy Technology Perspective 2020”
*3 Source: FAO “The future of food and agriculture – Alternative pathways to 2050” *4 Source: IPCC “Sixth Assessment Report”

Disclosure in Accordance with the TCFD Recommendations

Step 2: Identifying risks and opportunities

By making best use of publicly available documents and data, we picked out the risks and opportunities expected to have an impact on our businesses and conducted an analysis of what the world might look like in 2030 in relation to our Farm & Industrial Machinery and Water & Environment businesses. These climate-related scenarios are updated from time to time as we accumulate more data and knowledge. We continue to expand and update our assumed scenarios while referencing the latest literature because it serves as the basis for our scenario analysis.

Step 3: Identification of changes that bear watching

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

Step 4: Scenario analysis

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



Related page “Environmental Vision” (p.22)

Risk Management

Risk management in environmental conservation activities

The measures for tackling the significant physical and transition risks of climate change identified in our scenario analyses, as outlined in the governance section, are managed under the oversight of the Board of Directors by way of the ESG management promotion system. In FY2014 the Kubota Group set up the Environmental Management Strategy Committee to deliberate on medium- and long-term targets and key measures relating to environmental conservation, as well as the longer-term direction of environmental management, in light of climate change and other global environmental problems and the Group’s operating environment. From FY2021, discussions of environmental issues were transferred to the ESG Management Strategy Meeting, which is chaired by the president. The objective of this meeting is to formulate policies for generating medium- to long-term corporate value from an ESG perspective and examine and evaluate key measures. Also, the outcomes of its discussions are reported to the Board of Directors and Executive Officers’ Meeting, when required.

1 Process for identifying risks and opportunities

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

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

2 Process for addressing and evaluating risks and opportunities

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



Related pages “Corporate Governance System” (p.156), “Internal Control System” (p.171)

Disclosure in Accordance with the TCFD Recommendations

Metrics and Targets

The Kubota Group has set, and is working towards achieving, medium- and long-term environmental conservation targets with the aim of reducing climate change risks and expanding opportunities. We also calculate CO₂ emissions (Scope 1 and 2) at the Group's global sites (production and non-production sites) and CO₂ emissions from upstream and downstream processes (Scope 3) and disclose this data every year. We have obtained third-party assurance for our key disclosure data and we are making every effort to improve its accuracy.

Our Long-Term Environmental Conservation Targets 2030 call for a 50% reduction (vs. FY2014) in Scope 1 and 2 emissions at global business sites. We also aim to achieve carbon neutrality by the year 2050, as outlined in our Environmental Vision. In order to realize that goal, we will continue to find ways to lower our energy consumption at business sites, transition away from fossil fuels primarily by replacing our cupola furnaces with electric furnaces, and ramp up our use of renewable energy.

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

● Climate Change-related Targets and FY2023 Results

Action item	Management indicator	Base FY	FY2025 target* ³	FY2030 target* ³	Result* ³
Reduce CO ₂ emissions (Scope 1 and 2)	CO ₂ emissions* ¹	2014	—	▲50%	▲28.0%
	CO ₂ emissions per unit of production* ²	2014	▲45%	▲60%	▲46.6%
	Ratio of renewable energy usage* ¹	—	20% or more	60% or more	15.9%
Save energy	Energy consumption per unit of production* ²	2014	▲35%	▲40%	▲37.8%
Expand Eco-Products	Sales ratio of Eco-Products	—	70% or more	80% or more	70.1%

*1 Global business sites

*2 Global production sites

*3 ▲ indicates a negative figure.



Related pages “Environmental Management Approach” (p.19), “Environmental Management Promotion System” (p.30)

Disclosure in Accordance with the TCFD Recommendations

Scenario Analysis

1 Scenario analysis assumptions

The scenario analysis in the TCFD recommendations will be used to examine the financial impact on business due to highly uncertain climate change problems and the impact on future business strategy. In our scenario analysis of the impacts of climate change, we conducted an assessment of the anticipated impacts on business in the year 2030 with the use of the publicly available 1.5°C/2°C and 4°C scenarios of mainly the IPCC and the IEA based on population increase and economic development projections through 2050.

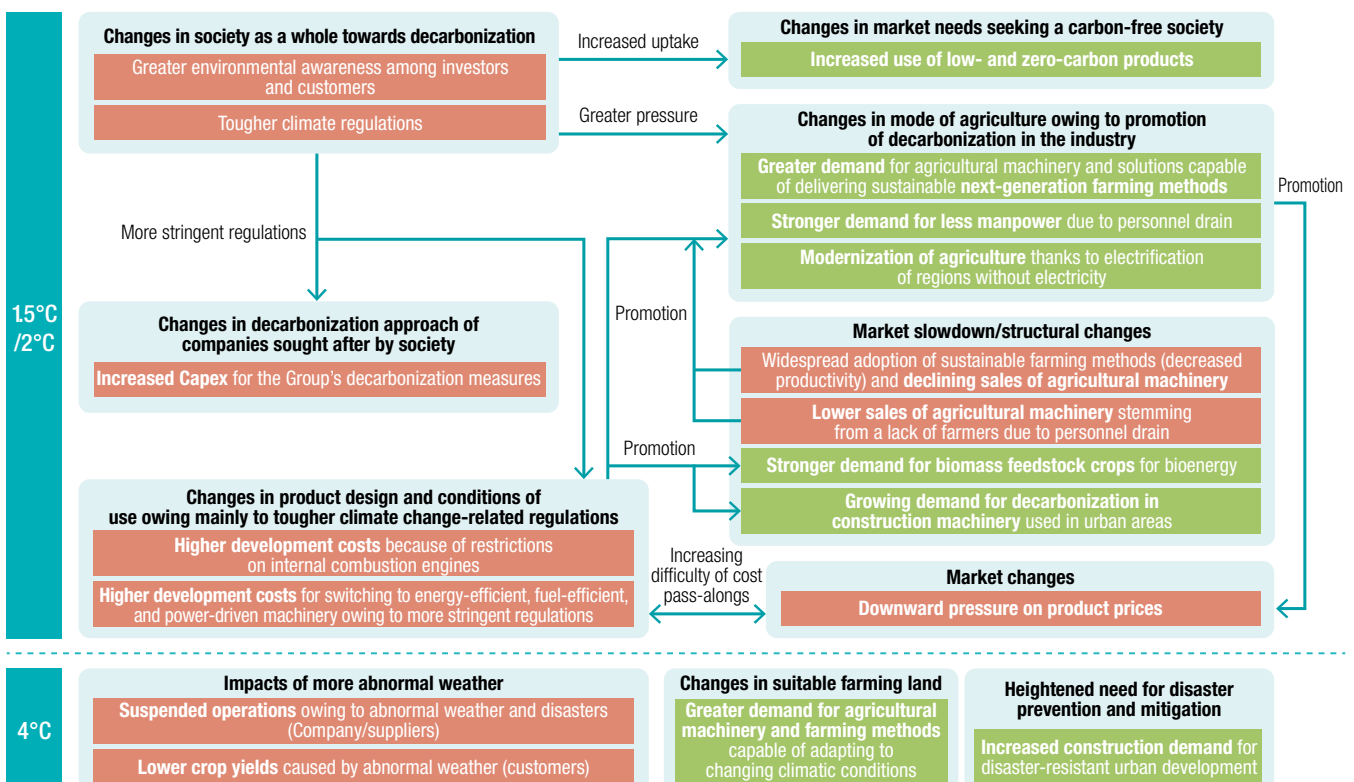
2 Results of climate change scenario analysis in each business field

Expected impacts of climate change on the Farm & Industrial Machinery business (2030)

Much like the decarbonization of the automotive industry, we expect more stringent regulations to be adopted in the Farm & Industrial Machinery business in the future and we therefore anticipate that the push for greater diversification of power sources will gain increasing momentum in industrial machinery fields. Given the listing (taxonomy) of sustainable economic activity in Europe and the adoption of restrictions on vehicles with internal combustion engines driving into urban areas, demand for electrification in industrial machinery is expected to increase going forward. This will likely include construction machinery used in works projects and lawnmowers used to maintain public parks. The WEO forecasts that demand for oil in the transportation sector will decline under the 1.5°C scenario, but will continue to be used as a raw material in the industrial sector. Similarly, we expect industrial machinery to be used in regions where there is no easy access to charging infrastructure; for example, construction work and farming, where long working hours are a must. From a long-term perspective, we do expect to see the increased use of battery power and low- and zero-carbon fuels, but narrowing them down to just one favored power source for applications in the agricultural and construction machinery fields is proving to be a challenge. Accordingly, even though the use of electrified machinery and low- and zero-carbon fuels will have spread to some regions by 2030, we think demand for products that use fossil fuels will still persist. For this reason, we believe we must develop products that meet the need for various power sources.

Changes in weather conditions, such as temperature increases, changes in precipitation patterns, and higher levels of CO₂ in the atmosphere, may affect yields depending on the crop and the region. For example, warmer weather usually accelerates crop growth, but extreme changes in temperature or rainfall could lead to reduced yields. The FAO forecasts that particularly in temperate regions, climate change will have a negative impact on crop yields. It also anticipates that the development of crops that can cope with temperature changes, advancements in agricultural technology, the development of sustainable next-generation farming methods, and the evolution of agricultural machinery will mitigate the adverse effects of climate change on crop yields. Accordingly, we believe that changing weather conditions could bring about changes in the environment in which crops are grown, thus driving the evolution of agriculture.

The World around 2030 with Respect to the Farm & Industrial Machinery Business



Disclosure in Accordance with the TCFD Recommendations

<Changes considered in Farm & Industrial Machinery business>

Changes considered	Value chain impacts			Scenario	
	Procurement	Direct operations	Products	1.5°C/2°C	4°C
Changes in product design and conditions of use owing mainly to tougher climate change-related regulations		○	○	○	
Changes in market needs seeking decarbonized products and services		○	○	○	
Changes in mode of agriculture owing to promotion of decarbonization in the industry		○	○	○	
Changes in suitable farming land (changes in demand for agricultural machinery and farming methods)			○		○

<Results of analysis of Farm & Industrial Machinery business>

Legend: Examples of anticipated risks and opportunities

Scenario	Summary of scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts* (2030)
1.5°C/ 2°C	Risks [Technologies]	Changes in product design and conditions of use owing mainly to tougher climate change-related regulations <ul style="list-style-type: none"> Controls on fuel-efficiency improvements in internal combustion engines will be further tightened up ahead. Japan, the US, and European countries have announced carbon-neutrality roadmaps for around 2050 and the transition to electrification and BEVs in the passenger car market in particular is gaining momentum. 	We will need to secure business opportunities in the future by aggressively pursuing R&D of products that offer improved fuel efficiency and can run on various power sources	Medium
	Opportunities [Products]	<ul style="list-style-type: none"> New regulations and similar will be applied to products that use internal combustion engines, like agricultural and construction machinery and utility vehicles, and the need to reduce CO₂ emissions will grow stronger and demand for electrification, fuel cells, low- and zero-carbon fuels (hydrogen engines and synthetic fuel engines), and other power sources will grow increasingly diversified. For large machinery not suited to electrification because of the requirement for long operating hours and higher power, products with internal combustion engines will be used. The use of low- and zero-carbon fuels in internal combustion engines will also increase. 	The impact on revenue of decarbonized products will be limited even though restrictions will have been adopted in some developed regions by 2030	Low to medium
	Opportunities [Markets]	Changes in market needs seeking decarbonized products and services <ul style="list-style-type: none"> Market demand will increase for new value nonexistent in construction machinery, lawnmower, and utility vehicle products with internal combustion engines. For example, reduced noise, no refueling hassles, and indoor use. Depending on the fuel supply infrastructure in the region, demand will grow stronger for products equipped with a gas/hydrogen engine or a hybrid engine that runs on low- or zero-carbon fuels. 	The impact on revenue by 2030 will be limited even though in some lead markets and existing markets there will be customers wanting electrified construction machinery, lawnmowers, and utility vehicles, and the like	Low to medium
	Opportunities [Markets]	Changes in mode of agriculture owing to promotion of decarbonization in the industry <ul style="list-style-type: none"> Crop yields will increase as farming technology advances and the effective use of farmland is further encouraged as a measure to adapt to climate change. Decarbonization in agriculture will continue to gather momentum in developed economies and the adoption of sustainable farming methods will become more widespread. Decarbonization and modernization of agriculture in emerging economies will progress concurrently and give rise to smart farming and farming solutions, which in turn will spur demand for energy-efficient agricultural machinery. Demand will grow stronger for carbon-free farming methods, such as non-tilled cropping, that lead to increased carbon storage in the soil. 	Prospects for higher revenue from mainly agricultural machinery and smart farming solutions that contribute to low- and zero-carbon agriculture	Medium to high
4°C	Opportunities [Resilience]	Changes in suitable farmland (changes in demand for agricultural machinery and farming methods) <ul style="list-style-type: none"> Climate change will affect the relocation of suitable farmland and crop production. Demand will increase for farming solutions and support on transitioning to new agricultural machinery and farming methods, including smart machinery and precision agriculture. Changes in demand for farming solutions are emerging in wet climate regions, especially North America, Asia, and some parts of Europe. 	Prospects for higher revenue from agricultural machinery and farming solutions that can be adapted to changing weather conditions.	Medium to high

Countermeasure strategies

We intend to contribute to the reduction of CO₂ emissions at the product use stage through innovation.

- Continue to bolster hybridization efforts and other R&D activities aimed at improving fuel efficiency of engines most likely subject to tighter restrictions up ahead (Initiative #1)
- Expand our lineup of products that can help bring about carbon neutrality, in keeping with the needs of the market (Initiative #2)
- Accelerate R&D towards the practical application of various power sources, such as electrification, fuel cells, low- and zero-carbon fuels (hydrogen engines and synthetic fuel engines) according to the energy supply situation in each region

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

- Propel R&D in products and services that can be adapted to low- or zero-carbon farming practices; for example, recycling of local biomass resources and carbon storage and give tangible shape to farming solutions.
- Expand and popularize agricultural machinery and services that make smart farming (automated machinery, precision agriculture, etc.) possible so as to contribute to more efficient farming that requires less manpower
- Contribute to the establishment of sustainable agriculture through next-generation crop production to help solve issues in the food value chain with the use of vegetable factories and the like
- Give tangible shape to farming solutions in regions affected by changing weather conditions
- Expand applications for the following systems that integrate cutting-edge technology with ICT to contribute to greater farming efficiency: Kubota Smart Agri System (KSAS), a system that supports farm operations; Kubota Smart Infrastructure System (KSIS), an IoT solutions system; and WATARAS, Kubota's farm water management system (Initiative #3)

* Impact on earnings shown as low (less than or equal to ¥2.5 bn), medium (greater than ¥2.5 bn but less than or equal to ¥25.0 bn), or high (greater than ¥25.0 bn).

<Initiatives helping to fight climate change>



Contributing to greater efficiency and labor saving in agriculture with the Agri Robo tractor



Contributing to lower CO₂ emissions from the operation of battery-powered construction machinery and tractors



Compact and electronically controlled fuel-efficient diesel engine



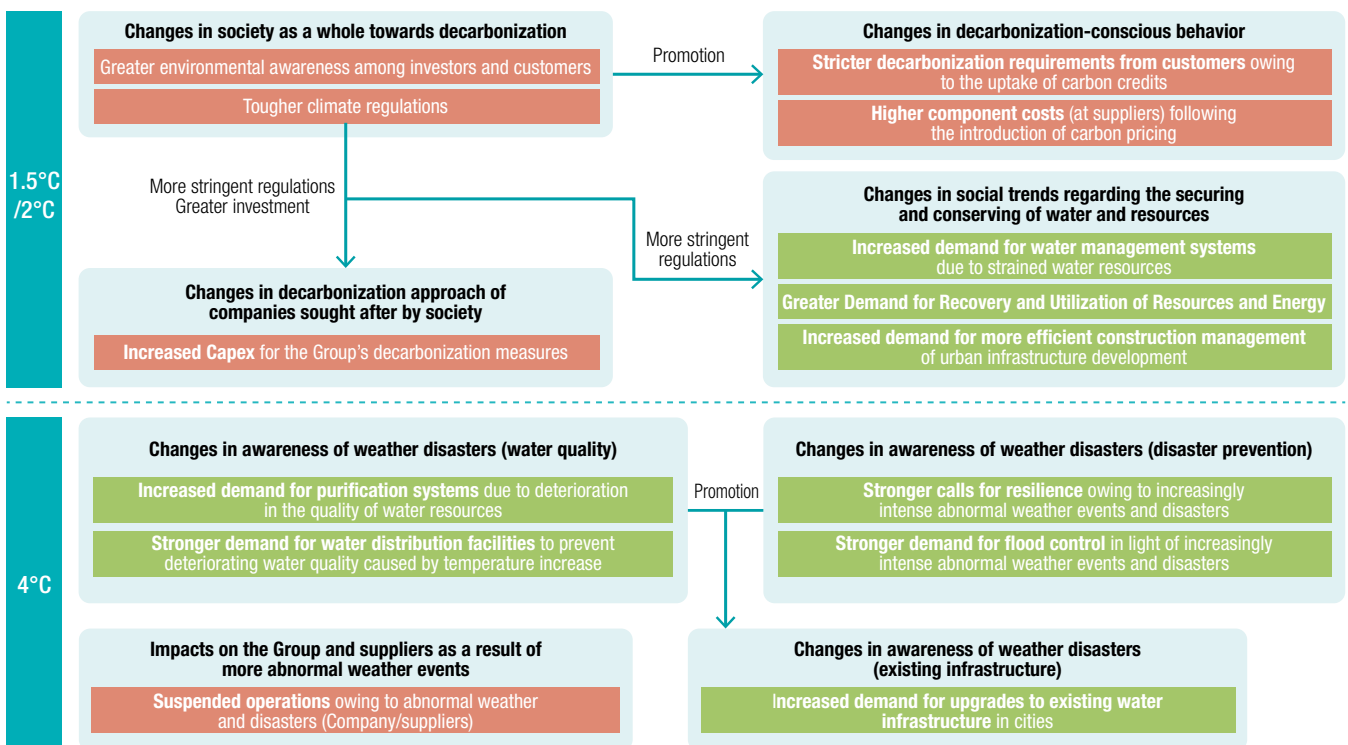
Contributing to more efficient farming with the Kubota Smart Agri System (KSAS)

Disclosure in Accordance with the TCFD Recommendations

Expected Impacts of Climate Change on the Water & Environment Business (2030)

As for the future pertaining to our Water & Environment business, we expect impacts to materialize in procurement, manufacturing, and other parts of the value chain owing to the decarbonization of production methods and a higher carbon tax for iron, a key raw material in many products. We also forecast the greater use of mainly mineral resources owing to population increase and economic development. As awareness of decarbonization and a circular economy grows stronger in society as a whole, we think the recycling movement will gather pace in order to avoid the mining of new resources. We anticipate increased demand for water resources, but there are concerns that water quality will deteriorate mainly because of the chlorination of groundwater caused by rising sea levels and increased turbidity of rivers stemming from torrential rain. All of this likely means that water resources will have to be managed even more rigorously. In addition, we expect impacts on water for agriculture and domestic use to materialize because water stress in Japan, China (northeast), North America (west), Europe (south), the Middle East, and South Asia is expected to increase under the 4°C temperature increase scenario (shown in the diagram below). According to the IPCC Sixth Assessment Report, a 4°C temperature increase is expected to result in less river flooding in high-latitude regions of North America and Europe, while an increase in frequency is anticipated in mid-latitude and tropical humid regions, as well as monsoon regions. We therefore believe it is imperative that we build social infrastructure that supports people's livelihoods, such as engaging in urban development that makes effective use of resources and creates communities resilient to weather disasters.

The World around 2030 with Respect to the Water & Environment Business



Key: Examples of anticipated risks and opportunities

Disclosure in Accordance with the TCFD Recommendations

<Changes considered in Water & Environment business>

Changes considered	Value chain impacts			Scenario	
	Procurement	Direct operations	Products	1.5°C/2°C	4°C
Changes in social trends regarding the securing and conserving of water and resources			○	○	
Changes in awareness of weather disasters			○		○

<Results of analysis of Water & Environment business>

Legend: Examples of anticipated risks and opportunities

Scenario	Summary of scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts* (2030)
1.5°C/2°C	Opportunities [Markets]	Changes in social trends regarding the securing and conserving of water and resources <ul style="list-style-type: none"> Ongoing population increase and economic development will further drive up demand for water. Restrictions will be enforced on the intake and discharge of water for household and industrial use in developed countries and Asia as a preventive measure against stretched water resources and deteriorating water quality owing to the impacts of climate change. Demand will increase for solutions that resolve water shortages and poor water quality. 	Prospects for higher revenue from products and solutions in connection with the development of water and sewage infrastructure	Medium to high
	Opportunities [Resource Efficiency]	Changes in social trends regarding the securing and conserving of water and resources <ul style="list-style-type: none"> Demand will rise for solutions that facilitate the effective utilization of energy and resources, such as the use and exploitation of rubbish and agricultural waste, as well as the recovery of energy from previously unused small-scale hydropower. Decarbonization combined with a circular economy will gather momentum, the mining of new resources will be avoided, and the recycling of resources will further increase. Demand will grow stronger for solutions that can make the construction of water infrastructure more efficient, primarily as a result of increased urbanization construction work and fewer workers. 	Prospects for higher revenue from solutions related to the reclamation/recovery and more efficient use of resources and energy.	Medium to high
4°C	Opportunities [Resilience]	Changes in awareness of weather disasters <ul style="list-style-type: none"> Climate change is expected to negatively affect people’s living environment chiefly because of the more frequent occurrence of typhoons, torrential rain, and other natural disasters, alongside drought and deterioration in water quality. Demand will increase for stronger resilience of existing water infrastructure, upgrades to aging facilities, and improvements in water quality in order to combat increasingly intense natural disasters. Demand will grow in Japan for water-related products aimed at bolstering national resilience in response to increasingly intense natural disasters as a consequence of climate change. 	Prospects for higher revenue from ongoing demand for products and solutions in connection with the development of more resilient water infrastructure, disaster response measures, and water quality improvements	Low to medium

Countermeasure strategies

We intend to contribute to the effective use of various resources (water, energy, minerals, etc.).

- Contribute to the development of water and sewage infrastructure to meet increased water demand
- Expand offerings of purification and sewage treatment products and solutions to help improve water quality
- Manufacture and promote the use of biofuels derived from mainly agricultural waste, household waste, and sewage sludge so as to contribute to the development of resource recycling schemes in communities
- Promote the development of “deep recycling technology” that utilizes waste plastic as an energy source to recover valuable metals from discarded home appliances and other so-called “urban mines,” reduce the volume of waste destined for landfill
- Promote the effective utilization of resources by expanding the use of sewage sludge melting systems to recover heavy metals and phosphorus from sewage sludge
- Expand the use of smart waterworks systems that contribute to energy savings during water pipeline construction and management

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

- Expand provision of disaster prevention and disaster response products; for example, ductile iron pipes that can withstand disasters, drainage pump trucks that can meaningfully contribute to disaster recovery efforts, and river level simulation/operational control systems for pump stations that help prevent disasters
- Expand applications for the Kubota Smart Infrastructure System (KSIS) to support water treatment plant operations and the remote monitoring, diagnosis, and control of equipment (Initiative #4)

* Impact on earnings shown as low (less than or equal to ¥2.5 bn), medium (greater than ¥2.5 bn but less than or equal to ¥25.0 bn), or high (greater than ¥25.0 bn).

<Initiatives helping to fight climate change>



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



Submerged membranes can also be used to recycle wastewater



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

Disclosure in Accordance with the TCFD Recommendations

Expected Universal Impacts of Climate Change on Both Businesses (2030)

In both the Farm & Industrial Machinery and Water & Environment businesses, we expect to see tighter restrictions on GHG emissions associated with business activities and impacts on business operations as a result of abnormal weather events. Climate change is a global issue that needs to be addressed by society as a whole, and in order to continue undertaking sustainable business activities, tackling the problem of climate change is absolutely essential. Countries worldwide are announcing carbon-neutral declarations as they work towards achieving the objectives of the Paris Agreement. In response, tighter restrictions on GHG emissions and energy use are being rolled out, including the introduction of carbon taxation and carbon border adjustment schemes. We also think investors and the markets will increasingly demand companies to take action on decarbonization. The carbon price in the EU ETS reached \$109 in 2023 (World Bank, 2023) and the burden on companies is expected to grow heavier up ahead as GHG emission regulations are further tightened. It is therefore imperative that we push ahead with measures to address climate-related regulations and the risk of higher costs associated with our business activities if we are to maintain our competitiveness.

The Kubota Group does business in over 120 countries and we have a global network of suppliers and production sites. In the 4°C scenario in particular, changes in weather conditions, such as temperature increases, changes in precipitation patterns, and higher levels of CO₂ in the atmosphere, may lead to more frequent storm and flood damage. This will not only affect our company, but also our suppliers and other partners involved in our business operations. We operate in the fields of food, water, and the environment, and we provide products and services that support people's lives. Accordingly, we believe we must build a business structure that is resilient to climate change to ensure the continued supply of our products and services even in the event of weather disasters and the like.

<Changes considered that apply to all businesses>

Changes considered	Value chain impacts			Scenario	
	Procurement	Direct operations	Products	1.5°C/2°C	4°C
Changes in decarbonization approach of companies sought after by society	○	○		○	
Impacts on the Group and suppliers as a result of more abnormal weather events	○	○		○	○

<Analysis results shared by all businesses>

Legend: Examples of anticipated **risks** and **opportunities**

Scenario	Summary of scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts* ¹ (2030)
1.5°C/ 2°C	Risks [Regulations]	Changes in decarbonization approach of companies sought after by society	Manufacturing costs will rise, driven by increases in Capex to meet decarbonization and energy-saving obligations, as well as higher energy and raw material prices	Medium
		<ul style="list-style-type: none"> • Calls will grow stronger for decarbonization across a product's lifecycle worldwide, including the introduction of carbon pricing schemes and carbon border adjustment mechanisms. • Regulations and measures geared towards decarbonization will gather momentum and the rollout of a carbon tax and impetus for the use of renewable energy will accelerate, thus driving up energy prices. • Taxes on fossil fuels and CO₂ emissions will increase owing to the introduction of a carbon tax. • Energy costs and expenses associated with energy-saving measures are expected to rise when governments worldwide enforce stricter energy-saving restrictions. 	An expected carbon tax burden will materialize when emission reduction targets are met as a result of measures taken to save energy and curb CO ₂ emissions	Low (Approx. ¥2.5 bn* ²)
4°C	Risks [Physical]	Impacts on the Group and suppliers as a result of more abnormal weather events	Disaster-related losses may arise as a result of weather disasters	Medium (Approx. ¥3.0–6.0 bn* ³)
		<ul style="list-style-type: none"> • There will be increasingly intense and more frequent meteorological disasters like torrential downpours and floods. • Negative effects on business activities are expected to be felt at the Group's sites and at suppliers. • Production and sales activities will be affected by delays in procuring raw materials. 	Costs associated with BCP measures for avoiding the adverse impacts of weather disasters could increase	Medium
Countermeasure strategies				
<p>We intend to contribute to the reduction in CO₂ emissions generated by business activities.</p> <ul style="list-style-type: none"> • Promote initiatives aimed at conserving energy use, installing energy-efficient equipment, switching to electric furnaces and alternative fuels, installing LED lighting, and expanding the use of renewable energy at production sites <p>We will aim to beef-up climate change risk countermeasures at the Group's sites and at suppliers.</p> <ul style="list-style-type: none"> • Use hazard maps to identify sites that are at high risk of suffering damage from torrential rain, flooding, and strong winds and systematically push ahead with the reinforcement of buildings and measures to prevent electrical equipment from being inundated by water • Decentralize the purchasing of parts and materials by diversifying procurement routes • Construct a manufacturing system that is resilient to weather disasters based on a business continuity plan (BCP) 				

*1 Impact on earnings shown as low (less than or equal to ¥2.5 bn), medium (greater than ¥2.5 bn but less than or equal to ¥25.0 bn), or high (greater than ¥25.0 bn).

*2 Calculated by multiplying the projected carbon tax as of 2030.

*3 Calculated with reference to losses stemming from previous weather disasters.

Disclosure in Accordance with the TCFD Recommendations

3 Transition Plan to a Low-Carbon Economy

By performing climate change scenario analyses, we identified the impacts on our businesses and studied what strategies we can take to deal with those impacts. In particular, we believe climate change will have significant impacts on food production and water resources vital to people's livelihoods. Based on the Kubota Group's Environmental Vision, we aim to contribute to the establishment of a carbon-neutral and resilient society. We have formulated a transition plan (roadmap) to demonstrate how we intend to solve these issues in society by achieving our vision.

<Disclosure of Transition Plan in line with TCFD recommendations>

Elements considered for the transition plan		Kubota's circumstances
Governance	Approval, oversight, accountability, reporting, review	Reports and reviews are handled by the ESG Management Strategy Meeting
	Transparency	Progress and new initiatives are reported in mainly integrated reports and ESG reports
	Incentives	Assessments of efforts to promote ESG are reflected in officer remuneration (see p.161)
	Assurance	Medium- and long-term environmental conservation targets, energy consumption, and CO ₂ emissions are subject to third-party assurance
Strategy	Alignment	"Mitigating and adapting to climate change" identified as an item of materiality in Kubota's ESG management policy
	Scenario analysis	Disclosing the results of analyses of 1.5°C/2°C and 4°C temperature increase scenarios and background to our environmental vision
	Assumptions	Megatrends in broader society include population increase, economic development, and urbanization
	Prioritized opportunities	Provision of products and solutions that help solve climate change issues in society pertaining to agriculture and water resources
	Action plans	Roadmap formulated from short-, medium-, and long-term perspectives
	Financial plans	Capex and R&D costs associated with climate change measures included in Mid-Term Business Plan 2025
Risk management	Description of risks	Identification of risks in the 1.5°C/2°C and 4°C temperature increase scenarios for the Farm & Industrial Machinery and Water & Environment businesses
	Challenges and uncertainties	Subject to major changes, depending on future technological development and market trends, because roadmap is based mainly on data currently available for analysis
Metrics and targets	Metrics, targets, dates	See p.26 to 28, 41
	Methodology	Establishment of SBT-certified CO ₂ emission reduction targets for Scope 1 and 2
	GHG emissions reductions	Reductions of Scope 3 and GHG emissions in society are currently being examined

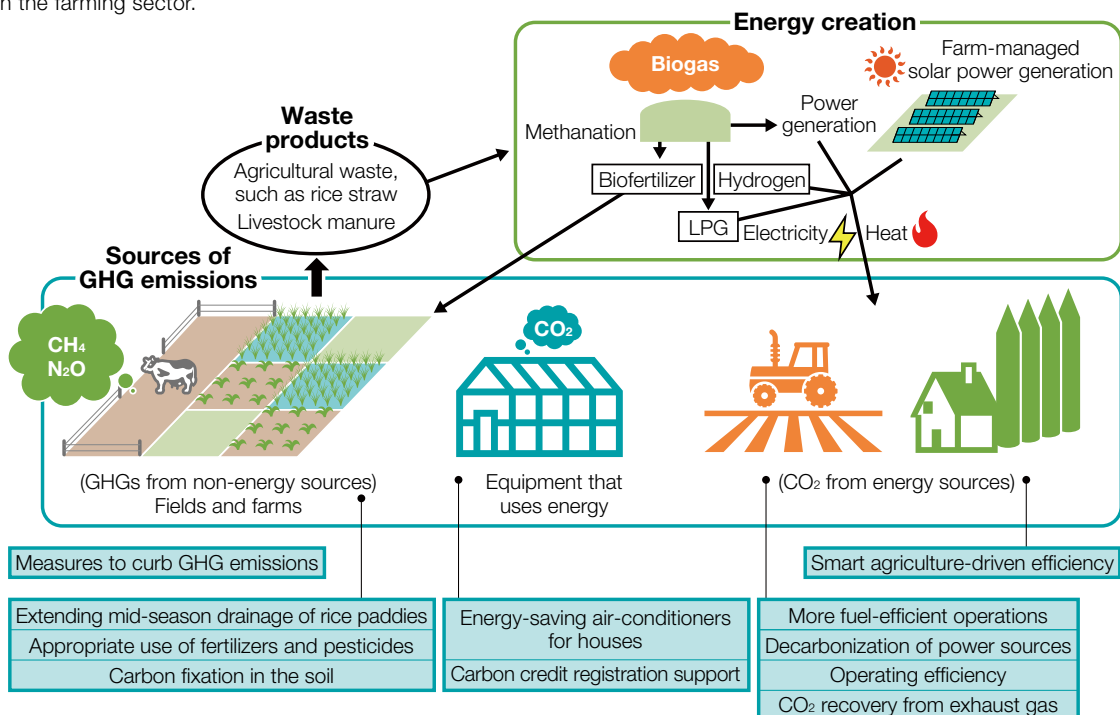
Transition plan

In the TCFD recommendations, a transition plan is defined as "an aspect of an organization's overall business strategy that lays out a set of targets and actions supporting its transition toward a low-carbon economy, including actions such as reducing its GHG emissions." Investors and other users of TCFD information are interested to know how organizations will reduce climate risks and increase business opportunities as they transition to a low-carbon economy. The TCFD revised its recommendations in October 2021 and also released a document that provides guidance on disclosing a transition plan.

Please visit the website below for more information about the TCFD.
<https://www.fsb-tcfid.org/>

<Carbon neutrality and recycling-based society sought by Kubota in the farming sector>

The diagram below represents Kubota's contributions, through its products and services, to carbon neutrality and the recycling of resources in the farming sector.



Disclosure in Accordance with the TCFD Recommendations

<Roadmap to Carbon Neutrality>

In our climate-related scenario analysis, by the year 2030 we assume that electrification and the use of low- and zero-carbon fuels will have gained traction in some regions. However, we also believe that demand will persist for our agricultural and construction machinery equipped with internal combustion engines. To achieve a low-carbon economy, it is vital that we demonstrate the technological potential of our products in an age that demands carbon neutrality, while also accommodating the growing needs of customers and developing social infrastructure.

We believe that in the carbon-neutral era beyond 2030, there will be plenty of power source options, so we will need to be ready on all fronts. The transition plan below shows how we intend to fight climate change.



Development and practical application phase in lead markets

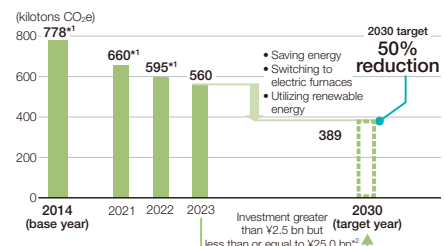
Increase in products utilizing various power sources in step with regional energy supply infrastructure and market demand



The above roadmap is based on information that can be studied at present. It is subject to major changes, depending on future technological development and market trends.

Carbon-Neutral Initiatives at Our Business Sites

The Kubota Group has set an ambitious goal of achieving net-zero CO₂ emissions by 2050. To achieve this goal, we have set a target of reducing Scope 1 and 2 CO₂ emissions by 50% by 2030 compared to FY2014, by advancing systematic environmental load reduction. Efforts towards achieving this will lead to risk reduction in the anticipated carbon tax on fossil fuel use, the introduction and strengthening of a carbon border adjustment tax, the mandatory adoption of renewable energy, and energy price spikes. At our global sites, we are systematically advancing energy-saving measures, such as transitioning to energy-efficient equipment and reducing energy waste through proper operational management. We are also progressing with initiatives such as electrification of furnaces and expanding the use of renewable energy.



*1 CO₂ emissions of companies that have been acquired have been retroactively adjusted to before the acquisition. CO₂ emissions before the adjustments are 714, 613, and 585 kilotons CO₂e.
 *2 The amount calculated as an increase in Capex mainly for energy-saving measures and the installation of electric furnaces when the transition plan was being reviewed may need to be recalculated.

R&D Costs Related to Environmental Conservation, Including Carbon Neutrality Measures

R&D costs primarily for reducing environmental impacts of products and for developing environmental equipment

(Yen in millions)

	FY2022		FY2023	
	Investment	Costs	Investment	Costs
Farm & Industrial Machinery	822	6,124	641	8,990
Water & Environment	948	3,341	641	3,432
Common	467	1,414	854	2,811
Total	2,237	10,879	2,136	15,233

4 Assessing Our Resilience to Climate Change

We are steadily pressing ahead with our transition plan to counter anticipated risks and seize business opportunities. Based on the results of our scenario analysis that universally applies to both our Farm & Industrial Machinery and Water & Environment businesses, we believe our operations will remain viable under any scenario. By taking the initiative to flexibly adapt to changes in society as a whole, including climate-related regulations, the development of social infrastructure, market trends, and technological advancements, we believe we possess sufficient resilience to transition towards economic activities that demand carbon neutrality. Going forward, through our business operations, we will continue to provide products and services that contribute to solving climate change issues and help bring about a decarbonized world.

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.



This symbol denotes our initiatives to realize carbon neutrality

In-house CO₂ Emission Control

Reducing Scope 1 and 2¹ Emissions

The Kubota Group is continuing to implement energy-saving countermeasures and productivity improvement activities to reduce CO₂ emissions from its own sites, with a focus on production sites. While we will continue to focus on these efforts, we are currently transitioning to fuels that have low CO₂ emissions mainly by discontinuing the use of coking coal in the melting process at our casting plants and switching to electric furnaces. In addition, we are endeavoring to 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.



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

Controlling Scope 3² 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.

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, but also contributing to energy and resource savings. Currently, fossil fuels such as diesel and gasoline are the main sources of energy, but we are striving to utilize fuels that have lower CO₂ emissions, such as biofuels (e-fuel) and synthetic fuels. We are also actively pursuing R&D aimed at the decarbonization of motive power, such as electrification, hybrid systems, and fuel cells.

Also, in terms of measures for reducing emissions generated from the transportation of products, we are taking steps to improve load efficiency and drive a modal shift mainly by shipping products together and sharing the use of shipping containers with other companies.



Concept machine: New Agri Concept



Electric construction machinery and tractor

¹ Scope 1: Direct emissions by the Group itself

Scope 2: Indirect emissions from purchased electricity, etc.

² Scope 3: Other indirect emissions (emissions by others or at customers' sites related to the Group's activities)

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

Environmental Contribution in the Field of Food

In the field of food, including agriculture, the Kubota Group is working to increase harvest yields per area and the quality of crops by further promoting smart agriculture. The goal is to increase crop yields to meet rising food demand without increasing cultivated area. In addition to saving energy and resources primarily by improving operational efficiency and applying the right amounts of fertilizer and pesticides, we intend to curb deforestation and the destruction of nature for farmland expansion.

In other initiatives, we provide the farm water management system WATARAS, 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 help visualization 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 are working on projects that contribute to the building of a circular economy but which also help lower CO₂ emissions by curtailing the need to mine virgin resources from the earth by providing crushing and sorting techniques to recover such resources as metal and plastics from waste—a process known as urban mining—as well as melting technology that enables the reuse of incinerated waste residue.

As an example of reducing society’s GHG emissions, the Kubota Group has delivered a waste incineration and melting plant (Nagano Regional Alliance/Chikuma Environment and Energy Center), which uses the thermal energy generated when waste is burned to generate electricity. Its effect of reducing CO₂ emissions is about 5,100 t-CO₂/year.

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 agricultural and 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



Farm Water Management System WATARAS



Plastic crushing and sorting facility



Rotary-type surface melting furnace that can liquefy residue and ash, turn it into slag, and reuse it as a resource



Agricultural and construction machinery fault diagnosis app

Initiative #1 – Contributing to carbon neutrality with engine solutions

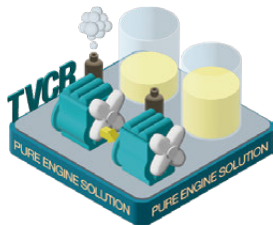
The engines mounted in our agricultural machinery, construction machinery, and electricity generators need to be durable enough to handle heavy workloads on a regular basis. Internal combustion engines are well-suited for use under such conditions, so we expect they will continue to be utilized as a power source for agricultural and construction machinery in the future. However, the growing need for carbon neutrality in society means the types of industrial engines required are also changing.

The Kubota Group intends to offer three solutions in order to help solve these kinds of challenges in the industry. Our pure engine solution aims to improve the combustion efficiency of engines and contribute to a reduction in CO₂ emissions from engine use. Our hybrid solution utilizes an electric motor, which means the engine can be downsized to reduce exhaust gas emissions. And with our fuel solution, we provide engines that can run on alternative fuels like hydrogen, natural gas, and ethanol, thus helping lower CO₂ emissions. By offering these engine solutions, the Kubota Group is committed to the challenge of achieving carbon neutrality.



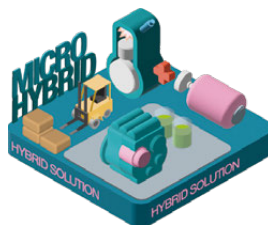
Hydrogen engine currently in development

Pure Engine Solution



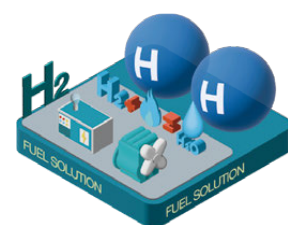
Reducing CO₂ emissions by improving combustion efficiency

Hybrid Solution



Downsizing the engine and lowering fuel consumption by using a motor to supplement output

Fuel Solution



Addressing demand for low-carbon and decarbonized fuels such as hydrogen, natural gas, and ethanol



For more details about our engine solutions:

global.engine.kubota.co.jp/en/sustainability/carbon-neutrality/

Initiative #2 – Battery-powered products



Battery-powered mini excavator

The battery-powered mini excavator KX038-4e will be launched in European markets in spring 2024. Europe is a world leader on environmental issues and a region where demand is growing stronger for environment-conscious products. This model has been equipped with energy-saving features, such as an “eco mode” that adjusts the motor’s rotation speed, to ensure four hours of continuous operation. This makes it possible to perform a day’s worth of construction work such as laying pipes in urban areas, which is one of the main applications of mini excavators, without having to recharge the battery in the middle of the day.

This model will be supplied to end-users under a rental contract through local dealers. We intend to further expand our lineup of environment-conscious products while deepening our knowledge of issues encountered during the use of this model.

Battery-powered tractor

In 2023, we started providing a long-term paid rental service for compact electric tractors in some parts of Europe. This product is equipped with a large-capacity battery that delivers, on average, three to four hours of continuous operation from just one hour of rapid charging in order to address one of the major challenges of electrified tractors: ensuring enough continuous operating time. Rapidly recharging the battery during one’s lunch break means the tractor can continue to run in the afternoon.

In addition, this product has received many external awards and was certified as a Super Eco-Product in FY2023.

* For more details about Super Eco-Products, please refer to Products Certified as Super Eco-Products in FY2023 on page 75.



Initiative #3 – Kubota technology helping to lower GHG emissions by extending rice paddy mid-season drainage

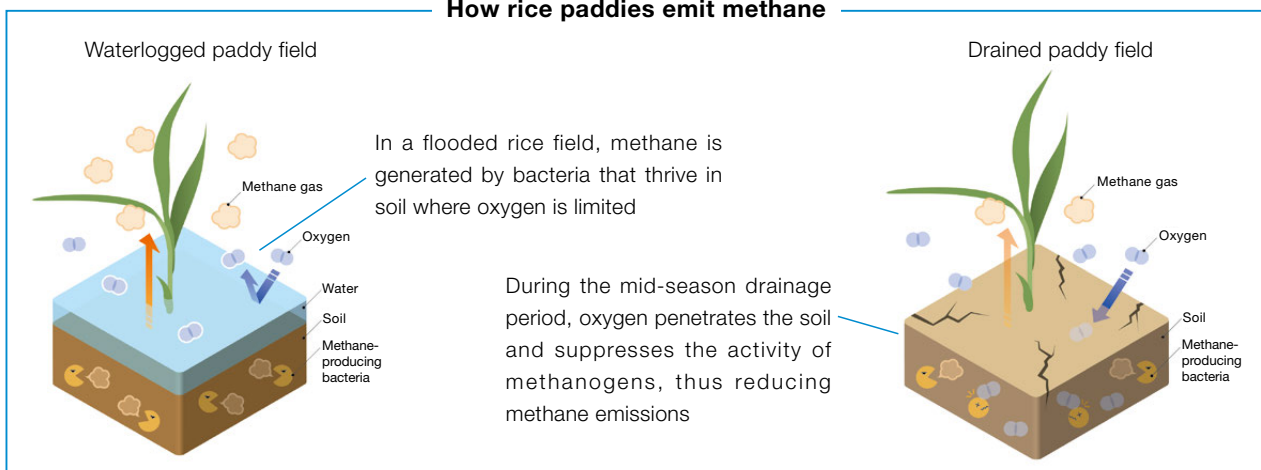
As one measure for realizing carbon neutrality by 2050, the Kubota Group is continuing to provide solutions geared towards lowering GHG emissions generated from agriculture and other activities in the society. It is estimated that globally, methane emissions from agriculture amount to 150 million t-CO₂, with approximately 12 million t-CO₂ attributed to rice cultivation in Japan. Agriculture is susceptible to the impacts of climate change and rising temperatures and changes in rainfall are expected to affect crop yields. Given the expectation of higher food demand in the future due to population growth and economic development, we consider it necessary to lower greenhouse gases (GHG) generated from agricultural practices.

We currently offer a service through which farmers can reduce their methane emissions and have the reduced amount of GHG emissions credited under the J-Credit scheme by extending their mid-season rice paddy drainage period. We started engaging with farmers after registering the project with the J-Credit scheme in June 2023 and by March 2024, roughly 1,700 tons-CO₂e had been approved as credits. In order to promote the utilization of the J-Credit scheme, we established an association to operate and manage J-Credit projects.

If project participants use the Kubota Smart Agri System (KSAS) and farm water management system WATARAS to support their farm operations, they can further reduce their environmental footprint and contribute to reductions in GHG emissions. Also, farmers can not only lower their GHG emissions, but they can generate revenue through the creation of credits.

We will continue to further expand such services that help suppress GHG emissions so that farmers can produce crops while minimizing their environmental impact at the same time.

How rice paddies emit methane

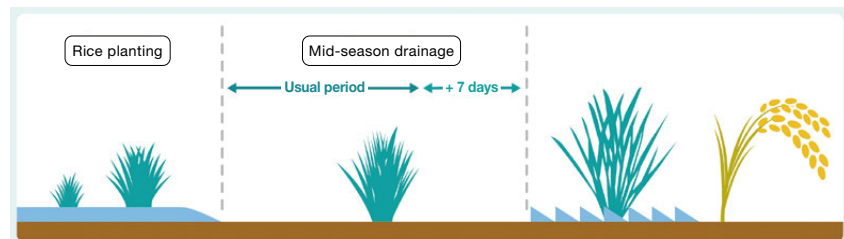


Mid-season drainage period can be extended with WATARAS, Kubota's water management system



WATARAS utilizes ICT to enable users to remotely monitor water management in paddy fields and the automated control of water supply and drainage on a smartphone or similar device. By setting the water level in the paddy field in advance, WATARAS's water measurement function means users can maintain a consistent water level without having to physically visit the field. The scheduling function also lets users easily set up a water management schedule, including the mid-season drainage period. These features reduce the amount of labor and water required for paddy field water management.

Extension of mid-season drainage



Mid-season drainage is the wet-rice farming practice of draining the paddy field of water and drying out the soil in order to adjust the growth of rice plants by preventing root rot and controlling excessive tillering. By extending the traditional length of time the paddy is left dry by one week, the soil can absorb more oxygen and repress the activity of methane-producing bacteria, thus reducing methane emissions by around 30%.



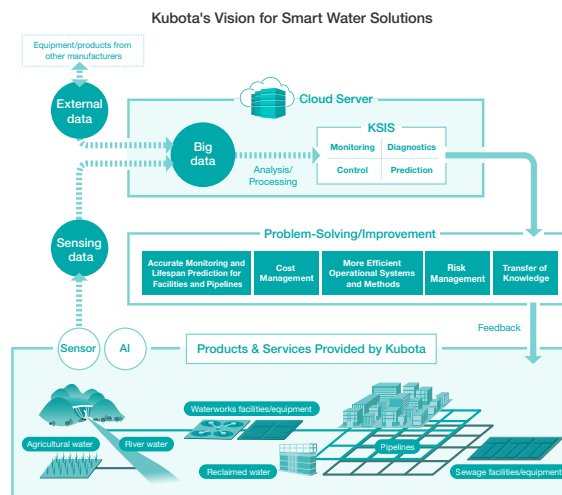
For more details about Kubota's J-Credit scheme:
agriculture.kubota.co.jp/service/j-credit/ (only in Japanese)

Initiative #4 – Contributing to the effective utilization of water resources with the use of ICT

Continued global population increase and economic development is expected to further drive up demand for water resources. Water is essential for crop production, but its excessive use in agriculture can also lead to the depletion of water resources. It must be effectively utilized so that people's living conditions in society in general can be maintained. On the other hand, in Japan there is a growing need for efficient management of water resources because a shrinking population has led to not only less revenue from sewage and water supply charges, but also a shortage of workers capable of maintaining and managing water infrastructure.

In light of our expertise in manufacturing pipes, pumps, and valves, as well as in the construction and maintenance of water supply and sewerage plants, the Kubota Group provides solutions to realize the effective utilization of water resources and efficient infrastructure management. Our smart water solutions hold the key to monitoring, diagnostics, control, and forecasting. We save labor by remotely monitoring the management of water infrastructure facilities and equipment and support the effective utilization of water resources by detecting early signs of abnormalities with an analysis of monitoring data to prevent leaks, facility shutdowns, and other issues. Also, the use of WATARAS to automatically control the water level in rice paddies limits the amount of water used. We expect this will also lead to energy savings because the water supply pump can be controlled automatically according to water demand.

Going forward, we will continue to support the effective utilization of water resources by bringing to bear smart water solutions that contribute to the construction and management of safe and reliable water infrastructure that Kubota is already well known for.



For more details about our smart water solutions:

www.kubota.com/innovation/smartwater/

Working towards a Recycling-based Society

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

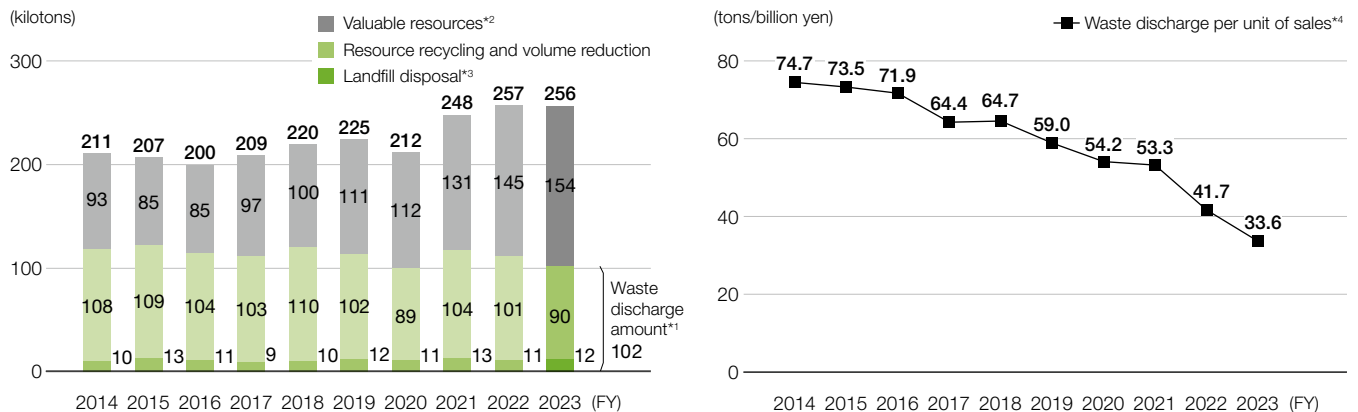
The Kubota Group sees working towards a recycling-based society as one of its materiality, and has been advancing initiatives to promote “reduce” (reducing the amount generated), “reuse” (internal recycling and reuse), and “recycle” (improving the recycling ratio) of waste, in addition to initiatives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

Waste, etc. from Business Sites

In FY2023, the waste discharge amount was 102 kilotons, a decrease of 9.0% compared to the previous year. Also, waste discharge per unit of sales improved by 19.4% year on year. The amount of waste discharge decreased due to decline in production volume at casting production sites and the conversion of waste wood as valuables, despite an increase due to building replacement work at overseas machinery sites. Waste discharge per unit of sales improved as consolidated net sales increased (up 12.8% from the previous year).

Of the waste discharge amount in FY2023, the amount of hazardous waste discharge was 7.1 kilotons, up 12.8% from the previous year.

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



*1 Waste discharge = Resource recycling and Volume reduction + Landfill disposal

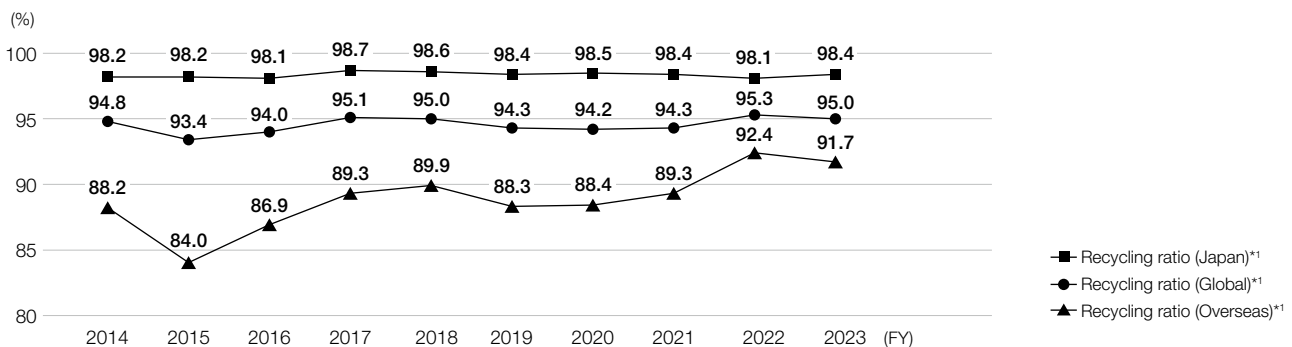
*2 To reduce overall emissions to the outside of the Group, including valuable resources, metal scraps generated at machinery production and related sites are collected for recycling at cast iron production sites within the Group. From FY2019, as a way of evaluating the progress of these activities, 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.

*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.

The recycling ratio in FY2023 was 98.4% in Japan, an improvement of 0.3 points from the previous year, but overseas decreased by 0.7 points to 91.7%. Globally, it decreased 0.3 points to 95.0%. We will make continuous efforts to improve the resource recycling ratio.

Trends in Recycling Ratio



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

External recycling amount includes heat recovery

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

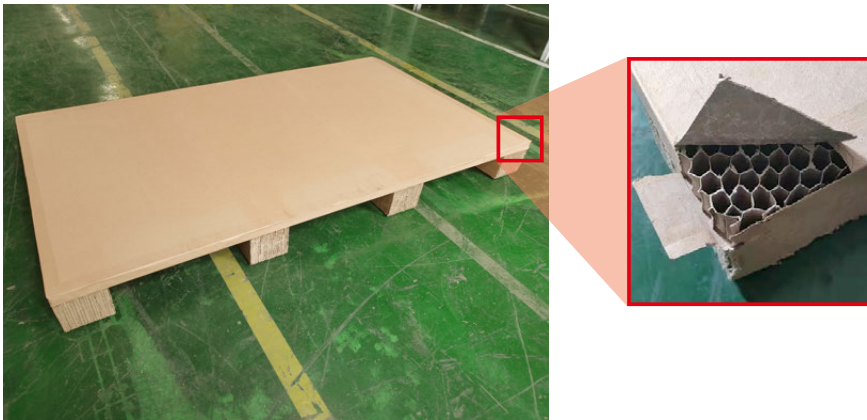
Measures to Reduce Waste

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.27-28) and is working to reduce the emissions of waste and hazardous waste and increase the resource recycling ratio at production sites. The Group has been promoting various measures, such as ensuring that waste is separated properly according to type and disposal method, switching to returnable packaging materials and recovering valuable resources, and utilizing recycled materials at sites. The Group is continuing to reduce the volume of sludge, waste oil, and oily wastewater generated from painting processes (by changing pre-treatments), as well as waste plastic generated from plastic molding processes. Meanwhile, as measures to reduce disposable plastics, we introduced initiatives at certain worksites to withdraw the use of disposable tableware in the employee cafeteria and reduce the issue of plastic shopping bags in on-site stores.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for waste reduction, global production sites achieved a reduction of 1,500 tons of waste in FY2023 compared with the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 17 million yen. Waste discharge per unit of production in FY2023 improved by 49.7% compared to the base year (FY2014). The recycling ratio was 99.6% at production sites in Japan and 94.9% at production sites overseas.

Moreover, production sites in Japan have raised the utilization rate of electronic manifests to 98.1%, enabling real-time assessment of the reduction effects. We will continue to promote the reduction of waste through encouraging sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

Cardboard Pallets



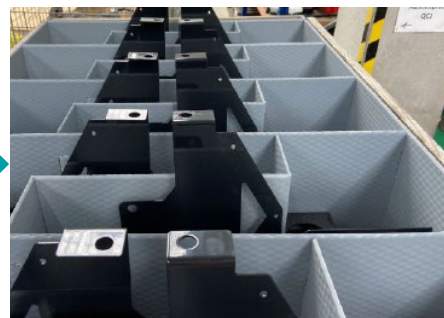
At the Kubota Sakai Plant (Japan), some of the wooden boxes and pallets used for test components imported from our Group company in China have been swapped for reinforced cardboard, helping to reduce wood scraps. Furthermore, we are taking steps to introduce reusable plastic pallets and to make wooden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

Examples of Collaboration with Other Companies

At Kubota Baumaschinen GmbH in Germany, the use of reusable containers is being trialed in collaboration with suppliers in order to reduce packaging waste. The volume of waste derived from packaging materials brought into the factory amounts to 755 tons annually. The materials used in packaging include cushioning materials, cardboard, and adhesive tape. The use of reusable containers will not only mean the company can cut down on waste, but it also benefits suppliers by enabling them to reduce the materials needed for deliveries.

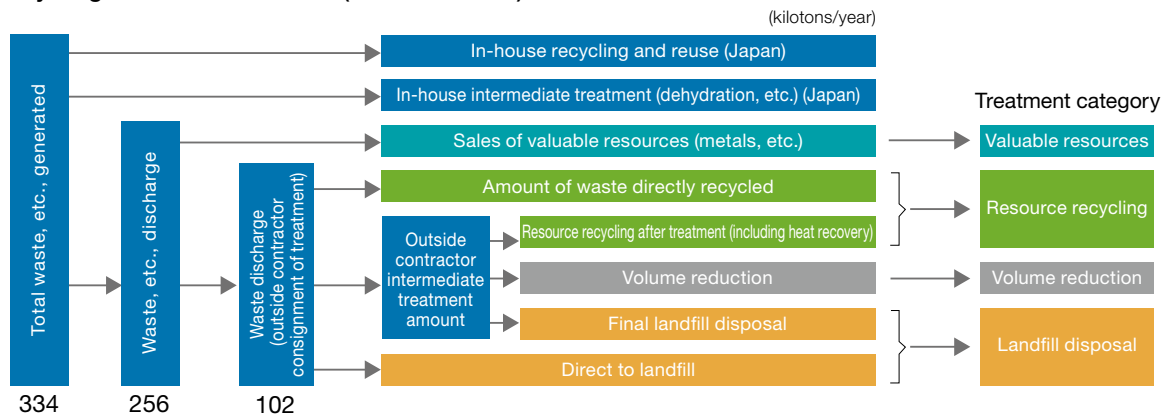


(Before) Construction machinery parts delivered to the factory

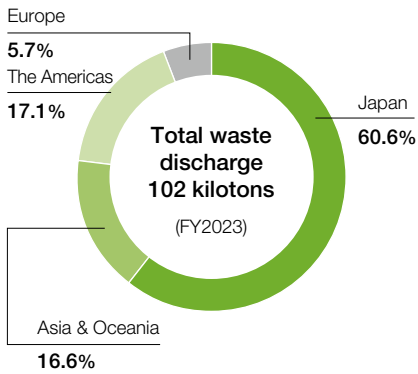


(After) Parts housed in reusable containers

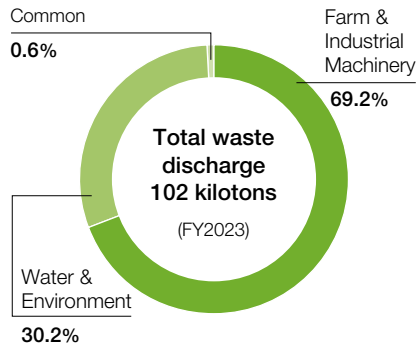
Waste Recycling and Treatment Flow (FY2023 results)



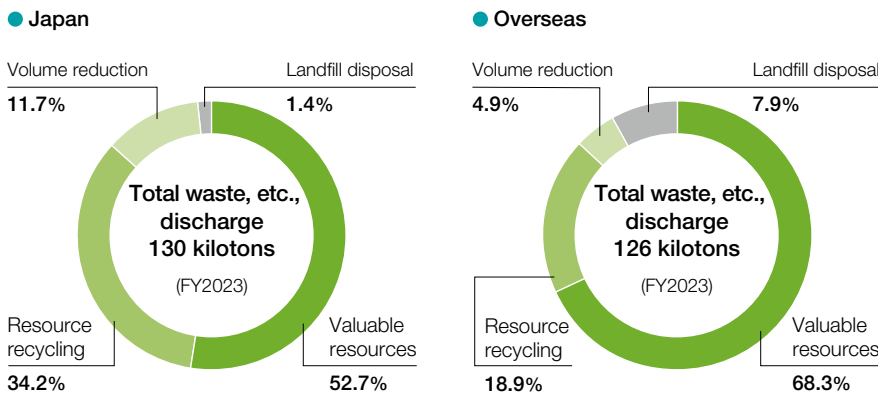
Waste Discharge by Region



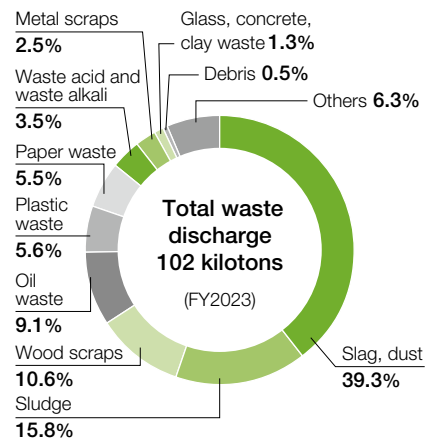
Waste Discharge by Business



Waste, Etc., Discharge by Treatment Category



Waste Discharge by Type



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

Please follow the link below for waste discharge amounts at each production site.
www.kubota.com/sustainability/environment/report/2024/sitereport.html

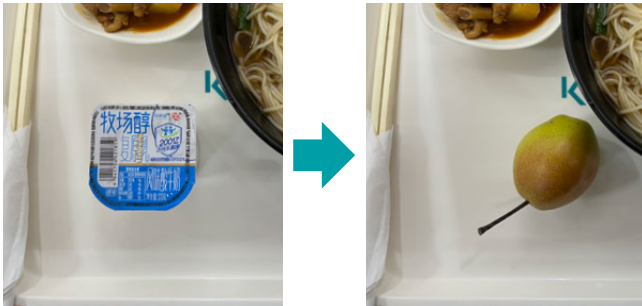
Improvement of Resource Efficiency

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

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

● Reducing Plastic Waste

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



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

● Reducing Resource Usage in Packaging and Adopting Returnable Packaging

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



At Kubota Precision Machinery (Thailand) Co., Ltd., we reviewed our use of single-use cardboard and plastic film packaging in an effort to reduce waste and conserve labor resources.

● Transition to Paperless Operations

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

Handling and Storage of Equipment Containing PCB (in Japan)

Transformers, capacitors and other equipment containing polychlorinated biphenyls (PCB) are properly reported, stored and handled based on the Japanese Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, and the Japanese Waste Management and Public Cleansing Law. Waste with a 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

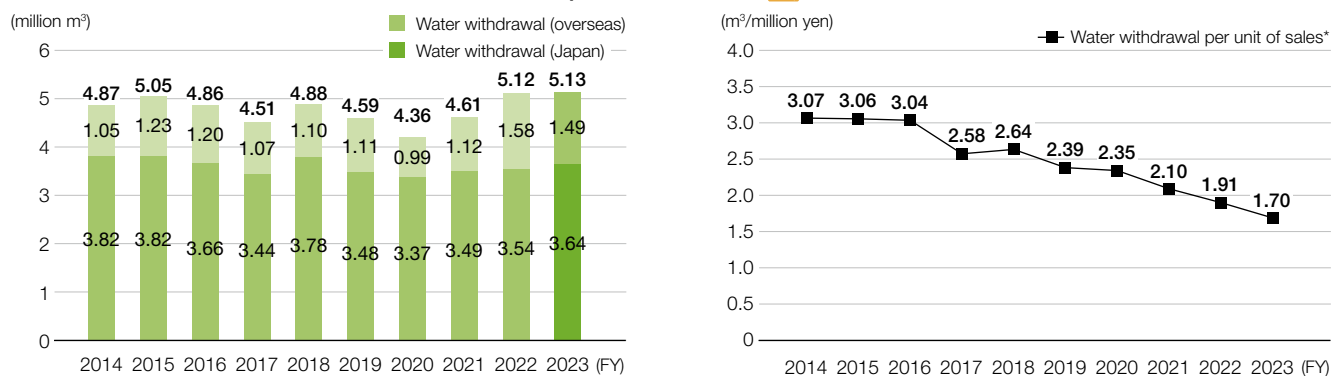
The OECD's 2012 report entitled Environmental Outlook to 2050 states that during the period between 2000 and 2050, global demand for water will increase by approximately 55% owing to economic development and population increase, while more than 40% of the world's population will be living in river basins 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 withdrawal by promoting water saving and wastewater recycling, and the proper management of wastewater treatment and wastewater quality. Production sites promote measures to not 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 Withdrawal

In FY2023, water withdrawal was 5.13 million m³, an increase of 0.1% compared to the previous year. On the other hand, water withdrawal per unit of sales improved by 11.2% compared to the previous year. Although water usage at casting production sites increased, overall water usage was about the same as in the previous year due to the installation of water recycling equipment in India. Water withdrawal per unit of sales improved as consolidated net sales increased (up 12.8% from the previous year).

Trends in Total Water Withdrawal and Withdrawal per Unit of Sales



* Water withdrawal 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 Withdrawal

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.27-28) and is working to reduce water withdrawal at production sites. Our production sites, such as those in China, Thailand, Indonesia and the United States, have introduced wastewater treatment facilities or wastewater recycling systems utilizing technologies of the Kubota Group.

In FY2023, in addition to installing water-saving faucets and toilets and carrying out routine activities such as patrols to check for water leaks, the Kubota Group continued to improve its methods for watering green areas. We also reduced water withdrawal in the production process mainly by thoroughly managing the extraction of well water in proportion to production volume and by replacing water-cooled compressors with air-cooled ones. As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for water withdrawal reduction, global production sites achieved a reduction of approximately 49,000 m³ in FY2023 compared to the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 17 million yen compared to the previous year. Water withdrawal per unit of production in FY2023 improved by 36.5% compared to the base year (FY2014).

We will continue to promote the reduction of water withdrawal 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.

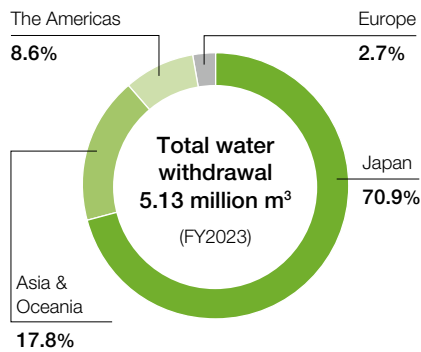


Kubota Engine (Thailand) Co., Ltd. has added additional capacity to its wastewater treatment system with the use of a membrane bioreactor (MBR). Recycled water is being used to water the gardens around the plant and as domestic water.

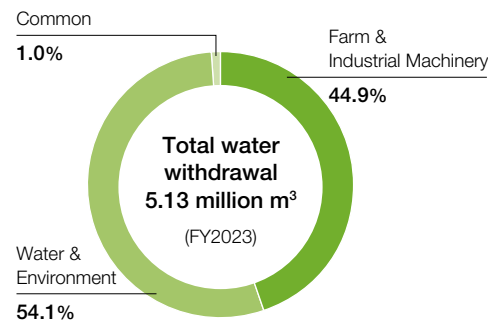


For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

Water Withdrawal by Region

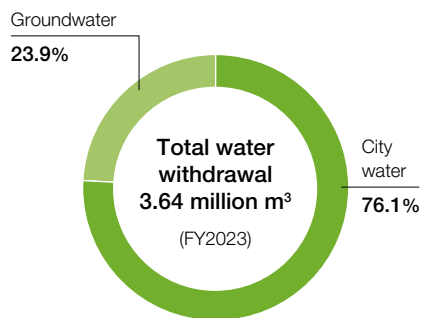


Water Withdrawal by Business

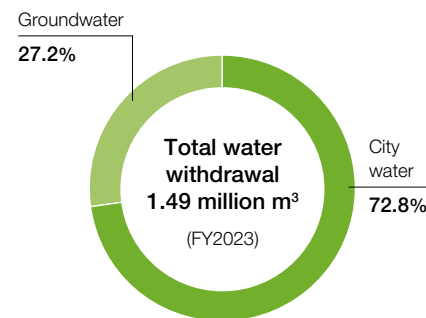


Water Withdrawal by Type

● Japan



● Overseas



Please follow the link below for water withdrawal amounts at each production site.

www.kubota.com/sustainability/environment/report/2024/sitereport.html

Water Management

The Kubota Group is committed to understanding, managing, and conserving water use at all of its 199 companies. Every year, our production sites draw up and revise a management plan for reducing the amount of water withdrawal, based on the Group's Medium-Term Environmental Conservation Targets. Measures are also being taken at all 72 production sites to thoroughly manage water quality and prevent environmental accidents.


[Summary of water management in environment-related rules and regulations]

- An environmental management system shall be established at all sites to systematically promote environmental conservation activities.
- A monitoring system for environmental conservation shall be developed at all sites so as to periodically carry out examinations and inspections.

- The amount of water (service water, industrial water, groundwater, and recycled water) used and discharged at all sites in the course of business activities shall be assessed.
- Efforts shall be made to reduce the amount of water resources used at all sites. Also, a plan to reduce water withdrawal at all production sites shall be formulated, tracked, and revised every year.
- Water quality-related equipment shall be thoroughly managed (ensuring water treatment capacity, complying with design/management standards, maintenance/operation) at all production sites, while environmental pollution risks associated with such equipment shall be mitigated and environmental accidents prevented from occurring.

Controlling Water Discharge and Mitigating Water Risks

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 water discharge appropriately in line with standards for the areas where wastewater is released by operating wastewater treatment and water recycling facilities.

The amount of water discharge* in FY2023 was 5.25 million m³ (0.98 million m³ into surface water, 2.12 million m³ into seawater/ocean, and 2.15 million m³ into sewage) , an increase of 4.9% from the previous year. At each site, we promote the reduction of water withdrawal by taking measures to reduce the amount of water discharge.

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

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



Kubota Sakai Rinkai Plant (Japan)
Submerged-type FRP *johkasou*, decentralized wastewater treatment plants



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

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.

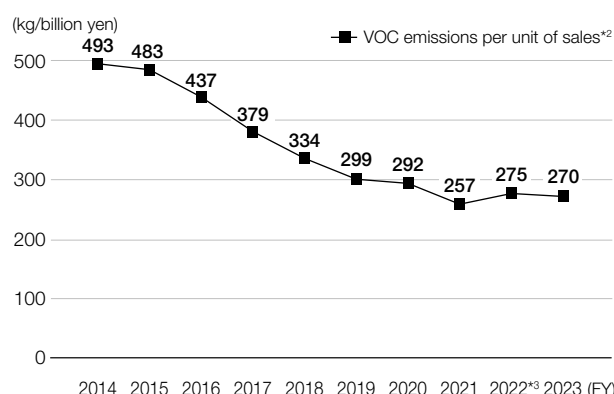
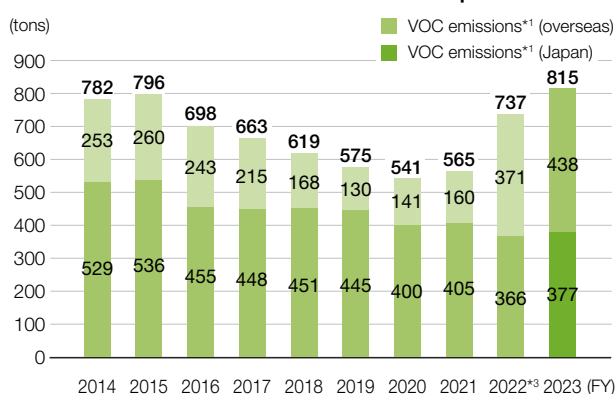
The Kubota Group sees controlling chemical substances as one of its materiality issues, and has been advancing initiatives toward reducing the burden on the environment from chemical substances, including the reduction of VOCs (volatile organic compounds) generated in coating processes at production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

VOC Emissions

In FY2023, VOC emissions were 815 tons, an increase of 11% compared to the previous year. Also, VOC emissions per unit of sales were improved by 1.9% year on year.

In Japan, VOC emissions were increased by 11 tons owing to an increase in production volume at some casting and machinery production sites that use a large amount of VOCs. Overseas sites promoted reduction measures such as switching to paints that do not contain VOCs and parts that do not require painting, but as a result of a significant increase in production volume, VOC emissions increased by 67 tons. VOC emissions per unit of sales improved as consolidated net sales increased (up 12.8% from the previous year).

Trends in VOC Emissions and Emissions per Unit of Sales



*1 VOCs refer to the substances that are most prevalent in the emissions of the Kubota Group. Up until FY2022, there were six substances: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene. Since FY2023 there have been five substances: xylene, toluene, ethylbenzene, styrene, and 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 Figures for FY2022 have been adjusted in order to improve accuracy.

Measures to Reduce VOCs

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.27-28) and is working to reduce the emissions of VOC at production sites. The Group has been promoting the risk management of the chemical substances we handle and the reduction of VOC-containing materials, such as paint and thinner at production sites. Especially in the painting process, not only have we reduced the amount of wasted paint by improving the efficiency of coating, but we are making every effort to stabilize VOC removal efficiency at sites that have deodorization equipment.

In FY2023, we took steps to reduce the amount of paint used, switch to less VOC paints, and recover and recycle thinner.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for VOC reduction, global production sites achieved a reduction of 18 tons in FY2023 compared to the case where countermeasures were not implemented from the previous year.

VOC emissions per unit of production in FY2023 were improved by 37.9% compared to the base year (FY2014).

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

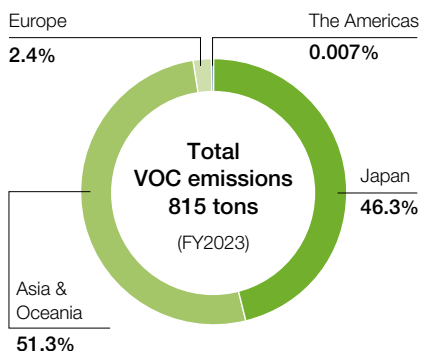


Kubota Engine (WUXI) Co., Ltd. (China) has installed a regenerative thermal oxidizer (RTO) and is working to reduce its VOC emissions.

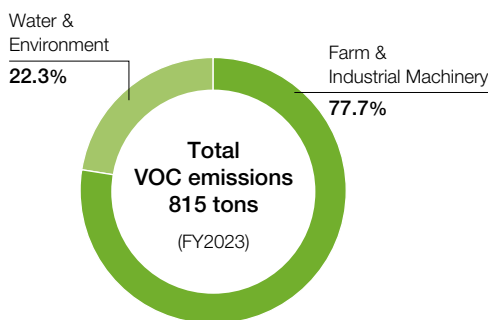


For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

VOC Emissions by Region

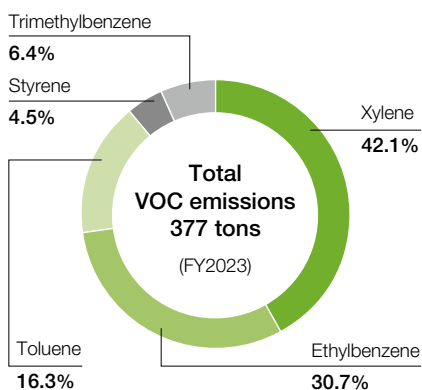


VOC Emissions by Business

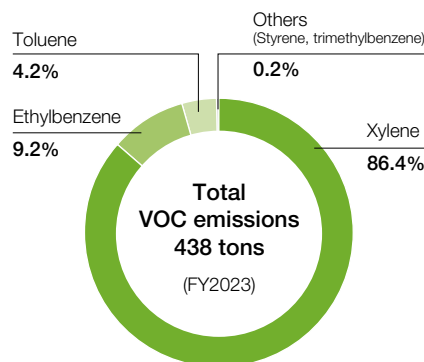


VOC Emissions by Substance

● Japan



● Overseas



Please follow the link below for VOC emission amounts at each production site.

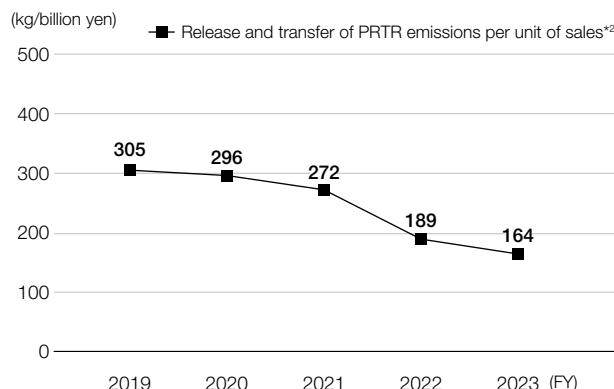
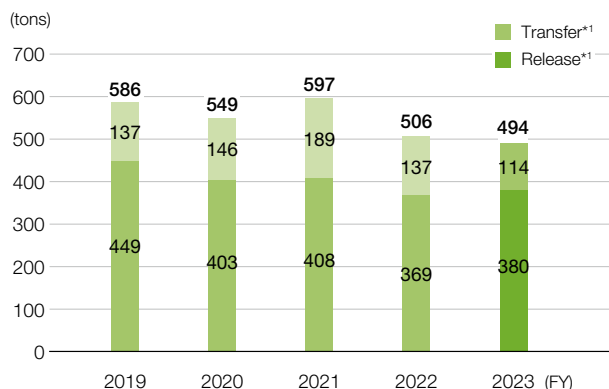
www.kubota.com/sustainability/environment/report/2024/sitereport.html

Release and Transfer of PRTR-designated Substances

In FY2023, a total of 494 tons of substances stipulated in the PRTR Law* were released and transferred, a decrease of 2.4% compared to the previous year. Additionally, the release and transfer per unit of sales improved by 13.2% compared to the previous year. Similar to reduction of VOC emissions, the Group is promoting the ongoing measures to reduce PRTR-designated substances.

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

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



*1 Total amount of reported substances that are handled at each site (annual volume of 1 ton or more (or 0.5 tons for Specific Class I designations))

*2 Release and transfer of PRTR-designated substances per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

Control of Ozone-depleting Substances

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

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

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

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

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

Control of Air Pollutants

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

The amounts of emissions of air pollutants in FY2023 were 5.5* tons for SOx (up 4.2% from the previous year), 62.9 tons for NOx (down 3.7%), and 32.1 tons for soot and dust (down 13.8%). We will continue to reduce emissions of air pollutants through initiatives such as controlling sources by fuel conversion and maintaining dust-collecting equipment.

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

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



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

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 (FY2023)

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

Reduction of Chemical Substances Contained in Products

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

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

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

● Three Control Levels

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

Conserving Biodiversity

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

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

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

Approach to Conserving Biodiversity

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

Approach to Conserving Biodiversity and Natural Capital

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

[Major Initiatives]

1. Corporate activities

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

2. Provision of products and services

- 1) By providing products and services with less environmental loads through fuel efficiency and exhaust gas purification, for example, we strive 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 the development of urban infrastructure with consideration for smart agriculture and the environment, we contribute to the sustainable use of ecosystem services and the suppression of deforestation for the expansion of farmland.
- 4) We endeavor to provide products and services that contribute to improving crop yields to suppress deforestation.

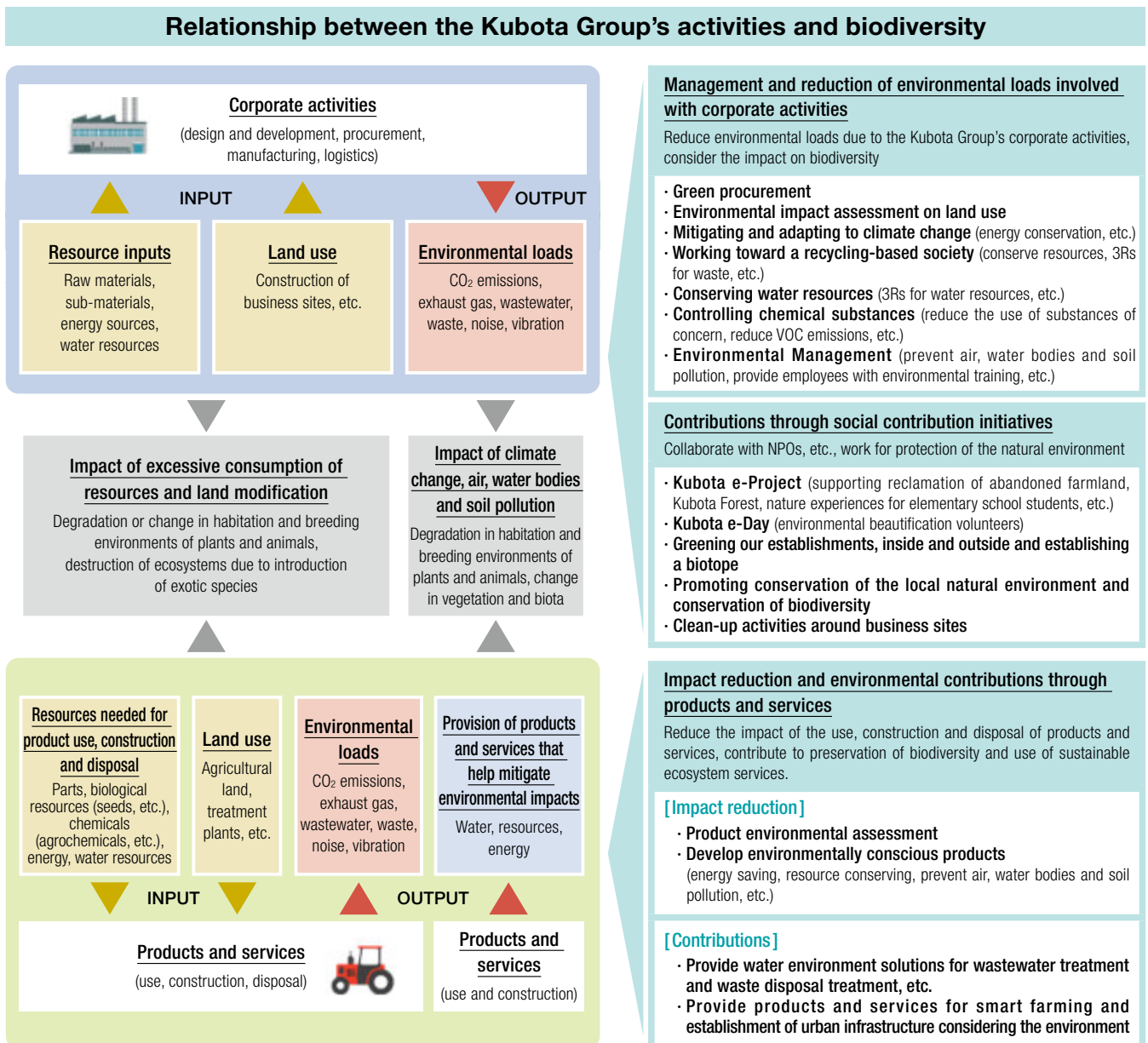
3. Social contribution activities

- 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.

Evaluating our Relationship with Biodiversity

According to the World Economic Forum, the loss of biodiversity currently ranks alongside climate change-related risks as one of the most severe global risks. Corporations are being urged to take action to mitigate and reverse the loss of biodiversity, or in other words, transition to a “nature-positive” approach to their business activities. In these circumstances, a number of international initiatives and frameworks are being developed, one of which is the Taskforce on Nature-related Financial Disclosures (TNFD). The recommendations of the TNFD—released in September 2023—call on companies to identify the scope of their corporate activities, to evaluate what kind of biodiversity and natural capital their business activities are dependent upon in each region, as well as the impacts thereof, and to analyze how those impacts represent risks and opportunities for their initiatives.

The chart below shows an overall picture of how the Kubota Group’s corporate and social contribution activities are related to biodiversity.



Disclosure in Accordance with the TNFD Recommendations

The Kubota Group expressed its support for the TNFD* recommendations in February 2024.

* Taskforce on Nature-related Financial Disclosures



TNFD Recommendations

The Taskforce on Nature-related Financial Disclosures (TNFD) published its recommendations in September 2023 with the aim of providing a framework for companies to understand their dependence on natural capital and their impact on the natural environment, and to disclose this information appropriately. Like the recommendations of the TCFD, TNFD recommendations consist of (1) governance, (2) strategy, (3) risk and impact management, and (4) metrics and targets. They call on companies to independently gauge and disclose information related to these four areas. Kubota is engaged in the manufacturing of mainly agricultural machinery, construction machinery, and iron pipes for water supply systems. We also operate businesses in sectors that are indispensable to people's livelihoods, including food production, water management, and the construction of urban and living environments. These business activities are dependent on natural capital (land, water, air, biodiversity, etc.) and at the same time, may also have an impact on them. As such, business risks and opportunities potentially exist in connection with our use of natural capital. The Kubota Group will continue to address issues relating to natural capital and make every effort to enhance its information disclosure.

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

Disclosure Items in the TNFD Recommendations	Relevant Section (excluding TNFD disclosures)	Page
Governance		
A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	Environmental Management Promotion System, Corporate Governance System	P30 P156
B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Environmental Management Promotion System	P30
C. Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Environmental Communication, Respecting Human Rights, Corporate Governance System	P83 P100 P156
Strategy		
A. Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term.	Environmental Management Approach —Materiality in Environmental Management, Environmental Management Approach —Risks and Opportunities	P19 P20
B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Environmental Management Approach —Risks and Opportunities, Environmental Management Approach —Key Measures, Disclosure in Accordance with the TCFD Recommendations	P20 P21 P37
C. Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	Environmental Vision, Disclosure in Accordance with the TCFD Recommendations, Expanding Environment-conscious Products and Services	P22 P37 P73
D. Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Site Report	Click →
Risk and Impact Management		
A(i) Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operations.	Environmental Management Approach —Materiality in Environmental Management	P19
A(ii) Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	Environmental Management Approach —Materiality in Environmental Management	P19
B. Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.	Environmental Management Promotion System, Expanding Environment-conscious Products and Services, Internal Control System, Internal Control System—Internal Control System Operation Activities (Risk Management Activities)	P30 P73 P171 P172
C. Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.	Environmental Management Promotion System, Corporate Governance System, Internal Control System	P30 P156 P171
Metrics and Targets		
A. Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	K-ESG Management to Realize the Long-Term Vision "GMB2030"	P9
B. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.	Medium- and Long-Term Environmental Conservation Targets and Results	P26
C. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	Medium- and Long-Term Environmental Conservation Targets and Results, K-ESG Management to Realize the Long-Term Vision "GMB2030"	P26 P9

Disclosure in Accordance with the TNFD Recommendations

Governance

We recognize that issues related to natural capital, including biodiversity, are just as important as climate change in implementing ESG management. When it comes to external environmental issues that may pose a risk to management, we employ governance measures under the same system and framework used to address other ESG issues (please refer to Disclosure in Accordance with the TNFD Recommendations—Governance on page 38).

Governance of TNFD-related issues

- Monitoring of progress on targets concerning natural capital
- Integration into the executive compensation system according to progress
- Board oversight of progress on initiatives
- Engagement activities with stakeholders

Commitment on Natural Capital (Biodiversity and Suppression of Deforestation)

We aim to have all Kubota Group employees share in our corporate principles, which we refer to as the Kubota Global Identity, so as to contribute to society (stakeholders) by undertaking corporate activities through which every individual fulfills their role and responsibilities. We have established a Charter for Action and a Code of Conduct so that we can aim to achieve the continued mutual development of society. Agriculture is reliant on many different types of natural capital, including living resources and water resources. Cutting down forests to make way for more farming land leads to the reduction of habitats and ecosystems, and potentially affects crop yields. Moreover, water resources are indispensable to not only agriculture, but people's livelihoods. Agriculture in which our tractors and other products are used is impacted by natural capital, however we believe our products can contribute to the conservation of natural capital, mainly by improving crop yields, which in turn limits the need for more farmland and deforestation. Accordingly, as demonstrated in our Code of Conduct, the Kubota Group is committed to helping solve various environmental issues, such as protecting biodiversity, suppressing deforestation, and efficiently using water resources by leveraging the products, technologies, and services we provide. We are also committed to carrying out business activities in a way that does not negatively affect the natural environment or wildlife habits around our production sites.

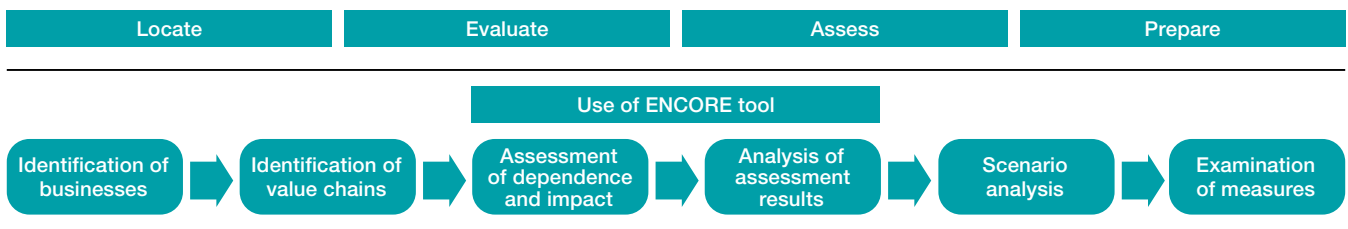
Strategy

Identifying and Assessing Nature-related Risks

We do business globally in the three fields of food, water, and the environment, and it is our mission to contribute to solving issues in society. These three business fields are supported by many different forms of natural capital, such as living organisms, plants, water resources, and minerals. In order for us to continue to do business globally, we believe we must pursue sustainable management that balances our business operations with the protection of natural capital. So that we can carry out sustainable business practices, we are currently identifying and assessing nature-related risks and the like in our business value chains.

In 2023, we used the LEAP approach and the ENCORE tool to qualitatively assess our Farm & Industrial Machinery business and Water & Environment business in terms of their relationships and priorities with nature. We categorized the Farm & Industrial Machinery business into upstream (component production), midstream (in-house manufacturing), and downstream (irrigation/rain water farming with agricultural machinery, construction in urban areas with construction machinery). Similarly, we categorized the Water & Environment business into upstream (iron & steel production), midstream (construction materials production), and downstream (water supply services with the use of water infrastructure, environmental services at waste treatment facilities). And we used a heatmap to show the dependence and impact on natural capital in each value chain. Also, we conducted a qualitative assessment at the regional level (Japan, China, Asia, North America, and Europe) for items with a high level of dependence or impact, while for natural capital identified as important, we performed a scenario analysis and explored strategies to mitigate risks and minimize impacts.

Process for Identifying and Assessing Nature-related Risks and Opportunities



LEAP Approach

The TNFD has developed an integrated assessment process for nature-related risk and opportunity management called LEAP approach. An assessment with the LEAP approach comprises four steps: (1) “locate” your interface with nature; (2) “evaluate” your dependencies and impacts; (3) “assess” your risks and opportunities; and (4) “prepare” to respond to nature-related risks and opportunities and report.

The four steps of the LEAP approach

Locate

Evaluate

Assess

Prepare

Please visit the website below for more information about the TNFD.
<https://tnfd.global/>

Disclosure in Accordance with the TNFD Recommendations

ENCORE

ENCORE (an acronym for Exploring Natural Capital Opportunities, Risks, and Exposure) is an analytical tool for revealing how economic activities are dependent on natural capital and whether or not they are impacting nature. By selecting the industry sectors and production processes that best represent their operations, a company can identify how much of an impact they have on natural capital and the factors behind it, as well as their level of dependence on different types of natural capital.

Assessment item	Description
Dependence	Companies can grasp how reliant a selected production process is on certain ecosystem services (21 categories)
Impact	Companies can grasp how much of an impact certain factors, known as impact drivers (11 categories), have on nature in a selected production process
Natural capital	Companies can grasp which categories of natural capital (8 categories) they are reliant on or have an impact on

Risk and Impact Management

We recognize that issues related to natural capital, including biodiversity, are just as important as climate change in implementing ESG management. When it comes to external environmental issues that may pose a risk to management, like other ESG issues, we integrate and manage nature-related risks and impacts within the framework of our Company-wide risk management system. We are also endeavoring to mitigate the impacts of identified risks and expand opportunities. (Please refer to Disclosure in Accordance with the TCFD Recommendations—Risk Management on page 40)

TNFD-related risk management process

- Identifying and assessing risks and impacts in the overall value chain (direct operations and upstream/downstream processes)
- Setting management indicators and targets for identified risks and opportunities
- Grasping the progress of initiatives
- Evaluating initiatives and examining measures
- Identifying and managing serious risks

Metrics and Targets

We have established targets that aim to mitigate risks and expand opportunities related to the conservation of natural capital and biodiversity. We are currently implementing initiatives in order to achieve these targets. The risks and opportunities identified with the TNFD's strategy are broadly classified into those related to production site activities and those related to products. For the risks and opportunities pertaining to production site activities, we have set medium- and long-term environmental conservation targets for each site and we are managing the progress of initiatives implemented. For the risks and opportunities related to products, we have matched them to our items of business materiality in ESG management. By providing agricultural solutions, water resources and waste solutions, and urban and living environment solutions, we will look to contribute to the conservation of natural capital. We are currently exploring what kind of targets to adopt for our products (please refer to Materiality Objectives and Indicators on page 11).

Going forward, we will continue to press ahead with initiatives that lead to the conservation of natural capital, mainly through global environmental protection activities and our business operations.

Natural Capital-related Targets for Production Site Activities and FY2023 Results

Issue	Management indicator	Relevant factor or ecosystem service	Base FY	Target for FY2025	Target for FY2030	FY2023 Result
Mitigating and Adapting to Climate Change	Reduce CO ₂	GHG emissions	2014	—	▲50%	▲28.0%
	Ratio of renewable energy usage	GHG emissions	—	20% or more	60% or more	15.9%
	CO ₂ emissions per unit of production (Scopes 1, 2)	GHG emissions	2014	▲45%	▲60%	▲46.6%
	Energy consumption per unit of production	GHG emissions	2014	▲35%	▲40%	▲37.8%
Working towards a Recycling-based Society	Waste discharge per unit of production	Waste	2014	▲45%	▲50%	▲49.7%
	Hazardous waste discharge per unit of production	Waste	2019	▲17%	—	▲11.6%
	Recycling ratio (Japan)	Waste	—	99.5% or more	—	99.6%
	Recycling ratio (Overseas)	Waste	—	90.0% or more	—	94.9%
	Reduce disposable plastics at business sites	Waste	—	—	—	See p.57
	Work with suppliers to conserve packaging materials and make them returnable	Waste	—	—	—	See p.57
	Implement paperless operation	Waste	—	—	—	See p.57
Conserving Water Resources	Water withdrawal per unit of production	Water use, water circulation, surface water, groundwater	2014	▲35%	▲40%	▲36.5%
	Manage wastewater appropriately in accordance with standards for the areas where wastewater is discharged	Water quality and soil contamination	—	—	—	See p.59
Controlling Chemical Substances	VOC emissions per unit of production	Water quality and soil contamination	2014	▲42%	—	▲37.9%
Conserving Biodiversity	Promote the protection of the natural environment and biodiversity at our sites	Water quality and soil contamination	—	—	—	See p.71
	Promote the protection of the local natural environment and the conservation of biodiversity	Water quality and soil contamination	—	—	—	See p.72
Improving Products' Environmental Performance	Sales ratio of Eco-Products	Multiple indicators	—	70% or more	80% or more	70.1%
	Usage ratio of recycled materials	Waste	—	70% or more	—	90.4%

Disclosure in Accordance with the TNFD Recommendations

Scenario Analysis

① Natural capital scenario analysis in each business field

Locate: Relationships with natural capital in areas of business activities

Relationships with natural capital in the food business field

Our rice transplanters and combine harvesters are widely used in the production of specialty crops grown in particular regions and climatic conditions, unlike the usual crops of rice, large-scale grains, or soybeans. It is estimated that rice cultivation in Japan, China, and other parts of Asia account for more than 90% of global production. Specialty crops are widely grown in Asia, Europe, and the Americas. By the year 2050 the world's population will be close to 10 billion, a large percentage of which will be in emerging countries. Accordingly, demand for food is expected to increase and the securing of crop yields will likely become a key challenge for society.

The use of agricultural water and suitable soil in particular is integral to rice cultivation, dry field farming, and fruit growing. Fertile soil has an impact on crop harvests, while the excessive use of pesticides can have a detrimental effect on soil ecosystems. Population growth and economic development are expected to drive increases in demand for water, so securing enough water for irrigation will be critical. Also, the relocation of suitable farming land owing to droughts, warmer temperatures, fluctuations in rainfall, and other weather events caused by climate change will lead to the clearing of new farming land. Forests absorb CO₂ and have a regulating effect on air temperature, but slash-and-burn cultivation and the clearing of forests to open up more farmland can encroach upon the habitats of plants and animals.

Relationships with natural capital in the water & environment business field

Torrential rainfall and other weather disasters seen around the world in recent years are expected to grow more frequent in the future. Extremely abnormal weather events not only have an impact on human society, but they also deprive living things of their habitat and significantly affect ecosystems. Some regions around the world currently face concerns of water scarcity due to climate change, excessive water use, or poor management of water resources. For example, even though Japan has built sophisticated water supply infrastructure and has well-developed water and sewerage networks in place, increased water consumption in urban areas means that securing enough water for irrigation has become a key challenge. In the rapidly developing regions of Asia too, population growth and urbanization, wastewater from industrialization and farming, and increases in household wastewater have led to concerns about water scarcity and deteriorating water quality, a situation that may place constraints on the availability of safe and usable water resources.

Also, the mining of rare metals and other mineral resources can negatively impact different aspects of natural capital, including soil contamination, water quality, and ecosystems. For instance, concerns have been raised about the use of phosphorus as an ingredient in fertilizer because mineral phosphate mining has the potential to degrade water quality and contaminate the soil. The impacts on natural capital therefore must be mitigated through the sustainable use of resources.

Relationships with natural capital shared by both businesses

The manufacturing of products is reliant on water because it is essential to cleaning processes, the cooling of equipment, and day-to-day use by employees. The Kubota Group has production sites in 15 countries. Water stress varies depending on the region and there exists the possibility that access to safe water needed for business activities and daily life could become difficult. This could potentially affect our business operations.

In light of the above, our business activities are deeply intertwined with natural capital, so in order to expand our operations in the future, we believe we must take natural capital into consideration when adopting measures to fight climate change.

Relationships Between Business Activities and Natural Capital

Related business activity	Regions thought to have a strong connection to natural capital	
Food business field	Rice growing regions	Asia
	Dry farming and fruit growing regions	Asia, Europe, Americas
Water & environment business field	Water stress regions	Asia
	Regions dependent on natural resources	Japan
Production sites	Water stress regions	Asia, Europe, Americas

Evaluate: Results of risk assessment (1) — ENCORE analysis

The Locate analysis confirmed the business fields in which our operations are deeply intertwined with natural capital. Using ENCORE, the analytical tool recommended by the TNFD, we grouped our business fields into upstream, midstream, and downstream processes and used a heatmap to show dependence and impacts on natural capital.

In our machinery business, we have learned that agricultural practices at our customer's sites can affect land, water resources, and the quality of water and soil. At the same time, agriculture itself may rely on these resources. We have also found that agriculture, much like in the TCFD assessments, is heavily dependent on weather conditions. On the other hand, we expect construction machinery to be used in cities, so its impact on ecosystems is considered to be relatively low. Moreover, the analysis demonstrated that the atmosphere is impacted by GHG emissions generated during the use of agricultural and construction machinery.

In our water-related businesses, we have learned that our operations rely particularly on the effective use of water resources and water quality. Meanwhile, it is thought that the impact and dependency of our operations on natural capital is relatively low in the environmental business because it contributes to the effective use of resources, starting with the disposal of waste.

The analysis revealed that production activities carried out in both businesses have particular impacts and dependency on water resources. Water used in production processes that was treated prior to being discharged could potentially impact the natural environment and we recognize that our operations rely on the supply of water, which is indispensable to product manufacturing processes and day-to-day use by employees. Our business activities could also have an impact on the surrounding environment if an accident occurs at one of our production sites where a furnace is located. The analysis also indicated that GHG emissions and the generation of waste may impact the natural environment.

Assessment of Impacts and Dependency on Natural Capital in the Value Chain Based on ENCORE Analysis Results

Business	Value chain		Factors impacting natural capital (impact drivers)							Dependent ecosystem services								
			Fresh water ecosystems	Terrestrial ecosystems	Water use	Water pollution	Soil pollution	Solid waste	GHG emissions	Storm buffering	Ground stabilization	Water circulation	Surface water	Groundwater	Pollination	Water quality	Soil quality	Weather conditions
Farm & Industrial Machinery	Upstream	Component manufacturing	-	-	H	H	H	H	H	M	M	M	M	M	-	L	-	VL
		In-house production	-	-	H	H	H	H	H	M	M	H	H	M	-	L	-	VL
	Downstream	Irrigation farming	VH	VH	VH	H	H	-	H	H	H	H	VH	VH	H	H	H	H
		Rain-fed farming	-	VH	-	H	H	-	H	H	H	VH	M	-	H	VL	H	H
		Construction work	M	M	M	M	M	H	H	M	M	M	M	M	-	-	L	H
Water & Environment	Upstream	Steel production	-	-	H	-	-	H	H	-	-	M	M	M	-	-	-	VL
		Production of construction materials	H	H	H	M	-	H	H	-	-	-	VH	VH	-	L	-	-
	Downstream	Water supply services	-	-	-	L	L	-	-	-	L	VH	VH	VH	-	H	M	M
		Environmental services	-	-	-	-	-	M	-	-	-	-	VL	VL	-	-	-	-

Evaluate: Results of risk assessment (2) – regional water stress analysis

An analysis with the use of ENCORE revealed that our production activities are dependent on water resources. Also, in order to identify the risks related to the use of water resources at our production sites and to find effective responses to such water risks, the Kubota Group conducted surveys concerning water stress* for all of its production sites. The results of a survey on water stress level of a total of 67 sites in 17 countries using Aqueduct (water risk assessment tool developed by the World Resource Institute (WRI)) are as follows:

* 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))

Results of the Survey on Water Stress of Production Sites (FY2023)

Region, country		Water withdrawal by water stress level (thousand m ³) <number of sites>				
		High	High-Middle	Middle	Middle-Low	Low
Asia	Japan	0	0	1,558 <9>	1,816 <14>	1 <1>
	China	72 <1>	0	20 <2>	0	0
	Indonesia	8 <1>	0	0	0	0
	Thailand	261 <4>	11 <1>	0	0	0
	Saudi Arabia	13 <1>	0	0	0	0
	India	408 <7>	0	0	0	0
Europe	Russia	0	0	0	0.3 <1>	0
	Norway	0	0	0	0	24 <1>
	Denmark	0	0	0	36 <1>	0
	Netherlands	0	0	0	0	23 <1>
	Germany	0	0	10 <1>	0	5 <2>
	France	0	0	0.2 <1>	4 <1>	1 <1>
	Spain	0	0	1 <1>	0	0
	Poland	0	0	0	1 <1>	0
North America	Canada	0	0	0	0	180 <1>
	United States	23 <8>	0	160 <2>	0	0
Total*1		796 <24>	11 <1>	1,749 <16>	1,857 <18>	234 <8>

*1 Totals shown may differ from the simple sum of values shown due to rounding.

The survey results showed that “High” or “High-Middle” levels of water stress applied to 25 production sites, located in the Chinese city of Suzhou, central Thailand, Saudi Arabia, India, Russia, Italy, and the United States, which account for approximately 17% of the Group’s total water withdrawal. In the next “Middle” level category were 16 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 44% of total water withdrawal. Production sites in the “Middle-Low” and “Low” categories accounted for approximately 39% of total water withdrawal.

Reducing water use in water-stressed regions

The Indian state of Haryana, where Escorts Kubota Limited’s RED factory is located, has mandated the adoption of water-saving measures at factories. To reduce water use, the RED factory uses a carbon filter-based wastewater treatment system to filter domestic wastewater, which is then reused for non-potable applications, for watering green areas around the factory, and in civil engineering work. Also, wastewater discharged outside of the factory is only released after being purified at a sewage treatment plant (STP) in an effort to minimize the impact on the water environments of India, a country known to have many water-stressed regions.



Equipment that allows the reuse of wastewater



Sewage treatment plant (STP)

Assess: Results of scenario analysis
Prepare: Adopting measures

Business	Reason or ecosystem service		Summarized results of scenario analysis	Anticipated business risks and opportunities
Farm & Industrial Machinery	Impacts	Water use	<ul style="list-style-type: none"> As population growth drives up demand for water, securing enough water for irrigation purposes could prove challenging. Advancements in agricultural technology will most likely contribute to improved water efficiency. In order to maintain the health of ecosystems, restrictions aimed at limiting the impacts of agriculture and industry on water resources may be tightened. 	<p>Risks:</p> <ul style="list-style-type: none"> Crop yields will decline owing primarily to a decrease in water for agricultural use, storm and flood damage, and water and soil contamination. This could potentially affect sales of agricultural machinery. <p>Opportunities:</p> <ul style="list-style-type: none"> Stronger demand for agricultural machinery and solutions that help boost crop yields. Stronger demand for farming solutions conducive to the efficient use of water, fertilizer, and pesticides. Increased revenue from sales of agricultural machinery, construction machinery, and solutions that contribute to low- and zero-carbon agriculture.
	Dependency	Water circulation, surface water, groundwater		
	Impacts	Ecosystems (fresh water, terrestrial) Water and soil pollution	<ul style="list-style-type: none"> Greater crop yields will be needed to meet food demand as a result of population growth. Land where forests and reservoirs are currently located could be made way for more farming land. A decrease in forests and reservoirs might lead to a decline in the land's water-holding capacity and increased storm and flood damage on farming land. The excessive use of fertilizer and pesticides to boost yields could lead to a decrease in pollen transfer and the degradation of water and soil. 	
	Dependency	Storm buffering, ground stabilization Pollination		
	Impacts	GHG emissions	<ul style="list-style-type: none"> As agriculture is reliant on rainfall and temperature, climate change will affect the relocation of suitable farming land and crop production. Demand will grow stronger for farming solutions and support on transitioning to new agricultural machinery and farming methods, including self-driving equipment and smart farming practices. CO₂ emissions associated with the use of agricultural and construction machinery and GHGs generated from farming could have an impact on climate change. 	
	Dependency	Climatic conditions		
Water & Environment	Impacts	—	<ul style="list-style-type: none"> Demand for drinking water, water for industrial use, and for urban green spaces will increase owing to urban expansion and population growth. Water management with consideration for the protection of water sources and waterways and the conservation of natural resources will be strengthened. Restrictions will be enforced on the intake and discharge of water for household and industrial use in developed countries and Asia as a preventive measure against strained water resources and deteriorating water quality owing to the impacts of climate change. Demand will increase for solutions that resolve water shortages and poor water quality due to the dependency on access to stable water sources and water quality. 	<p>Opportunities</p> <ul style="list-style-type: none"> Stronger demand for efficient management and recycling of water resources. Stronger demand for solutions that encourage effective use and recycling of resources.
	Dependency	Water circulation, surface water, groundwater		
	Impacts	Waste		
	Dependency	—		
Common	Impacts	Water use Water and soil pollution Waste GHG emissions	<ul style="list-style-type: none"> Increased production will lead to the use of more water essential to the manufacturing of products and components, which could have an impact on nearby water supply volume. Greater production output will lead to increased emissions of GHGs, waste, and pollutants, which could have impacts on ecosystems and the climate if they are released into the environment. 	<p>Risks</p> <ul style="list-style-type: none"> Delays in production due to no access to water supply needed for production activities. Greater impacts on the environment from production sites will have a negative impact on surrounding ecosystems.
	Dependency	Water circulation, surface water, groundwater		

Countermeasure Strategies

Farm & Industrial Machinery business

- Minimize the negative impacts on ecosystems and habitats by providing products that contribute to greater crop yields and more appropriate rates of fertilizer application.
- Minimize the negative impacts on ecosystems by providing products that restrict excessive agrochemical and fertilizer application rates.
- Expand the provision of agricultural solutions that improve the efficient use of water for farming, suppression of deforestation, and protect habitats.
- Contribute to the reduction of CO₂ emissions at the product use stage through innovation.

Examples of our initiatives:

- Our KSAS, self-driving machinery, and other products can contribute to improved farming productivity and boost yields per unit area.
- Products like sprayers and drones can prevent excessive use of agrochemicals and fertilizer and promote more appropriate application.

Water & Environment business

- Contribute to water infrastructure development and water recycling primarily by providing water supply and sewerage pipes and engineering for water treatment plants.
- Help bring about a circular economy by providing recycling plants, such as facilities that pulverize and sort waste from so-called "urban mines" to recover metals, plastics, and other resources, and melting furnaces to extract chemical fertilizer from sewage sludge.

Examples of our initiatives:

- Kubota's submerged membrane units can remove suspended solids or organic matter and reuse treated water for non-potable applications.
- Kubota's crushing machines that pulverize waste to realize a recycling-oriented society by "producing" useful metals.
- Kubota's sludge melting process technology that can reduce the volume of waste and recover resources.

Across both businesses

- Globally promote manufacturing that allows for the efficient use of resources.
- Set targets for mitigating the factors stemming from production activities that have an impact on natural capital and promote environmental conservation globally.

2 Assessing our resilience in addressing natural capital

The Kubota Group provides technologies that align with the sustainable food systems strategy of the Japanese government, including those that aim to lower GHG emissions, limit the excessive application of pesticides and fertilizer, and establish circular agricultural practices. We believe these technologies can not only boost crop yields, but also contribute to the protection of ecosystems. We also offer solutions that support efficient water management. Going forward, we will continue to analyze and take measures against relevant business risks and opportunities to ensure that our business activities are resilient enough to address issues related to natural capital.

Promoting Continuous Conservation Activities

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

We report to the Executive Officers' Meeting on energy consumption and emissions of CO₂, waste, water, and chemicals, etc. at our production sites, as well as the status of progress on reduction measures at each site.

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

Conservation of Biodiversity around Business Sites

In FY2023, we undertook social contribution activities through biotope conservation inside our business sites and clean-up and greening of areas around sites. We also maintained environments for various living organisms and promoted protection of the natural environment and conservation of biodiversity.

Installation of Insect Hotels



We installed insect hotels on the grounds of Kubota Farm Machinery Europe S.A.S (France) in an effort to protect biodiversity.

Installation of Biotopes



At Siam Kubota Corporation Co., Ltd. (Thailand), we installed a biotope on site to conserve biodiversity.

Mangrove Planting



The employees of Kubota Procurement & Trading (Thailand) Co., Ltd., along with their family members, volunteered to expand a green tract of land by planting mangroves. Mangroves help protect biodiversity by preventing coastal erosion.

Beekeeping



At Kverneland Group Nieuw-Vennep BV (Netherlands), we installed beehives within the factory grounds. More hives were added with the help of an expert beekeeper, so there are now four hives in total.

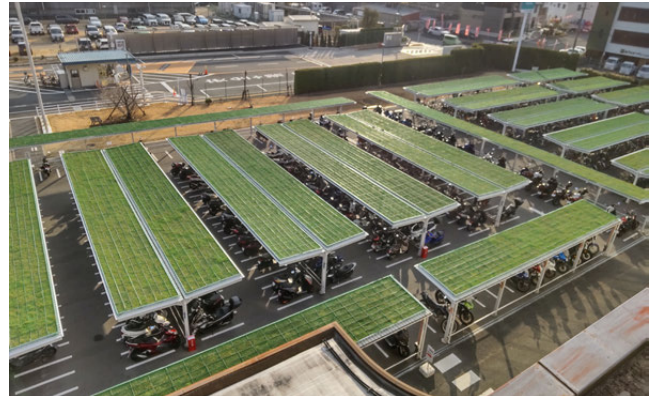
Conservation of Biodiversity around Business Sites

Releasing Young Fish



At Siam Kubota Metal Technology Co., Ltd. (Thailand), we collaborated with the local government and companies to release juvenile fish.

Rooftop Greening of Bicycle Parking Area



At the Kubota Hirakata Plant (Japan), we established a green space on the rooftop of the enclosed bicycle parking area as a way of greening the premises.

Promoting Social Contribution Activities

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

For other social contribution activities, please refer to page 119.



At the Kubota Sakai-Mihara Plant (Japan), we carried out cleaning activities along the sidewalks around the company, removing weeds and pruning shrubs.



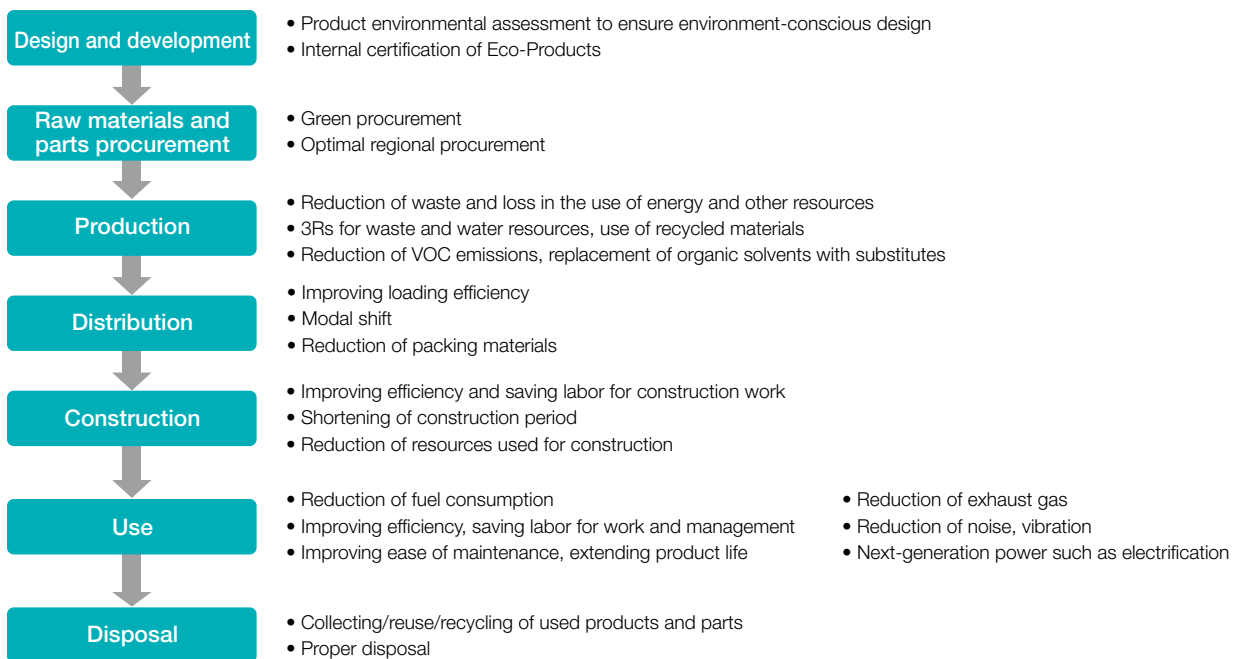
The Kubota Global Institute of Technology (Japan) conducted beautification activities as a part of the joint campaign with Osaka Prefecture.

Expanding Environment-conscious 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-conscious products and services. The Group conducts environmental assessment of products in the design and development stages, and promotes environment-friendliness over the entire product lifecycle, from the procurement of raw materials to the disposal of products. The Group internally certifies exceptionally environment-conscious products as Eco-Products, and is working to expand its lineup of certified products.

Environmental Considerations in the Product Lifecycle

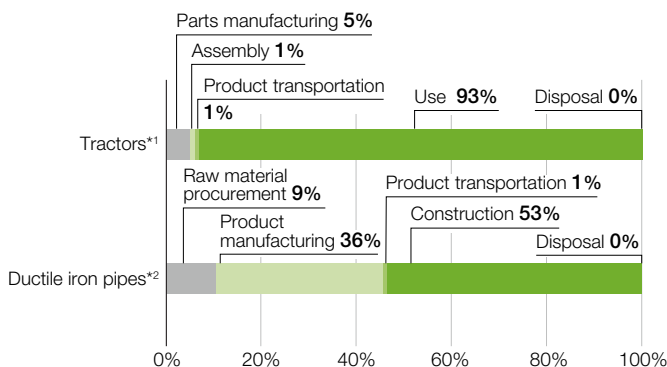
Major Initiatives to Ensure Environment-friendliness



Analysis of Greenhouse Gas Emissions in the Product Lifecycle

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 lifecycle assessment (LCA) for its major products to determine the amount of greenhouse gas emissions over each product lifecycle. The results of the LCA were subject to third-party review in 2014 by the Japan Environmental Management Association for Industry.

Results of LCA: Proportions of Greenhouse Gases



*1 LCA results for tractors were calculated based on the assumption of towing and transporting work for 5,000 hours by the M9540DTHQ-EC agricultural tractor in France.

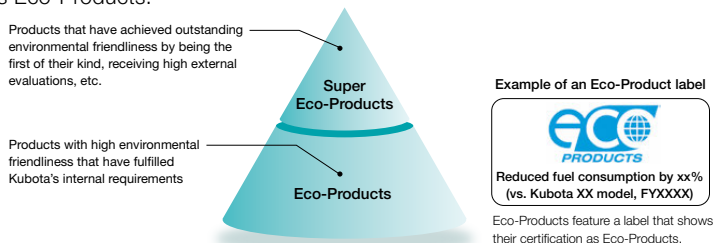
*2 LCA results for ductile iron pipes were calculated based on the data reported in the "Study on Piping Technologies for Sustainable Water Supply Service" (Japan Water Research Center). The proportions of raw material procurement, manufacturing, and product transportation were determined according to Kubota's CO₂ emissions data.

Greenhouse gases emitted in the use stage account for around 90% in the lifecycle 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 lifecycle vary depending on the product type. The Kubota Group enhances its environment-conscious products and services by reflecting the results of the analysis of environmental loads in the product lifecycle in its environment-conscious design development.

Internal Certification System for Eco-Products

Regarding the Internal Certification System for Eco-Products

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

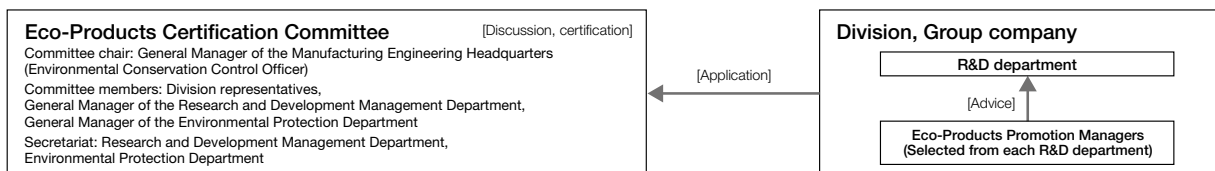


- Five basic items for environmental conservation**
- Mitigating and Adapting to Climate Change
 - Working towards a Recycling-based Society
 - Conserving Water Resources
 - Controlling Chemical Substances
 - Conserving Biodiversity

Evaluation items	Evaluation criteria examples
1. Energy saving (CO₂ reduction) Reducing energy consumption during production, transportation, construction and use, etc.	<ul style="list-style-type: none"> • Does the product use less energy (or reduce CO₂ emissions) during the production process compared to conventional products? • Does the product use less energy (or reduce CO₂ emissions) during transportation/construction compared to conventional products? • Does the product use less energy (fuel, power, etc.) (or reduce CO₂ emissions) during use compared to conventional products?
2. Resource saving Reducing weight and volume, extending product life, etc.	<ul style="list-style-type: none"> • Does the product use fewer resources during its transportation/construction compared to conventional products?
3. Recycling Using recycled materials and recycled rare metals, etc.	<ul style="list-style-type: none"> • Do the product / its components have a materials label, or provide information about the materials?
4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.	<ul style="list-style-type: none"> • Have steps been taken to ascertain whether the product contains substances specified in the RoHS Directive?
5. Information disclosure Notes about energy-saving operations, recycling and disposal, etc.	<ul style="list-style-type: none"> • Are environmental hazard warnings for when the product is being installed, used, cleaned, repaired, or discarded provided on the machinery itself or in its instruction manual?

Eco-Products Certification Committee

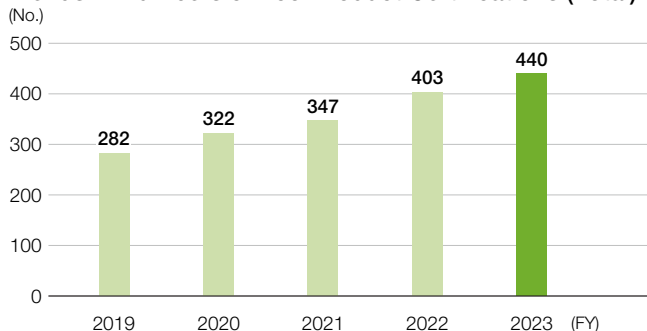
The Eco-Products Certification Committee, chaired by the General Manager of the Manufacturing Engineering Headquarters, consists of the committee members elected from each Division, as well as the Research and Development Management Department and the Environmental Protection Department. Upon receiving 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.



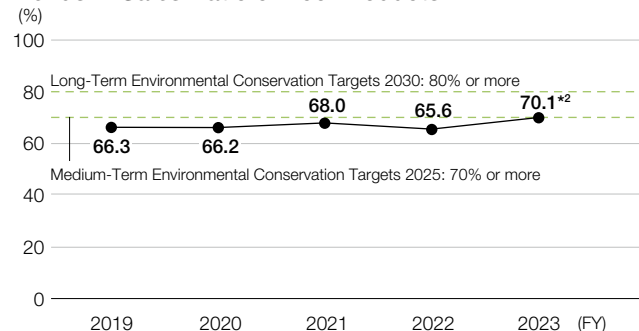
The Pathway to Expanding Certified Eco-Products

Based on our internal certification system established for Eco-Products, the Kubota Group certified an additional 37 products in FY2023, bringing the total number of certified Eco-Products to 440. The sales ratio of Eco-Products was 70.1% versus the Medium-Term Environmental Conservation Targets 2025 of 70% or higher. Also in FY2023, two of our electric tractors—both of which have earned favorable reviews in the market—were newly certified as Super Eco-Products. Going forward, we will expand our Eco-Products lineup by continuing to promote the development of environment-conscious products demanded by our customers and society, including products that are energy-saving, lightweight, miniaturized, long-lived, easy maintenance, and compliant with environmental regulations.

Trends in Numbers of Eco-Product Certifications (Total)



Trends in Sales Ratio of Eco-Products*1



*1 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
 *2 From FY2023, sales of TXAX, the ceramic material have been excluded from the calculations because TXAX is considered to be a part. If TXAX was included, the FY2023 sales ratio of eco-products would come to 69.9%.



Products Certified as Super Eco-Products in FY2023

Electric Tractors

Electric tractors do not burn fuel or emit exhaust gas while in operation and therefore do not release any CO₂ or air pollutants. And compared to products equipped with a diesel engine, they can reduce CO₂ emissions.



Farmtrac 25G (Electric)
(for Europe and North America)



LXe-261
(for Europe)

Escorts Kubota Limited in India commenced the production of electric tractors in 2020 for sale in the European and North American markets. It has received a stack of awards in Europe, including “Climate Positive Award” from the UK-based NGO Green Cross. It is capable of reducing CO₂ emissions by more than 30%* while in operation compared to conventional products equipped with a diesel engine of the same horsepower.

In 2023, Kubota started providing a long-term electric tractor paid rental service to public agencies in Europe. This tractor took home a silver medal at Germany’s “demopark 2023” exhibition. It is capable of reducing CO₂ emissions by more than 50%* while in operation compared to conventional products equipped with a diesel engine of the same horsepower.

Key certification point

Mitigating and Adapting to Climate Change

By electrification, it reduces CO₂ emissions and emits no exhaust gas









Working towards a Recycling-based Society

Component materials are labeled and disposal warning information is provided
Reduces substances specified in the RoHS Directive

Main areas of environmental consideration in the product's lifecycle				
Procurement production	Distribution	Construction	Use	Disposal
			●	●

* Comparisons made using destination-based emission coefficients. Based on Kubota research as of October 2023.

Products Certified as Eco-Products in FY2023 (excerpt)

 <p>Tractor MR700H-GS (Japan)</p> <p>Compliance with Japan MLT 4th non-road vehicle emission regulation (37 kW and above, below 56 kW; 2014 regulations)</p> <p>Compliance with exhaust gas regulations</p>	 <p>Tractor Euro60 CRDI (India)</p> <p>Compliance with India Bharat Stage IV emission regulation (rated power 37 kW and above, below 56 kW)</p> <p>Compliance with exhaust gas regulations</p> <p>Kubota Escorts Kubota Limited</p>
 <p>Construction machinery Mini excavator KX155-6 (China)</p> <p>Compliance with China Stage IV emission regulation (rated power below 37 kW)</p> <p>Compliance with exhaust gas regulations</p>	 <p>Construction machinery Mini excavator A333 (Japan)</p> <p>Fuel consumption reduced by 12%*</p> <p>Compliance with Japan MLIT low-emission construction machinery (3rd regulation)</p> <p>Saving energy</p> <p>Compliance with exhaust gas regulations</p>
 <p>Utility vehicle RTV-X1130 (North America)</p> <p>Compliance with US EPA Tier 4 emission regulation (rated power below 19 kW)</p> <p>Compliance with exhaust gas regulations</p>	 <p>Construction machinery Compact track loader SVL75-3 (North America)</p> <p>Compliance with US EPA Tier 4 emission regulation (rated power 37 kW and above, below 56 kW)</p> <p>Compliance with exhaust gas regulations</p>
 <p>Weighing Equipment Explosion-proof indicator KC-EX</p> <p>CO₂ emissions during operation reduced by 56%* Product weight reduced by 14%*</p> <p>CO₂ reduction</p> <p>Conserving resources</p>	 <p>Horizontal type water-cooled diesel engine ZT180DI</p> <p>Fuel consumption reduced by 6%*</p> <p>Saving energy</p>

Managing Used Products

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

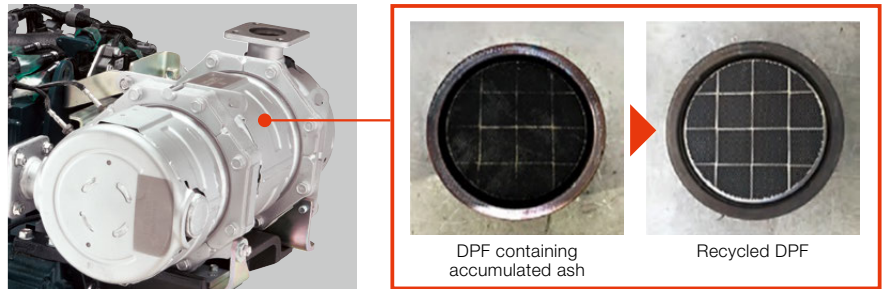
Siam Kubota Corporation Co., Ltd. in Thailand manufactures and sells tractors, combine harvesters, cultivators, diesel engines, and other machinery. In addition to this, it repairs and refurbishes machinery traded in by customers when they purchase a new product and provides assistance to the dealers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

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

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

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

DPF muffler



Provision of recycled products under the DPF Eco Program

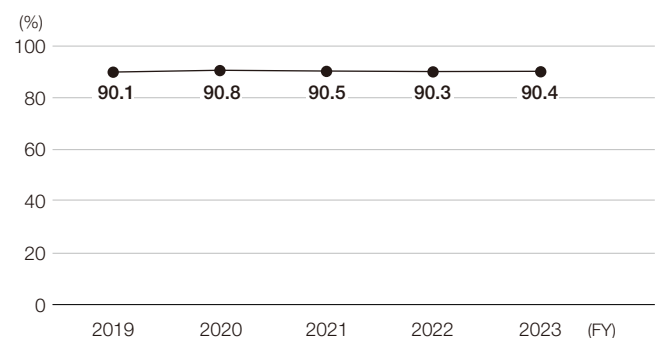
Recycled Products

The ductile iron pipes, fittings, and machine cast products (such as engine crankcases, cylinder heads, and transmission cases) manufactured by the Kubota Group are produced mainly from scrap iron collected from external sources and within our plants. Iron can be turned into new products without significant quality degradation during the recycling process because impurities are largely removed. As one of the Medium-Term Environmental Conservation Targets 2025, we aim to maintain the usage ratio of recycled material of at least 70% in order to promote the use of recycled materials.



Ductile iron pipe manufactured from mostly scrap iron

Usage Ratio of Recycled Materials (%)^{*1,2}



^{*1} Usage ratio of recycled materials in cast metal products and parts manufactured by the Kubota Group, such as ductile iron pipes, fittings, and machine cast products (engine crankcases, etc.).

^{*2} From FY2023, the calculation method has been changed to exclude old pig iron generated within the same business site from the calculations. This has been applied retroactively.

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.

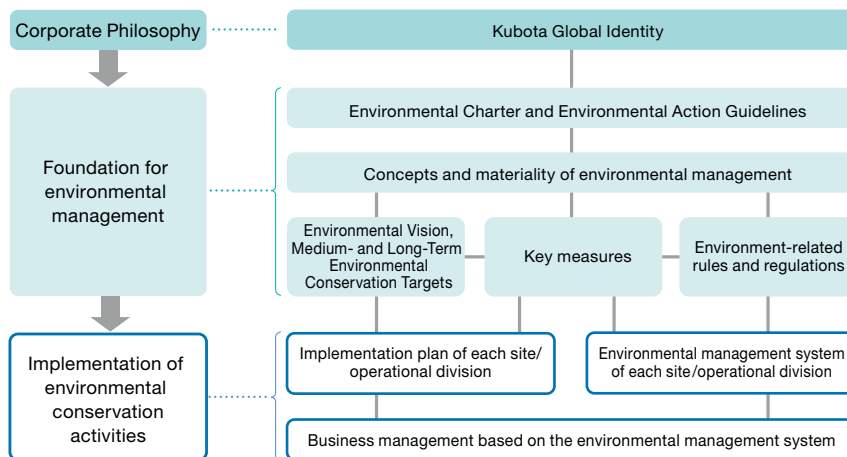
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance 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 FY2023 we had two cases of inappropriate disposal of waste and two cases of wastewater exceeding regulation levels in Japan. We investigated any impacts on the surrounding environment and are working to prevent a recurrence. We were not subject to any fines or punishments.

The Kubota Group's Environmental Management System

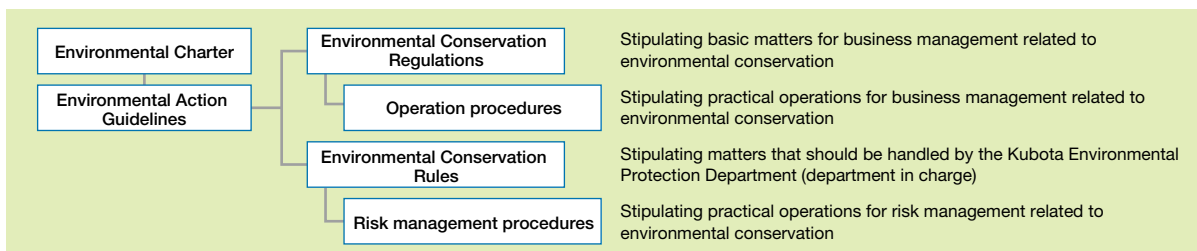
The diagram below shows the structure of the environmental management system of the Kubota Group.



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 versions of these rules and regulations are available on the Group portal site, allowing employees around the world to refer to them.

Environmental Auditing

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

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

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

FY2023 Environmental Audit Implementation Status

- Number of sites: 287 (274 sites and 13 agricultural machinery sales companies)
- Number of audit items: 29 (for production sites) up to 54 (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



Kubota Itami Office (Japan)

* The environmental audit involves both on-site and remote audits.

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	25	80	13 companies*1	85	44	8	255
	Number of audit items	45	42	54	54	39	31	
Overseas group companies	Number of sites audited	32	—	—	—	—	—	32
	Number of audit items	29	—	—	—	—	—	

*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 (Japan)

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 Agricultural Machinery (Suzhou) Co., Ltd. (China)

Drills for Responding to Abnormal and Emergency Situations

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

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



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

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

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

At the same time, the Group has stipulated internal rules for conducting on-site investigations of industrial and other recyclable waste treatment contractors, as well as purchasers of valuable resources. With the use of a system for sharing investigation reports, we are taking steps to spread the load of handling investigation tasks and to make them more efficient.

In FY2023, on-site investigations were conducted only at sites where on-site checking was required due to local government ordinances and so forth. At other sites, we conducted investigations based on published information of treatment contractors and so forth. Looking ahead, we will continue to conduct investigations that increase validity to promote appropriate treatment.

Green Procurement

Green Procurement Guidelines

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

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

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



For details on the Kubota Group's Green Procurement Guidelines, click here

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



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

Award System for Green Procurement

The Green Supplier Award System was launched in 2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation, for the purpose of procuring goods with less environmental impact. The awards are presented annually.

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 2023, of the 135 environmental conservation activities that were submitted from our suppliers in Japan, 13 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.



FY2023 Awarding ceremony (January 2024)

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 2023

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

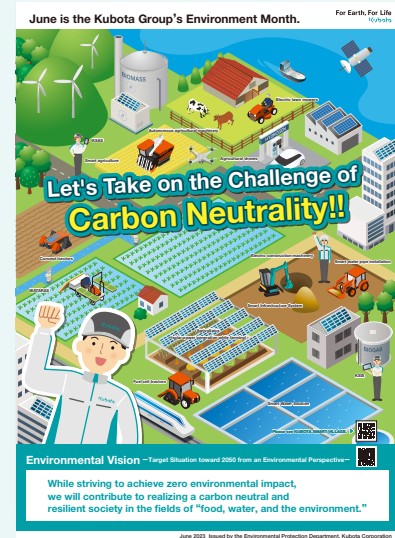
Classification	Course title	Frequency	No. of participants	Course description
Education by employee-level	ESG Forum for executive management	1	470	Lecture titled “Climate Change, Water, Resources, and Biodiversity: Environmental Issues Surrounding Kubota’s Business and Their Countermeasures” by Professor Taikan Oki (PhD), Special Advisor to the President, and Professor at Graduate School of Engineering, The University of Tokyo
	Training for new employees in staff positions	1	329	Global and local environmental issues and the Kubota Group’s environmental conservation activities
	Training for newly appointed foremen	1	6	The Kubota Group’s environmental management and efforts as foremen
	Training for newly appointed supervisors	2	52	The Kubota Group’s environmental management and efforts as supervisors
Professional education by subject	Basics of environmental management	1	18	Basic knowledge of environmental legal systems, environmental risk, and environmental conservation
	Waste management (Basic)	2	58	Waste Management and Public Cleansing Law and waste management
	Waste management (Advanced)	1	11	Waste management and resource recycling-related laws and waste management and reduction
	Environment-related facility management	1	9	Pollution prevention-related laws and pollution prevention technologies
	ISO 14001 introductory course	1	17	Overview of ISO 14001
	Education to train ISO 14001 environmental auditors	2	53	The ISO 14001 standard, environment-related laws, audit techniques
e-learning	Environmental management of overseas production sites	1	1,016	Key points of the Kubota Group’s environmental management rules for overseas production sites
Total		14	2,039	

Environment Month Report

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

The Kubota Group designates June of each year as “Environment Month” and promotes various programs to raise awareness among its employees. In 2023, we implemented activities with the theme of “Let’s Take on the Challenge of Carbon Neutrality!!”

As one of our Environment Month activities, we held the Kubota Eco Challenge, an environmental photo contest in which Group employees and their families around the world post photographs of eco activities at their workplaces and homes.



Environment Month poster (2023)



Use of compostable containers



Picking up rubbish from kayaks



Water-saving measures across all manufacturing departments

Environmental Achievement Awards

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

In FY2023, environmental conservation activities were evaluated in five categories: production, non-production, products, education and awareness-raising, and social contributions. Twenty-seven activities were recognized with an award for achievements in energy saving, waste reduction, VOC reduction, development of environment-conscious products, and educational and awareness-raising activities. Two of these were awarded 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 motivating environmental conservation activities.

Environmental Achievement Award Excellent Prize in 2023

Category	Company, department	Theme
Production	Siam Kubota Corporation Co., Ltd. (Thailand)	Working towards Net Zero-emission
Non-production	Kubota Global Institute of Technology (KGIT) (Japan)	Project aimed at realizing “environmentally friendly facilities that make contributions to society” in KGIT construction

Environmental Achievement Awards in 2023 by categories

Category	Classification, No. of winners
Production	Excellent Prize: 1, Encouragement Award: 12
Non-production	Excellent Prize: 1, Encouragement Award: 4
Product	Encouragement Award: 5, Special Award: 1

Category	Classification, No. of winners
Education and awareness-raising	Education and Awareness-Raising Award: 2
Social contributions	Social Contributions Award: 1

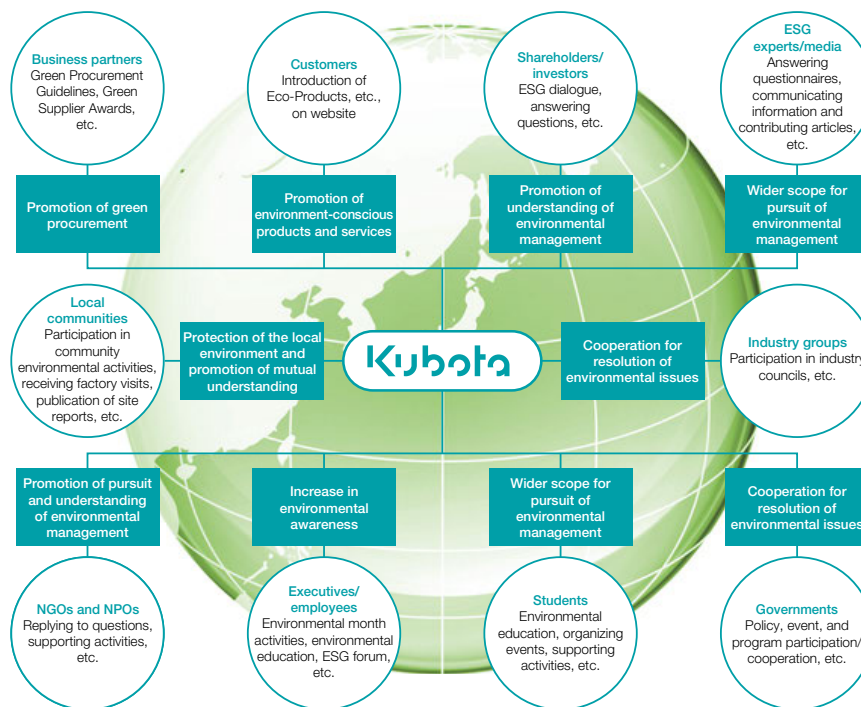
Environmental Communication

Since it published its first Environmental Report in FY1999, the Kubota Group has continued to disclose environmental information. Along with the globalization of its businesses, the Group has enhanced the content of the environmental information it discloses, to allow the Group's global initiatives to be better understood. To expand and improve disclosures further, the Group will continue to engage in dialogue with stakeholders and further disclose information in line with international standards, such as the environmental reporting guidelines of the Japanese Ministry of the Environment, the GRI Standards, the recommendations of the TCFD and the TNFD, and the EU's Corporate Sustainability Reporting Directive.

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 supports the Decokatsu (decarbonization and eco) national movement that encourages changes in the behavior and lifestyles of citizens and consumers, as well as the Water Project



Zero-Emissions Challenge logo

to raise awareness concerning water circulation and conservation of the water environment. In addition, the Group was also selected as a “Zero-Emissions Challenge” company in the Ministry of Economy, Trade and Industry’s project for promoting innovation to realize a decarbonized society.

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), Taskforce on Nature-related Financial Disclosures (TNFD), Keidanren Initiative for Biodiversity Conservation

Supporting the TCFD and TNFD Recommendations

The Kubota Group considers mitigating and adapting to climate change to be one of the material issues for environmental management. We are making efforts to respond to climate change through environment-conscious products, technologies, services, and corporate activities. Also, our business activities depend on natural capital and have the potential to impact it. We are therefore committed to the conservation of biodiversity and natural capital through our business activities so that we can continue to implement sustainable management practices. To further enhance stakeholder communication, we demonstrated our support of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in January 2020. And in February 2024, we announced our support of the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and signed up as a TNFD Adopter.



Participation in JCI activities

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



Dialogue and Collaboration with Local Governments

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

• Major collaborating groups/partners

Osaka City “Environmental Management Promotion Council” sponsored flowerbeds in front of the Kyuhoji Green Space in Osaka Prefecture, and so on.

Receiving Environmental Awards

Kubota Earns CDP's Highest Rating for Both Climate Change and Water Security

Kubota has been selected as an A-list company in both the Climate Change and Water Security*¹ categories by CDP*², a non-profit organization that examines and discloses international environmental information. This marks the first time we have been selected for the A list in the Climate Change category and the fifth time in the Water Security category.

*1 An information disclosure program concerning corporate climate change action and water security. CDP requests companies to identify and assess climate-related and water-related business risks and opportunities, and to disclose information on the formulation and implementation of policies and strategies. The results are rated on an 8-point scale, with A List being the highest rating. Companies that demonstrate best practices in climate change and water security are selected for the A List.

*2 CDP is an international non-profit organization with a global system for corporate and municipal environmental information disclosure. Since its establishment in 2000, CDP has been at the forefront of initiatives that leverage capital markets and corporate purchasing power to encourage companies to disclose environmental impacts, reduce greenhouse gas emissions, and protect water resources and forests. Currently, over 740 institutional investors worldwide have entrusted CDP with disclosure requests, with total assets under management exceeding \$136 trillion. In 2023, companies and municipalities equivalent to two-thirds of the world's market capitalization reported climate and water-related activities through CDP.



Kubota Global Institute of Technology Honored at 2023 Osaka Environmentally Friendly Architecture Awards

The Kubota Global Institute of Technology (Japan) received the Governor of Osaka Prefecture Award at the 2023 Osaka Environmentally Friendly Architecture Awards.

It earned high praise for its utilization of top lighting-based natural light, energy efficiency owing to task-ambient lighting, natural ventilation incorporating superior airflow, and the reduction of air-conditioning energy with the installation of high-efficiency systems, as well as the use of solar power generation for natural energy. The institute also takes the recycling of water resources into account. For example, it reuses canteen wastewater and lets rain water soak into the ground via architectural water features.



Exterior view of the Kubota Global Institute of Technology (Japan)

Siam Kubota Corporation Co., Ltd. Wins Award for Reducing Greenhouse Gas Emissions

The theme of the ECO Innovation Forum in 2023 was "MIND INSPIRE for Eco 2023." At this event, Siam Kubota Corporation Co., Ltd. (Thailand) received an award for excellence in lowering its greenhouse gas emissions. This event was jointly hosted by the Industrial Estate Authority of Thailand and the Federation of Thai Industries (Water and Environment Institute for Sustainable Development). The award was presented by the Deputy Minister of Industry at the Bangkok International Trade & Exhibition Centre (BITEC) in September 2023.



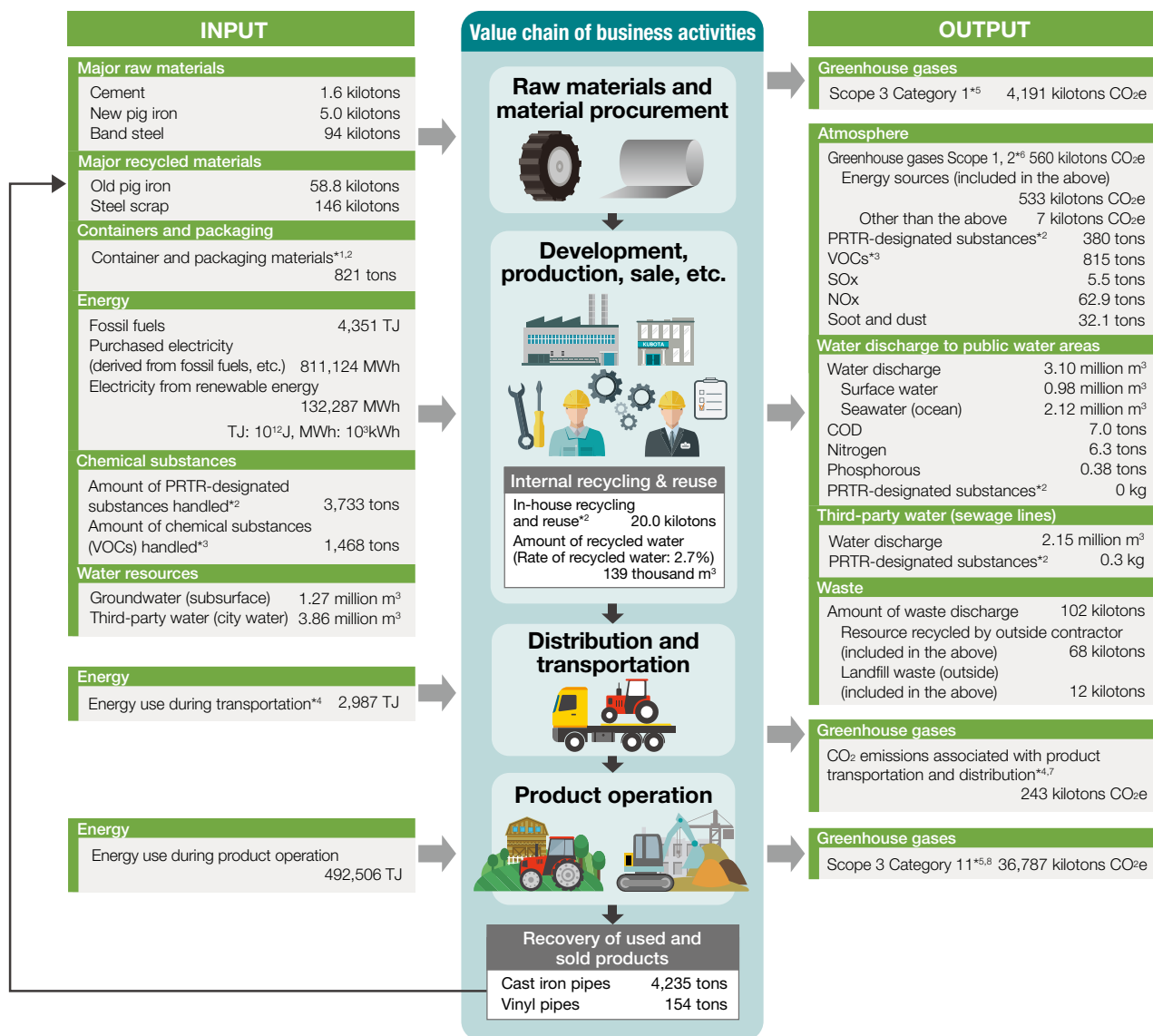
"ECO Innovation Forum 2023" awards ceremony

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 FY2023. 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 FY2023)



*1 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, Japan

*2 Data for Japan

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

*4 Data for Japan and data associated with the overseas shipping of certain products from Japan, excluding procurement and transportation

*5 For Greenhouse gases Scope 3, only parts of the categories are presented. For more details, see the CO₂ Emissions throughout the Value Chain (p.35).

*6 CO₂ emissions refers to emissions from all Kubota Group sites (100%).

*7 CO₂ emissions excluding procurement and transportation from Scope 3 Category 4





*8 From FY2023, the boundary of products subject to calculation was changed.




For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

Trends in Major Environmental Indicators

Energy

Environmental indicators			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Energy	Amount of fossil fuel consumption	Overall 	TJ	4,641	4,400	4,732	4,664	4,351
		Natural gas included in the above	TJ	2,561	2,450	2,690	2,696	2,447
	Amount of electricity consumption derived from fossil fuels	Amount of purchased electricity (derived from fossil fuels, etc.) 	MWh	756,013	708,209	770,262	808,528	811,124
		Amount of electricity from cogeneration	MWh	2,274	2,398	2,597	2,326	2,429
	Amount of electricity consumption from renewable energy 	Amount of solar power generation (generated and consumed on site)	MWh	2,604	5,683	6,244	10,179	14,434
		Amount of purchased electricity (from renewable energy)	MWh	0	0	5,184	58,005	132,287
Environmental indicators			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Energy	Energy consumption 		TJ	12,075	11,362	12,319	12,642	11,487


CO₂ Emissions

Environmental indicators			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Greenhouse gases	Scope 1, 2* ¹ 		kilotons CO ₂ e	630	570	613	585	560
		Energy sources	kilotons CO ₂ e	623	564	607	578	553
		Other than the above	kilotons CO ₂ e	7	6	6	7	7

Resources and Materials

Environmental indicators			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Major raw materials	Cement		kilotons	3.4	2.8	2.4	2.0	1.6
	New pig iron		kilotons	8.8	6.4	7.8	6.1	5.0
	Band steel		kilotons	112	100	114	109	94
Major recycled materials	Old pig iron		kilotons	74.2	69.2	77.0	62.4	58.8
	Steel scrap		kilotons	183	172	177	161	146
Containers and packaging	Container and packaging materials (Japan)* ²		tons	973	879	1,005	881	821

Waste

Environmental indicators			Unit	FY2019	FY2020	FY2021	FY2022	FY2023	
Waste, others	Amount of waste discharge* ³ 		kilotons	113	100	117	112	102	
		Hazardous/non-hazardous waste	Hazardous waste	kilotons	5.5	6.1	6.3	6.3	7.1
	Non-hazardous waste* ⁴		kilotons	108	94	111	105	95	
	By treatment category	Resources recycled by outside contractor		kilotons	79	66	79	75	68
		Landfill waste (outside)		kilotons	12	11	13	11	12

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

*2 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, Japan


*3 Totals shown may differ from the simple sum of values shown due to rounding.

*4 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.92).

Water Resources

Environmental indicators	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Water withdrawal 	million m ³	4.59	4.36	4.61	5.12	5.13
Surface water		0.00	0.00	0.00	0.00	0.00
Groundwater (subsurface)		0.87	0.79	0.80	1.31	1.27
Seawater (ocean)		0.00	0.00	0.00	0.00	0.00
Produced water		0.00	0.00	0.00	0.00	0.00
Third-party water (city water ^{*1})		3.72	3.57	3.81	3.81	3.86

Environmental indicators	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Water withdrawal from water-stressed regions	million m ³	0.24	0.25	0.30	0.70	0.80
Surface water		0.00	0.00	0.00	0.00	0.00
Groundwater (subsurface)		0.00	0.01	0.05	0.40	0.38
Seawater (ocean)		0.00	0.00	0.00	0.00	0.00
Produced water		0.00	0.00	0.00	0.00	0.00
Third-party water (city water ^{*1})		0.24	0.24	0.25	0.30	0.42

Water System Discharge

Environmental indicators	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total water discharge in all regions 	million m ³	4.77	4.37	4.88	5.01	5.25
Surface water		1.39	1.31	1.46	1.10	0.98
Groundwater (subsurface)		0.00	0.00	0.00	0.00	0.00
Seawater (ocean)		1.87	1.70	1.90	1.93	2.12
Third-party water (sewerage)		1.51	1.36	1.52	1.98	2.15
Effluent discharge						
COD ^{*2} 	tons	7.6	5.8	6.3	5.5	7.0
Nitrogen discharge ^{*2} 	tons	6.2	5.8	6.2	6.3	6.3
Phosphorous discharge ^{*2} 	tons	0.30	0.30	0.34	0.35	0.38
Amount of PRTR-designated substances released (Japan: public waters)	kg	0.6	0.4	0.0	0.0	0.0
Amount of PRTR-designated substances transferred (Japan: sewerage)	kg	0.2	0.4	0.5	0.4	0.3


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

*2 Calculations until FY2022 are for sites in Japan subject to total volume control under the Water Pollution Prevention Act. Calculations from FY2023 are for sites in Japan and overseas that discharge into public waters and are subject to concentration regulations and measurement reporting obligations.




For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

Chemical Substances

Environmental indicators		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Chemical substances	Amount of PRTR-designated substances handled (Japan)	tons	4,918	4,276	4,426	4,385	3,733
	Amount of chemical substances (VOCs) handled* ^{1,2} 	tons	1,412	1,291	1,302	1,433	1,468

Atmospheric Discharge

Environmental indicators		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Atmosphere	Amount of PRTR-designated substances released (Japan)	tons	449	403	408	369	380
	VOC emissions* ^{1,2} 	tons	575	541	565	737	815
	SOx emissions* ^{3,4}	tons	3.9	7.9	2.9	5.3	5.5
	NOx emissions* ³	tons	47.3	50.8	56.1	65.3	62.9
	Soot and dust emissions* ³	tons	11.1	16.3	19.2	37.2	32.1

*1 VOCs (volatile organic compounds) refer to the substances that are most prevalent in the emissions of the Kubota Group. Up until FY2022, there were six substances: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene. From FY2023 there have been five substances: xylene, toluene, ethylbenzene, styrene, and trimethylbenzene.

*2 Figures for FY2022 have been adjusted in order to improve accuracy.

*3 Japan data is for facilities that generate soot and smoke and are regulated by the Air Pollution Control Act. Overseas data from FY2019 through FY2021 is for facilities subjected to measurement requirements under local laws and regulations where business sites are located. Data for FY2022 onward is for facilities subjected to measurement requirements under local laws and regulations where business sites are located for SOx, NOx, and soot and dust generated from the use of fuel, the incineration of other matter, or electricity as a heat source.

*4 If sulfur contained in the slag managed onsite by some sites in Japan is included, SOx emissions is 5.3 tons for FY2019, 4.3 tons for FY2020, 5.0 tons for FY2021, and 4.9 tons for FY2022. Since FY2023 there has been no slag managed onsite.



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

Calculation Results of PRTR-designated Substances

FY2023 Results of PRTR Reporting (Japan)

PRTR control number	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
53	Ethylbenzene	115,677	0.0	0.0	0.0	0.0	15,337
80	Xylene	158,980	0.0	0.0	0.0	0.0	18,229
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	3,538
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	2.1
188	N,N-Dicyclohexylamine	0.0	0.0	0.0	0.0	0.0	0.0
240	Styrene	17,130	0.0	0.0	0.0	0.0	0.0
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	61,326	0.0	0.0	0.0	0.0	11,964
302	Naphthalene	1,006	0.0	0.0	0.0	0.0	0.0
308	Nickel	4.7	0.0	0.0	0.0	0.0	296
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
392	Hexane	32	0.0	0.0	0.0	0.0	0.0
400	Benzene	5.1	0.0	0.0	0.0	0.0	0.0
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	51,375
448	Methylenebis (4,1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	0.0
567	Di-2-ethylhexyl adipate	0.0	0.0	0.0	0.0	0.0	0.0
585	alpha-(Isocyanatobenzyl)- omega-(isocyanatophenyl) poly[(isocyanatophenylene)methylene]	0.0	0.0	0.0	0.0	0.0	0.0
594	Ethylene glycol monobutyl ether	0.0	0.0	0.0	0.0	0.0	0.0
664	Organic tin compounds (except for Bis(tributyltin) oxide)	0.0	0.0	0.0	0.0	0.0	6.8
691	Trimethylbenzene	23,966	0.0	0.0	0.0	0.0	8,196
697	Lead and its compounds	84	0.0	0.0	0.0	0.3	3,651
737	Methyl isobutyl ketone	1,827	0.0	0.0	0.0	0.0	1,414
Total		380,038	0.0	0.0	0.0	0.3	114,009

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 (designated substances after the amended PRTR law ordinance came into effect on April 1, 2023)

Unit: kg/year

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



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.92).

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	Main costs	FY2022		FY2023	
		Investment	Costs	Investment	Costs
Within the business area cost		1,472	2,994	1,038	3,146
Local environmental conservation cost	Cost of preventing air and water pollution, soil contamination, noise, and vibration.	736	509	313	645
Global environmental conservation cost	Prevention of climate change, etc.	703	1,054	720	1,224
Resource recycling cost	Cost of treating, disposing, reducing, minimizing, and recycling waste, as well as efficiently utilizing resources	33	1,431	5	1,277
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	23	0	25
Management activities cost	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	6	1,833	8	2,032
R&D cost	R&D for reduction of product environmental load and developing environment conservation equipment	2,237	10,879	2,136	15,233
Farm & Industrial Machinery		822	6,124	641	8,990
Water & Environment		948	3,341	641	3,432
Common		467	1,414	854	2,811
Social activities cost	Local cleanup activities, and membership fees and contributions to environmental groups, etc.	0	1	0	1
Environmental remediation cost	Contributions and impositions, etc.	0	106	0	88
Total		3,715	15,836	3,182	20,524

Total capital investment (including land) for the corresponding period (consolidated data)	147,000
Total R&D costs for the corresponding period	100,100

Environmental Conservation Effects

Effects	Items	FY2022	FY2023
Environmental effects related to resources input into business activities	Energy consumption (TJ)	7,294	6,530
	Water withdrawal (million m ³)	3.54	3.64
Environmental effect related to waste or environmental impact originating from business activities	CO ₂ emissions (energy-related CO ₂) (kilotons CO ₂ e)	367	340
	SO _x emissions (tons)	2.0	1.0
	NO _x emissions (tons)	27.6	29.3
	Soot and dust emissions (tons)	5.4	4.1
	Releases and transfers of PRTR-designated substances (tons)	506	494
	Waste discharge (kilotons)	65.6	61.6
	Waste to external landfills (kilotons)	2.2	1.8

Economic Effects

(Yen in millions)

Classifications	Details	Annual effects of the year ended December 31, 2023
Energy conservation measures	Improve the operations of production facilities, fuel conversion, and switch to more efficient lighting and air-conditioning systems	196
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	2,135
	Sales of valuable resources	2,463
Total		4,794

<Environmental accounting principles>

1) The period is from January 1, 2023 to December 31, 2023.

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) "Costs" 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 December 2023, 48 (coverage rate* of 89.6%) of the Group's production sites worldwide have acquired an environmental management system certification. In Japan, all of its 24 production sites (coverage rate* of 100%) have acquired ISO 14001, and 24 overseas sites (coverage rate* of 76.9%) acquired ISO 14001 certification or other equivalent certification. The Kubota Group will continue to work on expanding its coverage ratio.

* Coverage rate is calculated on a production money amount basis



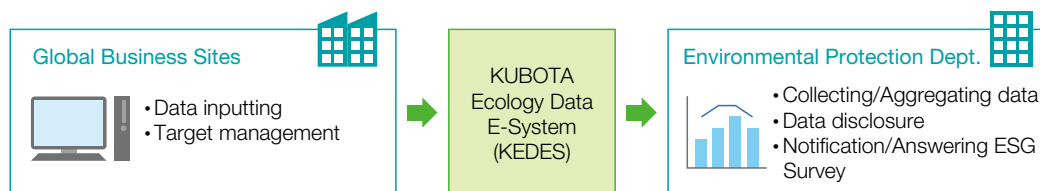
For details on the Kubota Group's Status of Environmental Management System Certification Acquisition, click here

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 withdrawal, and VOC emissions, etc.

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



Period and Organizations Covered by Environmental Data

FY	Period		Organizations covered (No. of companies)			
	Data in Japan	Overseas data	Kubota/Consolidated subsidiaries* ³			Affiliated companies accounted for under the equity method* ⁴
			Japan	Overseas	Total	
2014	April 2014 to March 2015	January 2014 to December 2014	53	103	156	12
2015	April 2015 to March 2016	January 2015 to December 2015* ¹	51	102	153	13
2016	January 2016 to December 2016	January 2016 to December 2016* ²	48	125	173	12
2017	January 2017 to December 2017	January 2017 to December 2017	49	125	174	9
2018	January 2018 to December 2018	January 2018 to December 2018	49	124	173	8
2019	January 2019 to December 2019	January 2019 to December 2019	49	126	175	8
2020	January 2020 to December 2020	January 2020 to December 2020	45	128	173	8
2021	January 2021 to December 2021	January 2021 to December 2021	45	130	175	8
2022* ⁵	January 2022 to December 2022	January 2022 to December 2022	45	155	200	9
2023	January 2023 to December 2023	January 2023 to December 2023	43	156	199	10

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

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

From FY2017, the data for all of the GP Group sites is calculated based on results.

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

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

*⁵ In FY2022, the environmental data for the companies acquired is collected since the acquisition months, ROC S.r.l. from January, Escorts Kubota Ltd. (EKL) and Pulverizadores Fedde, S.L.U. from April, Kubota Gianni Ferrari S.r.l. from August, and Kubota Brabender Technologies GmbH from October, respectively. EKL data has been estimated for its 49 non-production sites, with the exception of the seven production sites and two primary non-production sites.

Energy and CO₂-related

Indicator (unit)	Calculation method
Number of companies/ production sites	<ul style="list-style-type: none"> All sites of Kubota, consolidated subsidiaries (199 companies), and affiliated companies (10 companies) including production sites (72 sites) are covered.
Energy use (J)	<ul style="list-style-type: none"> Energy use = Amount of electricity consumed at business sites × per-unit heat value + Σ [amount of each fuel consumed × per-unit heat value of each fuel] Energy consumption does not include electricity from cogeneration. Per-unit heat value is determined in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, Japan.
CO ₂ emissions (tons CO ₂ e)	<ul style="list-style-type: none"> CO₂ emissions = CO₂ emissions from energy sources + non-energy source greenhouse gas emissions CO₂ emissions from energy sources = Amount of purchased electricity consumed at business sites × CO₂ emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO₂ emission coefficient of each fuel] Non-energy source greenhouse gas emissions = CO₂ emissions from non-energy sources + non-CO₂ greenhouse gas emissions Per-unit heat value is determined in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, Japan. CO₂ emission coefficients <p>[FY2014 to FY2015] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry)</p> <p><Electricity> Data for Japan is basic emission coefficients for each electricity utility, and overseas data is according to the GHG emissions from purchased electricity (GHG Protocol).</p> <p>[FY2016 to FY2023] <Fuel> Based on the greenhouse gas emissions accounting and reporting manual issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry.</p> <p><Electricity> <ul style="list-style-type: none"> Data for Japan is from basic emission coefficients (effective emission coefficients) for each electricity utility Overseas data is according to emission coefficients for each electricity utility, CO₂ Emissions from Fuel Combustion (IEA) or Emission Factors (IEA) and The Emissions & Generation Resource Integrated Database (eGRID) (EPA). </p> <ul style="list-style-type: none"> The method for calculating non-energy source greenhouse gas emissions is based on the Manual for Calculation and Report of Greenhouse Gas Emissions (by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Energy use during transportation (J)	<ul style="list-style-type: none"> Energy use during transportation = Σ [Freight traffic by truck × Fuel consumption per ton-kilometer × per-unit heat value] + Σ [Freight traffic by rail and water × Energy use (heat value) per unit ton-kilometer] Calculation method is from “Energy Conservation Laws: Guide to Promoting Shipper’s Energy Saving, 7th Edition” (Agency for Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry)
Energy use during product operation (J)	<ul style="list-style-type: none"> Energy use during product operation = Σ [Number of product units shipped × Fuel consumption per hour × Annual hours of use × Years of lifespan × per-unit heat value of each fuel] Products: agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines (external sales) Calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product. Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Ratio of renewable energy usage (%)	<ul style="list-style-type: none"> Ratio of renewable energy usage (%) = amount of electricity consumption from renewable energy / (amount of electricity consumption from renewable energy + amount of purchased electricity (derived from fossil fuels)) Amount of electricity consumption from renewable energy = amount of solar power generation (generated and consumed on site) + amount of purchased electricity (from renewable energy) The amount of electricity consumption from renewable energy is the amount of electricity consumed that was generated by solar power and hydro power, etc.

Scope 3 emissions-related

Indicator (unit)	Calculation method
Scope 3 emissions (tons CO ₂ e)	<ul style="list-style-type: none"> The calculation method is based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry and the Emissions per Unit Database for the Purpose of Calculating the Greenhouse Gas and Other Emissions of Organizations throughout the Supply Chain (Ver.3.3)
Category 1 Resource extraction, manufacture and transportation related to purchased goods/ services	<ul style="list-style-type: none"> Σ [Production volume \times CO₂ emissions per unit] Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines (external sales), ductile iron pipes, plastic pipes, pumps, air-conditioners, <i>Johkasou</i> Production volume: Number of units shipped for agricultural machinery, riding mowers, utility vehicles, construction machinery, engines, pumps, air-conditioners, and <i>Johkasou</i>. Production weight for ductile iron pipes and plastic pipes. CO₂ emissions per unit: Estimated from the CO₂ emissions per unit of production of the product
Category 2 Manufacture and transportation of capital goods such as purchased equipment	<ul style="list-style-type: none"> Equipment investment amount \times CO₂ emissions per unit
Category 3 Resource extraction, manufacture and transportation related to purchased fuels/ energy	<ul style="list-style-type: none"> Σ [Purchased electricity and fuel consumed at business sites \times CO₂ emissions per unit] CO₂ emission units are based on the LCI database IDEA version 2.3 (Research Laboratory for IDEA, Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology, and Sustainable Management Promotion Organization)
Category 4 Upstream transportation and distribution	<ul style="list-style-type: none"> [CO₂ emissions associated with procurement and transportation] = Procurement amount \times CO₂ emissions per unit known to Kubota [CO₂ emissions associated with product transportation] = Σ [Fuel consumption for freight shipment by truck \times CO₂ emission per ton-kilometer by fuel of transportation] + Σ [Fuel consumption for freight shipment by rail and water \times CO₂ emission per ton-kilometer by means of transportation] Calculation method is based on the ton-kilometer method stipulated in the Manual for Calculation and Report of Greenhouse Gas Emission (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) In addition to the data for Japan, CO₂ emissions associated with the overseas shipping of certain products from Japan has been included. Target products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines The scope of calculation includes CO₂ emissions associated with Kubota's transportation of waste. CO₂ emissions from the procurement and transportation of some parts has been included from FY2021. Machinery production sites are subject to inclusion.
Category 5 Disposal of wastes discharged from business sites	<ul style="list-style-type: none"> Σ [Amount of waste discharge by type \times CO₂ emissions per unit] The amount of waste discharge by type excludes the amount of waste discharge whose classification by type is unknown
Category 6 Employee business travels	<ul style="list-style-type: none"> Σ [Transportation expenses paid by method of transport \times CO₂ emissions per unit] Transportation expenses paid by method of transport are for airline tickets and railway tickets. For data of the overseas subsidiaries, it is partially estimated 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 to the net sales of major subsidiaries in Europe, America, Asia and China.
Category 7 Employee commuting	<ul style="list-style-type: none"> Σ [Transportation expenses paid by method of transport \times CO₂ emissions per unit] The amount of transportation expenses is for the amount paid for railway tickets and car travel. CO₂ emissions for overseas subsidiaries have been included in addition to the data for Japan. For overseas subsidiaries, the data is partially estimated by multiplying the ratios of transportation expenses for each means of transportation among the number of employees at major subsidiaries by the number of employees at each subsidiary.
Category 9 Downstream Transportation and Distribution	<ul style="list-style-type: none"> Amount of customer goods sold \times CO₂ emissions per unit known to Kubota. Cast iron products transported by customers as the consigner are subject to inclusion.
Category 10 Processing of intermediate products	<ul style="list-style-type: none"> Σ [Sales volume of intermediate products \times CO₂ emissions per unit] Intermediate products: Engines (external sales only), ductile iron pipes and plastic pipes Sales volume: Number of units shipped for engines, production weight for ductile iron pipes and plastic pipes. CO₂ emissions per unit: For engines, CO₂ emissions per unit at Kubota Group's processing plants from FY2016-2020. For ductile iron pipes and plastic pipes, it is estimated from CO₂ emissions during construction work per unit of shipped weight.
Category 11 Use of products sold	<ul style="list-style-type: none"> Σ [Volume of products shipped \times CO₂ emissions per unit] Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines (external sales), pumps, air-conditioners, <i>Johkasou</i>, plant equipment Shipment volume: Number of units shipped for agricultural machinery, riding mowers, utility vehicles, construction machinery, engines (including the number of units shipped within the Group from production sites to sales sites before being sold to customers). Number of unit sales for pumps, air-conditioners, <i>Johkasou</i>, and plant equipment. CO₂ emissions per unit: Fuel consumption per hour \times Annual hours of use \times Years of lifespan \times per unit heat value of each fuel \times CO₂ emission coefficient of each fuel (calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product) Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) CO₂ emission coefficients <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry) <Electricity> Based on the Emission Factors (IEA)
Category 12 End-of-life treatment of sold products	<ul style="list-style-type: none"> Σ [Volume of products shipped \times CO₂ emissions per unit] Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines (external sales), ductile iron pipes, plastic pipes, pumps, air-conditioners, <i>Johkasou</i> Shipment volume: Number of units shipped for agricultural machinery, riding mowers, utility vehicles, construction machinery, engines, pumps, air-conditioners, and <i>Johkasou</i>. Production weight for ductile iron pipes and plastic pipes. CO₂ emissions per unit: estimated CO₂ emissions per unit of product

Waste-related

Indicator (unit)	Calculation method
Number of companies/ production sites	<ul style="list-style-type: none"> All sites of Kubota, consolidated subsidiaries (199 companies), and affiliated companies (10 companies) including production sites (72 sites) are covered.
In-house recycling and reuse (tons)	<ul style="list-style-type: none"> The amount of resources that are reused or recycled in-house at each Kubota Group business site, and the amount of resources transferred for the purpose of reuse and recycling among Kubota Group business sites
Amount of waste, etc., discharge (tons)	<ul style="list-style-type: none"> Amount of waste, etc., discharge = sales amount of valuable resources + amount of waste discharge
Amount of valuable resources sold (tons)	<ul style="list-style-type: none"> The amount of unneeded resources generated within the Kubota Group that are sold outside the Group
Amount of waste discharge (tons)	<ul style="list-style-type: none"> Amount of waste discharge = Amount of industrial waste discharge + Amount of general waste discharge from business activities
Hazardous waste (tons)	<ul style="list-style-type: none"> In Japan, specially controlled industrial waste as defined in the Waste Management and Public Cleansing Law; Overseas, waste that is defined as hazardous in each country or region
Amount of resource recycling (tons) Amount of volume reduction (tons) Amount of landfill disposal (tons)	<ul style="list-style-type: none"> Amount of resource recycling = Amount of waste directly recycled + Amount of resource recycling after external intermediate treatment Amount of volume reduction = Volume of external intermediate treatment – Amount of resource recycling after external intermediate treatment – Final landfill following external intermediate treatment Amount of landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment Amount of resource recycling after external intermediate treatment includes heat recovery Amount of resource recycling after external intermediate treatment, amount of final landfill disposal, and amount of volume reduction are calculated based on the results of surveys at the contractor.
Recycling ratio (%)	<ul style="list-style-type: none"> Recycling ratio = (Sales amount of valuable resources + external recycling amount) / (Sales amount of valuable resources + external recycling amount + amount of landfill disposal) × 100 External recycling amount includes heat recovery

Water-related

Indicator (unit)	Calculation method
Number of companies/ production sites	<ul style="list-style-type: none"> All sites of Kubota, consolidated subsidiaries (199 companies), and affiliated companies (10 companies) including production sites (72 sites) are covered.
Water withdrawal (m ³)	<ul style="list-style-type: none"> Water withdrawal = surface water + groundwater (subsurface) + seawater (ocean) + produced water + third-party water (city water) Water withdrawal from water-stressed regions applies to production sites with a “high” level of water stress Third-party water (city water) includes service water and water for industrial use
Water discharge (m ³)	<ul style="list-style-type: none"> Water discharge = surface water + groundwater (subsurface) + seawater (ocean) + third-party water (sewage) Water discharge includes rain and spring water at some business sites
Amount of recycled water (m ³)	<ul style="list-style-type: none"> Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
Rate of recycled water (%)	<ul style="list-style-type: none"> Rate of recycled water = Amount of recycled water / (Water withdrawal + Amount of recycled water) × 100
COD (tons) Nitrogen discharge (tons) Phosphorus discharge (tons)	<ul style="list-style-type: none"> COD = COD per unit water discharge amount × water discharge to public water areas Nitrogen discharge = nitrogen concentration × water discharge to public water areas Phosphorous discharge = Phosphorous concentration × water discharge to public water areas Calculations until FY2022 are for sites in Japan subject to total volume control under the Water Pollution Prevention Act. Calculations from FY2023 are for sites in Japan subject to total volume control under the Water Pollution Prevention Act and for overseas sites that discharge into public waters and are subject to concentration regulations and measurement reporting obligations.


Chemical Substance-related

Indicator (unit)	Calculation method
Number of companies/ production sites	<ul style="list-style-type: none"> All Kubota Group production sites (72 sites)
Amount of PRTR-designated substances handled (tons)	<ul style="list-style-type: none"> Total amount of chemical substances handled at Japanese sites, which are designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Law) whose amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances) per year
Amount of PRTR-designated substances released and transferred (tons)	<ul style="list-style-type: none"> Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law at Japanese sites and whose annual total amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances). Amount released = amount discharged to the atmosphere + amount discharged to public water areas + amount discharged to soil + amount disposed of by landfill in the premises of the business site Amount transferred = amount discharged to sewerage + amount transferred out of the business site as waste The amount of each substance released and transferred is calculated in accordance with the Manual for PRTR Release Estimation Methods Ver. 4.2 (March 2018) of Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry, and the Manual for PRTR Release Estimation Methods in the Steel Industry Ver. 13 (March 2014) of the Japan Iron and Steel Federation.
Amount of chemical substances (VOC) handled (tons)	<ul style="list-style-type: none"> Until FY2022, the six substances of xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene. From FY2023, the five substances of xylene, toluene, ethylbenzene, styrene, and trimethylbenzene. Of these substances, the total amount handled at each site where one ton or more is handled annually
VOC emissions (tons)	<ul style="list-style-type: none"> Until FY2022, the six substances of xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene. From FY2023, the five substances of xylene, toluene, ethylbenzene, styrene, and trimethylbenzene. Of these substances, the total amount released at each site where one ton or more is handled annually
SOx emissions (tons) NOx emissions (tons) Soot and dust emissions (tons)	<ul style="list-style-type: none"> SOx emissions = Amount of fuel consumed (kg) × sulfur content in the fuel × (1 – desulfurization efficiency) × 64/32 or SOx emissions = {(amount of coke consumed × sulfur content in coke) - (amount of molten metal × sulfur content in molten metal) - (volume of slag, dust, etc. × sulfur content in slag, dust, etc.)} × 64/32 or SOx emissions = SOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility NOx emissions = NOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility Soot and dust emissions = soot and dust concentration × amount of gas emitted per hour × annual operation hours of the relevant facility Japan: Facilities that generate soot and smoke and are regulated by the Air Pollution Control Act. Overseas: [Until FY2021] <ul style="list-style-type: none"> Facilities subjected to measurement requirements under local laws and regulations where business sites are located. [FY2022 onward] <ul style="list-style-type: none"> Facilities subjected to measurement requirements under local laws and regulations where business sites are located for SOx, NOx, and soot and dust generated from the use of fuel, the incineration of other matter, or electricity as a heat source.

Product-related

Indicator (unit)	Calculation method
Sales ratio of Eco-Products (%)	<ul style="list-style-type: none"> Sales ratio of Eco-Products = Sales of Eco-Products / sales of products (excluding construction work, services, software, parts, and accessories) × 100 From FY2023, the ceramic material TXAX will be excluded from calculations as it is considered equivalent to parts.
Usage ratio of recycled materials (%)	<ul style="list-style-type: none"> 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. From FY2023, old pig iron generated within the same business site has been excluded from calculations.

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 (Applicable FY2023 results) indicates that the information has been assessed by a third party. Based on the third-party assurance obtained this reporting year, the Kubota Group ESG Report 2024 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.

Deloitte.

デロイト トーマツ


(TRANSLATION)

Independent Practitioner's Assurance Report

June 11, 2024

Mr. Yuichi Kitao,
President and Representative Director,
Kubota Corporation

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environmental information indicated with  for the year ended December 31, 2023 (the "Environmental Quantitative Information") included in the "Kubota Group ESG REPORT 2024" (the "Report") of Kubota Corporation (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Environmental Quantitative Information in accordance with the calculation and reporting standard adopted by the Company (the Report P.92~96). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Environmental Quantitative Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Environmental Quantitative Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

Factory Visit



Kubota Keiyo Plant (Japan)

J-SUS Symbol

This symbol indicates that an assurance was undertaken by an assurance body certified by J-SUS regarding the reliability of the environmental data presented in the Kubota Group ESG Report 2024.



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

Chapter

3

Stakeholders

The Kubota Group aims to achieve continuous development in synergy with society. Respecting the customs and culture of each country where we conduct business, we attach importance to building relationships of trust with local communities. As well as taking action to enhance our corporate value and thereby gain the empathy and participation of stakeholders, we work to create a sustainable future together with the global society and local communities of which we are a member.

<SDGs related to this section>



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Respecting Human Rights

Kubota Group Human Rights Policy

Respect for human rights is one of the key conditions for the Kubota Group's business continuity. This basic approach has been a core element of our business management for many years, and has been set out clearly in the Kubota Group Charter for Action & Code of Conduct to raise awareness across the Group.

Amid recent changes in how companies are expected to fulfil their human rights responsibilities, we have revisited and clarified our existing approach. This has been summarized in the Kubota Group Human Rights Policy, which follows the UN Guiding Principles on Business and Human Rights.

Kubota Group Human Rights Policy (Excerpt)

Kubota Group hereby declares, as its Human Rights Policy, that we support the international standards with regard to human rights and respects it as our birthright of all people. Kubota Group respects the human rights of all people affected by its business activities in accordance with the procedures outlined in the United Nations (UN) Guiding Principles on Business and Human Rights.



Click here to see the full text of the Kubota Group Human Rights Policy

www.kubota.com/sustainability/society/rights/data/human_rights_tentative_translation_202312_en.pdf

Monitoring by Kubota Group Risk Management Committee

The Kubota Group regards respect for human rights as a key condition for business continuity. The Kubota Group Risk Management Committee, which is chaired by the President, receives reports from officers and divisions responsible for business execution on measures to respect human rights, monitors related activities and issues instructions as appropriate.

Participation in the UN Global Compact

Kubota supports the aims of the UN Global Compact as one of its signatories. Participating companies are required to support and put into practice the compact's 10 globally established principles in four areas – human rights, labor standards, the environment and anti-corruption.

As a company supporting global efforts to help the international community deliver sustainable growth, Kubota will continue its efforts to solve social issues through its business activities and realize universal values for basic human rights.



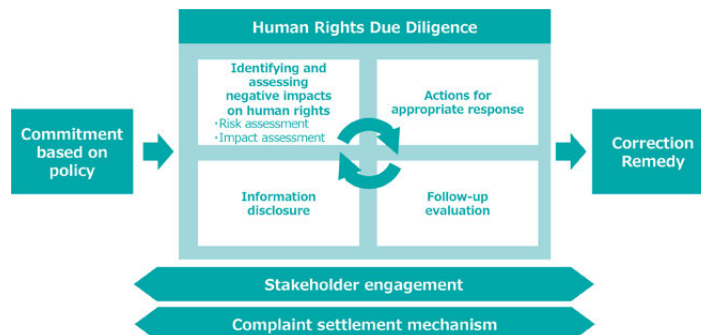
Click here for the official website of the Global Compact Network Japan (external site, Japanese only)

www.ungcjin.org

Human Rights Due Diligence

To fulfill the responsibility for respecting human rights as a company, the Kubota Group continuously promotes human rights due diligence as we recognize it to be an essential process for business activities.

Human rights due diligence is the process of identifying and assessing any actual and/or potential negative impact, and preventing and mitigating it. The Kubota Group carries out the process in accordance with UN Guiding Principles on Business and Human Rights.



Human Rights Risk Assessment

In March 2023, the Kubota Group assessed the potential for negative human rights impact on stakeholders in its business activities and value-chains (risk assessment). A risk assessment meeting was held and brought together 32 managers from various departments, including administration, control, procurement, manufacturing, logistics, constructions, and general corporate duties of Kubota Corporation and some Kubota Group companies.

The assessment was supported by Caux Round Table Japan, a non-profit organization, in order to enhance its appropriateness, by ensuring the participants were involved in discussions based on their understanding of business and human rights, and third-party perspectives were also taken into account to promote discussion.

Human rights issues covered at the risk assessment and the results are shown as below.

■ Human rights issues discussed and covered at the risk assessment

- Decent wages
- Decent working time
- Discrimination in the working place
- Occupational health and safety
- Access to remedy risk
- Freedom of association and collective bargaining
- Forced labor
- Child labor
- Migrant workers
- Land, property and housing rights
- Security forces and human rights
- Indigenous peoples' rights
- Right to privacy

■ Process to identify human rights issues

- Investigate human rights issues related to the Kubota Group's business and supply chains.
- The ESG Promotion Department and other general managers shall confirm the relevance of the investigated human rights issues to the businesses and supply chains for which they are responsible, based on understanding of both 'Business and Human Rights' and actual operations.
- Identify human rights issues that may occur in a specific business activity referring to advice by third parties.

■ Human rights issues identified through the risk assessment

Through the risk assessment, the following human rights issues within the group operation and across our supply chain were identified.

- Decent wages
- Decent working time
- Discrimination in the working place
- Migrant workers
- Access to remedy risk

■ Human rights issues have been identified in the management policy or others

- Discrimination (Nationality, Race, Age, Sex, Sexual orientation, Gender identity, Disability, etc.)
- Forced labor
- Child labor
- Harassment (Sexual harassment, Abuse of authority, etc.)

The Kubota Group considers it necessary to incorporate changing business and social conditions into its continuous risk assessment process. Through the identification of stakeholders who may be affected by negative impact arising from the business activities of the Kubota Group and value-chain, and engagement with those parties, the Kubota Group shall acquire a deeper knowledge of our salient human rights issues and make use of said knowledge to subsequently take appropriate action in that regard.

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 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 2023. In 2023, 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 2023]

	Internal training	External training	Total
Kubota	20,398 people	308 people	20,706 people
Group companies in Japan	9,491 people	79 people	9,570 people

Major Internal Education Programs

Training for management executives	518 people (including presidents, etc. of Group companies in Japan)
Training for new employees	1,275 people (including those from Group companies in Japan, etc.)
Training for newly appointed foremen	6 people
Training for newly appointed supervisors	49 people (including those from Group companies in Japan, etc.)
Seminar for harassment consultation office personnel	183 people (including those from Group companies in Japan, etc.)
e-learning courses on human rights advancement	19,589 people (including those from Group companies in Japan, etc.)

* The figures include temporary and re-hired employees.

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

● 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 (LGBTQ*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 (racial harassment, etc.)
- UK Modern Slavery Act
- The supply chain and human rights (SDGs)
- Results of surveys on K-ESG 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, transgender, and queer/questioning

*2 Acronym of sexual orientation and 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 44th Human Rights and Dowa Issue Corporate Awareness-Raising Seminar hosted by the Executive Committee*³: A total of 68 participants (including those from Group companies in Japan)

The 54th Buraku Liberation and Human Rights Summer Seminar hosted by the Executive Committee*³: 22 participants

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




Human Rights Training for Management Executives (October 11, 2023)
(Theme: Business and Human Rights—Human Rights Risk Management for Companies)
(Lecturer: Emi Omura, Attorney at Law (Japan and NY), Partner CLS Hibiya Tokyo Law Office)



Textbook for human rights e-learning

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 2023: 96

[Whistleblowing System (Kubota Hotline)]

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

[Consultation Office System in Japan]

Each year, Kubota holds a seminar for harassment consultation office personnel inviting external lecturers, with the aim of improving their counseling ability and preventing secondary victimization. A total of 183 employees took part in this seminar in 2023, 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. It was divided into a foundation course and an applied course depending on the level of knowledge and experience of the counseling staff.



Harassment Consultation Office Personnel Seminar (June 28, July 4, July 19, July 20, 2023)
(Lecturer: Toshiko Sugimoto, Full-time Lecturer, Japan Institute for Women's Empowerment & Diversity Management)

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 2023, entries were received from a total of 23,211 applicants (an application rate of 96.0%) and the best slogan from each business site was posted on a long strip of paper.

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

Human Rights Week Activities at Each Base



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



Installation of banners (headquarters)



Installation of banners (Kubota Global Institute of Technology)

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 & Code of Conduct, “we do not permit forced labor or child labor, and also request our business partners to comply in this regard.”

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

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

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



Click here for details.

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

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

Handling of Conflict Minerals

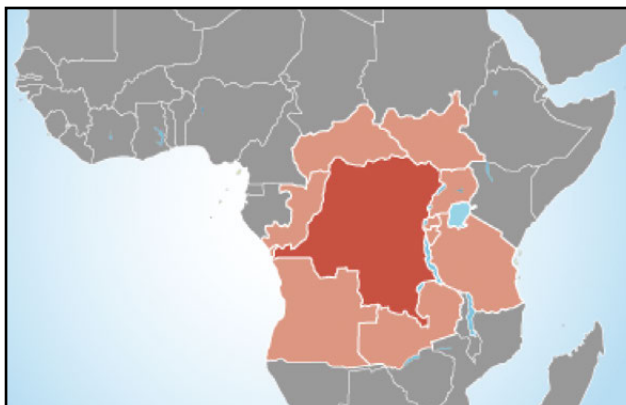
Policy on conflict minerals

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.

Democratic Republic of the Congo and Adjoining Countries



Democratic Republic of the Congo

Neighboring countries

Republic of South Sudan
 Republic of Uganda
 Republic of Rwanda
 Republic of Burundi
 United Republic of Tanzania
 Republic of Zambia
 Republic of Angola
 Republic of Congo
 Central African Republic

Activities to Prevent Use of Conflict Minerals

● 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 FY2023, 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.

Response to the UK Modern Slavery Act

The Kubota Group discloses statements in accordance with the UK Modern Slavery Act. These statements can be viewed on the Kubota website.



Click here to view past statements.

www.kubota.com/sustainability/society/rights/index.html

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 corresponding organizations 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.

Asbestos Issues

Response to Asbestos Issues

Kubota takes very seriously the fact that some residents living in proximity of the former Kanzaki Plant and employees working at the plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

Regarding the residents living nearby, without particular regard for individual cause-and-effect relationships, from the standpoint of our social responsibility as a company that previously handled asbestos, Kubota established the Regulations for Payment of Relief Funds to Sufferers of Asbestos-related Diseases and their Families Living in Proximity of the Former Kanzaki Plant. This is in addition to the Act on Asbestos Health Damage Relief, which was enacted by the Japanese government and provides relief funds in order to alleviate, even marginally, the hardships and mental burden of the people receiving treatment and their families.



For more information (only in Japanese)

www.kubota.co.jp/related/

Value Chain

Kubota's future vision is to be an “essentials innovator for supporting life” that is “committed to a prosperous society and the cycle of nature.” We consistently take the perspective of the customer and society when addressing issues and devote our best efforts to resolving them. We believe that this “on your side” approach is the right way to ensure that Kubota continues to be of essential value to society.

Going forward, we will continue to deliver products and services in fields fundamental to our business, from research and development to quality control and production and service technologies. By doing so, we will contribute to resolving issues from an “on your side” approach that inspires public trust.

R&D

Strengthening Our R&D System

Basic Concept

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

Strengthening Regional Marketing and R&D

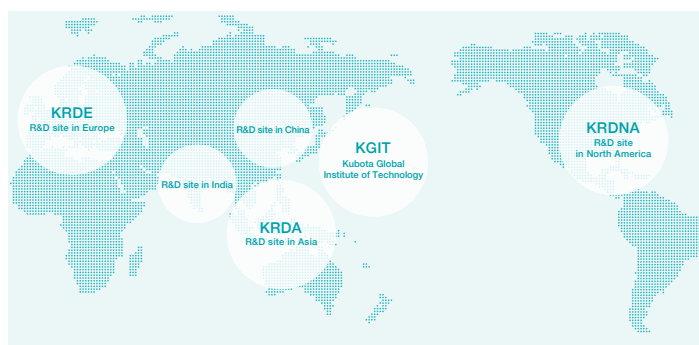
Since Kubota began developing its business overseas, it has followed a model of exporting products researched, developed, and manufactured in Japan, then introducing local production later on. However, Kubota's goal is to grow into a “Global Major Brand” to make the maximum contribution to society based on the trust of a wide customer base. To achieve this, it is crucial to understand the needs of overseas customers and rapidly realize new products, services, and solutions. For this reason, Kubota is strengthening local-oriented marketing and R&D.

Establishment of New R&D Sites

In Japan, we opened the Kubota Global Institute of Technology (KGIT) in 2022, which has brought together sites and personnel previously scattered across various areas and greatly improved R&D efficiency. By harnessing synergies between experts in various fields, the institute will foster innovation for breakthroughs in core and cutting-edge technologies. It will also function as a control unit to evaluate and integrate all R&D activities, including those at overseas sites. In this way, it will act as both adhesive and lubricant, linking and smoothing operations to realize a truly global system in which each of our research centers works in close coordination with the others while pursuing its own particular strengths.

Overseas, with the goal of developing strategic products for key markets and products that closely match local needs, we will expand our R&D network by creating new bases in China and India to add to our existing sites in Thailand, France, and North America, thus creating a global R&D system based on six centers worldwide. By quickly acquiring advanced technologies developed in each region and leveraging other advantages, this will enable us to continue enhancing overseas product development capabilities while also strengthening research.

Global R&D System Based on 6 Sites



KRDE
R&D site in France established in 2021



KRDNA
R&D site in North America established in 2022



KGIT
R&D site in Japan established in 2022

Promoting ESG Management

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

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

Japan has declared its intention to achieve carbon neutrality by 2050. In the mobility industry (automobiles, ships, etc.), which is close to the agricultural machinery and construction machinery industries, efforts are ramping up to harness new motive power sources, including electrification, use of hydrogen, such as fuel cells and hydrogen engines, e-fuel (synthetic fuel), and HVO (hydrogenated vegetable oil).

Kubota is also promoting R&D on new power sources for agricultural and construction machinery. In terms of electrification, we have launched a battery electric vehicle (BEV) tractor and a BEV mini excavator, and we continue to work on commercializing other BEV products, such as riding mowers. In addition to satisfying the requirements for functions and performance of agricultural and construction machinery, we also intend to create new value through electrification, and to this end we have been fully engaged in developing the main components for electrification, such as motors, inverters, and battery packs. In R&D on fuel-cell tractors, we are also making use of a demonstration project by the New Energy and Industrial Technology Development Organization (NEDO) to consider the best form of hydrogen infrastructure and hydrogen filling methods for the agriculture sector.

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



BEV tractor LXe-261



BEV mini excavator KX038-4e



New Agri Concept showcased at CES 2024

Strengthening Partnerships in R&D

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

Cooperation with Local Government

We are working with Kitahiroshima City in Hokkaido, Fukaya City in Saitama Prefecture, Ikeda City in Osaka Prefecture, Iki City in Nagasaki Prefecture and other municipalities through projects that contribute to the development of local and Japanese agriculture. In Kitahiroshima City, we are working on joint projects across a wide range of areas related to food and agriculture, including efforts to use local agricultural products. In Fukaya City, we are running a trial to assess the commercial feasibility of farm work outsourcing, which links agricultural producers who want to outsource farm work with individuals interested in carrying out the work. In Ikeda City, we are using smart agriculture to support the revitalization of local communities. We concluded an engagement partner agreement with Iki City with the goal of contributing to the revitalization of not only Iki City agriculture but also Japanese agriculture through a trial that uses smart greenhouses to cultivate asparagus, a specialty of the area.

Co-Creation with Public Institutions and Universities

Kubota is strengthening its cooperation with public institutions and national and international universities in order to concentrate wide-ranging knowledge and technologies. In 2023 we began joint research with Tokyo University of Agriculture and Technology in farm-based solar power generation*. The aim is to establish optimal methods for cultivating crops under a farm-based solar power facility.

* Farm-based solar power generation: Solar power generation facilities with the necessary height and pillar spacing to allow for farm work and a panel density that ensures crops receive the necessary sunlight.



Joint research farms

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
- 2022: Escorts Kubota Limited [made part of the group] (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
- 2022: Great Plains Manufacturing, Inc. (US) Manufacturing of compact track loaders (CTL)

Deployment and Dissemination of the Kubota Production System

Kubota Production System

● Kubota’s basic principle for manufacturing

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

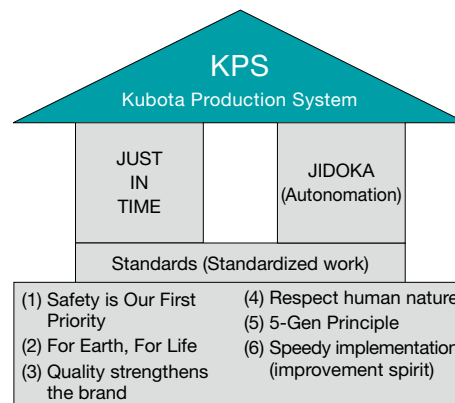
● Kubota Production System

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

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

Activities during 2023

- We have launched a new project to ensure standardized work is rigorously implemented. By raising the level of implementation, we aim to accelerate Groupwide KPS activities. Under the project, we have started onsite inspections and practical training at each manufacturing base in Japan and overseas.
- At each manufacturing base we are working to shorten manufacturing lead times and improve productivity. We aim to strengthen our systems by shortening worktimes and processing times, reducing preparation between processes, reducing labor input, and promoting automation.
- We are planning, proposing, and executing “smart manufacturing” to promote the evolution of work through standardization, automation, and improved performance. Examples of our activities include developing tools to support and visualize human operations. Some tools are already being introduced at domestic sites, including work instruction (projection mapping) and video manual creation support tools.



Structure of KPS

Maintaining and Improving Quality


1. Product Safety

Kubota strives to satisfy customers and secure their trust by providing products, technologies, and services that are safe and of the highest quality.

In 2023, we filed the following two recall notices.


Domestic Recall Filing Status in FY2023

- Recall of NEW MR series tractors : Total 3,705 units (notice filed October 31, 2023)
- Recall of wheel loaders : Total 2,418 units (notice filed June 9, 2023)

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

Quality Management System Certification

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

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

2. Initiatives to Increase Quality Awareness

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

Quality Forum

The Quality Forum for executive management focused on cultivating the right mindset to strengthen quality and compliance initiatives. The forum included the presentation of concrete examples.



Mr. Ito of the Union of Japanese Scientists and Engineers giving a speech at the Quality Forum

Conducting Quality Compliance Education

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

Quality Questionnaires

In addition to the Kubota Hotline (whistleblowing system), we regularly conduct Quality Questionnaires to encourage employees with knowledge of quality compliance issues to voluntarily provide information. The questionnaire is carried out by the Quality Assurance Promotion Department, which takes a neutral position with respect to each business unit in order to gain candid responses. The department formulates questionnaire questions that take into account potential quality issues based on the nature of each business, the operating environment and historical quality-related issues. If problems are identified in employee responses, they are reported to management and the Quality Assurance Headquarters takes the lead in examining and implementing necessary responses.

The Quality Questionnaire implementation rate in 2023 was 100% for domestic Group company employees* and 98% for overseas Group company employees.

* Kubota Group employees that have been assigned company email addresses

Internal Audits on Quality

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

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

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	328
Technical new recruit training	1	224
Internal auditor training	11	186

Training name	Number of sessions	Number of recipients
New supervisor training	2	49
New foreman training	1	6
Product risk assessment training	2	37

3. Initiatives to Increase Quality

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

Quality Improvement in Design and Development

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

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

QC Circle Activity Award

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

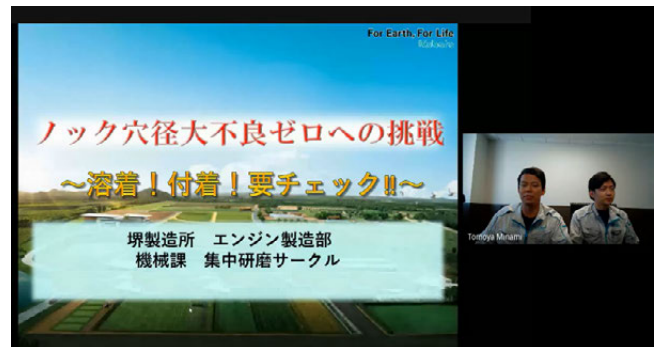
Kubota first introduced quality control circles in 1967 for the purpose of “fostering people” and “revitalizing the workplace.” As of 2023, there were 714 circles active across Kubota Group companies in Japan and abroad.

* Award presentations were suspended between 2020 and 2021 during the COVID-19 pandemic, but presentations were held online and activities resumed from 2022.

Quality Achievement Award

The Kubota Group recognizes employees who have made outstanding achievements in quality improvement in their activities to create valuable products and services from the customers’ perspective. The Quality Achievement Award was launched in 2017 initially for domestic sites, but has now been expanded globally to include overseas sites.

In 2023, Kubota presented awards in 17 categories. (Total awards since 2017: 125 themes)



Meeting to present and evaluate quality control circle activities (online event)

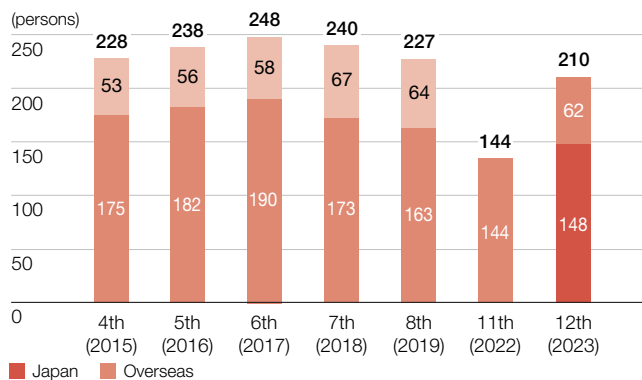
Ensuring Skills to Maintain Customer Satisfaction

Holding the Kubota Group Technical Skills Competition

Kubota holds the Kubota Group Technical Skills Competition with the aim of improving manufacturing capabilities. At the 12th competition in 2023, a total of 210 contestants from 29 bases in nine countries gathered – including some overseas contestants who had not participated for four years due to the COVID-19 pandemic—and put their technical skills to the test in 15 categories, including casting, lathing, finishing and welding. The competition was a valuable and stimulating opportunity for contestants to learn about each other's skill levels in a spirit of friendly rivalry and interaction, not just on the day of the competition, but also leading up to the event. The Kubota Group will continue to hold this competition, with the aim of further improving its manufacturing capabilities.

* The 9th and 10th competitions (2020 and 2021) were canceled to prevent coronavirus infection.

No. of Contestants in the Technical Skills Competition

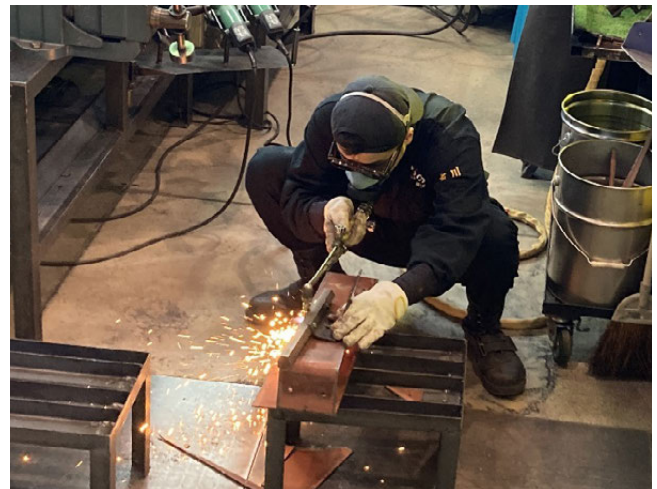


Stiff competition among contestants from all over the world

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 61st competition in 2023, 15 Kubota competitors participated, coming home with a Medallion for Excellence in the construction steel working 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.



Kubota received its first award in the construction steel working category at the 61st competition (2023)

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 items (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 FY2023, 581 employees 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 continue to expand the 5-Gen Dojo initiative overseas with the opening of a new European Dojo (Germany) in 2023.



Training session at the European 5-Gen Dojo

Participants by country

(Jan. 2023–Dec. 2023)

- Japan : 581
- North America : 165
- Thailand : 16
- China : 39

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. in China
- Jan. 2023–Dec. 2023 : Established 5-Gen Dojo at Kubota Baumaschinen GmbH in Germany

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.

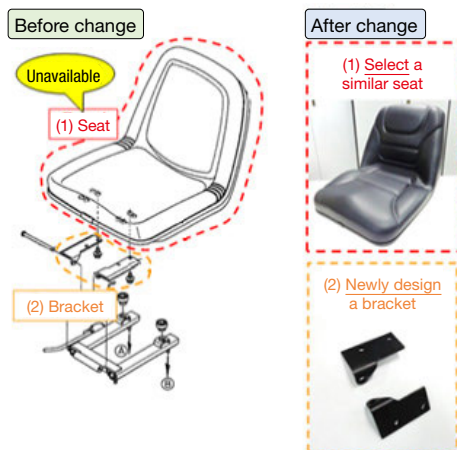
Kubota focuses on providing a **stable supply of service parts** through communication with customers and suppliers in the market and improvement of service parts procurement operations. We maintain an **immediate delivery rate of essentially over 99%** for emergency orders for service parts in Japan.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

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

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

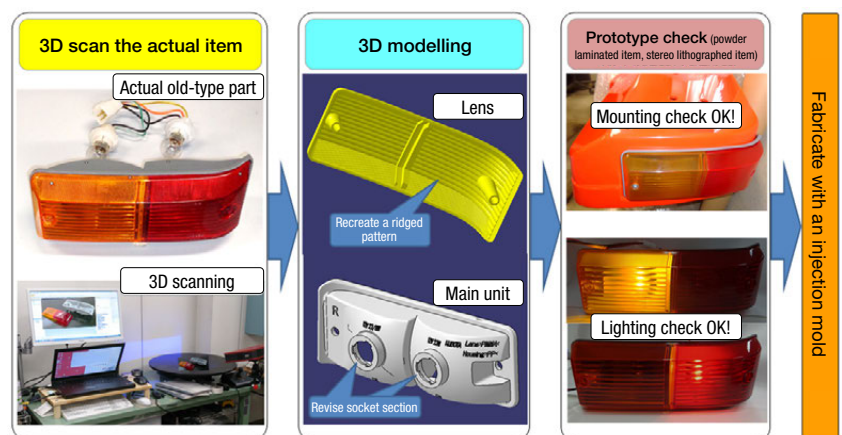
Example case 1—Seat

Select a similar part to the unavailable part /
Newly design a replacement part



Case Example 2—Lamp

Redesigned by reverse engineering using 3D scanning



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.

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

Contest for Solution Proposals and Service Technology Skills

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

In the 2023 nationwide contest, 10 sales staff from our sales company competed by presenting proposal examples from each region at the Kubota head office.

A number of excellent examples of closely addressing customers' issues were presented, including a proposal by Kubota Smart Agri System (KSAS) to increase yields and quality by visualizing farm management and a proposal to realize energy-saving and large-scale production by introducing smart agricultural technology.

We will continue working to improve our solution proposal skills for solving customers' issues.



The above photograph shows the award ceremony. Each company presented examples of successful solutions, contributing to an upbeat contest.

Kubota's Service Technical Skills Contest is designed to improve accurate trouble-shooting skills, repair skills, and customer communication skills. Staff from sales companies in Japan and overseas (South Korea, Taiwan) who have cleared preliminary rounds in their regions come together to pit their overall service skills against one another. The contest has a long history, with 45 events now having been held.

After hosting in 2022, Kyoto Pulse Plaza was again the venue for the international event in 2023, which involved challenges using the NW6S-F-GS rice transplanter.

The participation of Kubota Korea engineers in this year's contest made for an exciting event, leading to a successful contest thanks to the cooperation of all participants and officials. Going forward, we will continue working to further enhance the value of the contest as an opportunity for staff to compete in displaying service and technology skills that exceed customer expectations. By additionally sharing the results of the contest, we will work to raise the level of customer focus Group-wide.



Service Technical Skills Contest (held in 2023)



Service Technical Skills Contest (held in 2023)

Customer Satisfaction Survey

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

"Overall customer satisfaction with store where purchased" for July 2022 to June 2023 was 67.9 points, up from 67.3 points in the previous year's survey (July 2021 to June 2022). The points represent the percentage of customers who gave positive responses regarding their overall satisfaction levels towards the store where they purchased their new tractor, riding rice transplanter or combine harvester, according to a survey conducted by the Dealer's Direct Management Unit.

* Figures for the previous year have been revised from the ESG Report 2023 due to a change in how data is gathered.

Kubota will continue to make efforts to improve customer satisfaction.

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 FY2023 we asked around 220 major suppliers in Japan to conduct a self-assessment. We began requesting similar self-assessments of our overseas bases in 2020 as well.

Promoting Optimal Regional Procurement and Supplier Quality/Productivity

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

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

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

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

Information Security Measures Kubota Requests its Business Partners to Implement

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

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



Information Security Measures Standards for Business Partners

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

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



Information Security Measures Standards for Business Partners Check Sheet

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

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

Green Procurement

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

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

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



Click here for the Green Procurement Guidelines.

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



Click here for details of the Green Procurement activities.

Registration in “Declaration of Partnership Building”

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

Supplier Hotline

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

Business Continuity Planning in the Supply Chain

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

Shareholders and Investors

Constructive Dialogue with Shareholders

The Company, 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 business conditions and business strategy, and financial results, 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 and so on.

(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) Internal Feedback

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers' Meeting, and relevant departments.

(4) Dialogue with institutional investors and analysts

The Company holds individual and group meetings and results briefings with institutional investors and analysts. In addition, the Company discloses the results materials and the results briefing materials in both English and Japanese at the same time, and regularly holds tours and briefings on business operations in Japan and overseas.

(5) Dialogue with individual shareholders and investors

The Company aims to promote lively communication through hosting of various events for individual shareholders.

In addition to holding company information sessions for individual investors to provide opportunities for the management and individual investors to directly engage in dialogue, the Company also works on public relations to improve understanding of the Company's business activities.

(6) Policy for insider information management when engaging in dialogue

Insider information, such as any undisclosed material facts, is not conveyed at the meetings with investors. The following section describes the structure and procedures regarding the timely disclosure of the Company information.

1. Financial Information Disclosure Committee

The Company has established the Financial Information Disclosure Committee so as to monitor and control important financial information disclosure and non-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 or Deputy General Manager of Human Resources and General Affairs Headquarters, Director in charge of ESG Promotion or General Manager of ESG Promotion Department, General Manager of Corporate Planning & Control Dept., General Manager of Secretary and Public Relations Dept., General Manager of Accounting Dept., and General Manager of Corporate Auditing Dept., members who are appointed by the committee chairperson as necessary; 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*"), the Quarterly Reports ("*Shihanki Hokokusho*"), Integrated Report and ESG Report pursuant to the Financial Instruments and Exchange Act. 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.



Dialogue with Individual Shareholders

In 2023, the Company invited individual shareholders to a rugby match played by the Kubota Spears Funabashi TOKYO-BAY team, and also to the KUBOTA AGRI FRONT agricultural learning facility in the Hokkaido Ball Park F Village, which opened in 2023 in Kitahiroshima City, and to the Kubota Global Institute of Technology (KGIT) in Sakai City.

The Company also explained the Group's Long-Term Vision and business activities to individual investors through in-person meetings with President Yuichi Kitao and other events. We will continue to provide information to shareholders and investors to foster greater understanding and involvement in the Group's efforts.



Information for individual Investors (only in Japanese)

www.kubota.co.jp/ir/individual/



Visit to KUBOTA AGRI FRONT



Tour of Kubota Global Institute of Technology



Corporate briefing by President Yuichi Kitao



Company presentation

Dialogue with Institutional Investors and Analysts

The Company has approximately 360 individual and group meetings per year with institutional investors and analysts. The Company also holds a 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. Additionally, in accordance with fair disclosure rules, the Company posts the content of interim and full-year results briefings and transcripts of the following question-and-answer session on our website as part of our efforts to ensure timely and fair disclosure.

In addition, Kubota Corporation regularly holds tours and business briefing sessions at its domestic bases and overseas subsidiaries. In 2023, the Company held an IR event on R&D at KGIT (Sakai City, Osaka Prefecture) for institutional investors and analysts.



Information for investors

www.kubota.com/ir/

Social Contribution Activities

Basic Approach

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

The Kubota e-Project

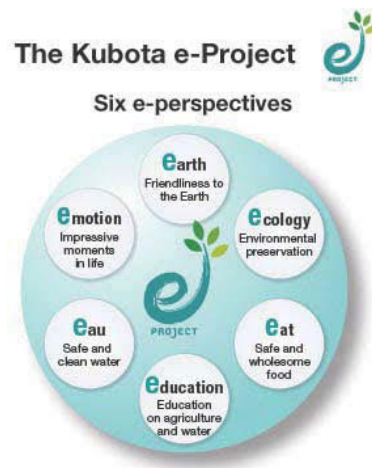
Social Contribution Activities in the Areas of Food, Water, and the Environment

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

Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful Earth. Based on this commitment, Kubota seeks the understanding and cooperation of its stakeholders as it contributes to the creation of a sustainable society.

Five Key Points

(1) Effectively utilize Kubota's managerial resources to (2) continuously undertake social contribution activities, including (3) the provision of information to external parties, with a view to (4) solving social issues (5) in the fields of food, water, and the environment.



Basic Policy of the Kubota e-Project

Kubota aims to ensure the survival of the beautiful global environment and help bring about a sustainable society by effectively utilizing its management resources to resolve issues in the fields of food, water, and the environment—elements that are indispensable to people worldwide leading prosperous lives. To that end, we engage in social contribution activities in the following six areas:

1. Food

We contribute to the efficiency in agriculture and stable food production through our business, thereby supporting the sustainable development of agriculture through farm management programs and activities supportive of local farmers.

2. Water and the Environment

We contribute to the reclamation and supply of safe and clean water through our businesses and undertake initiatives that benefit communities and society mainly by improving water environments and planting trees.

3. Educating the Next Generation

We seek to solve issues in food, water, and the environment. By organizing lectures and workshops in these three areas to support the sound development of the next generation of young people, we contribute to the development of local communities and the realization of a sustainable society.

4. Local Communities

As an active member of the many local communities worldwide where we have a business presence, we contribute to community-driven development projects, such as cleanup work and charitable donations.

5. Sports Promotion

In addition to managing the Kubota Spears Funabashi TOKYO-BAY rugby team, we contribute to the revitalization of local communities mainly by promoting the SDGs through team activities, sponsoring local sports teams, and co-sponsoring sports events.

6. Disaster Relief

Our corporate principle is to support people's prosperous lives, which is why we offer our assistance in various ways to regions around the world stricken by natural disasters. Together with our employees, we continue to help local communities get back on their feet as soon as possible by responding to their need for assistance during times of emergency, recovery, and reconstruction.



Kubota e-Project

www.kubota.com/sustainability/society/community/

Social Contribution Expenditures

Donations

Donation year	Donation amount
FY2023	¥248 million

* Kubota (non-consolidated)

Emergency and Humanitarian Support

Support for Areas Affected by the Turkey-Syria Earthquakes (Several Regions)

SIAM KUBOTA Corporation Co., Ltd., Kubota Holdings Europe B.V., Kubota Turkey Makine Ticaret Limited Sirketi and Kubota Corporation donated clothing, food, Kubota-manufactured engine-powered generators and funds to support areas affected by the Turkey-Syria earthquakes.



Donation of Survival Bags to Flood Victims (Thailand)

During 2023, SIAM KUBOTA Corporation Co., Ltd. supported flood victims by donating 600 kits containing food and other support materials in Thailand.



Blood Donor Activity (Several Regions)

Kubota Group companies worldwide were actively engaged in blood donation activities during 2023 to support medical care and contribute to local communities. Amid a shortage of blood during the COVID-19 pandemic, these donations helped support people in need of blood transfusions due to illness or injury.



Food Donation to Needy Households (Several Regions)

During 2023, Kubota Group companies worldwide donated cash and volunteered in food distribution to help financially distressed households and people in need of food due to the COVID-19 pandemic and high prices.



Resolving Issues (Food)

Food Cultivation on Business Sites and Raising Awareness About Local Produce (Several Regions)

Hokurikukinki-Kubota Co., Ltd. and Kverneland Group Polska cultivated fruit and vegetables on their business sites during 2023 to raise awareness about the sustainability of food production. Employees and local children at some sites also took part in harvesting.



Support for Rehabilitation of Abandoned Farmland (Japan)

Niigata-Kubota Corporation, Chushikoku-Kubota Co., Ltd. and the Kubota Chushikoku Branch Office provided support for the rehabilitation of abandoned farmland during 2023. Land was mowed and cleared and plastic greenhouses were repaired. The restored farmland was used to run hands-on programs in plowing, sowing and harvesting and as a site to educate elementary school students about food.



Resolving Issues (Food)

Volunteer Harvesting of Tachibana Oranges Using Fallow Land (Japan)

KMEW Co., Ltd. signed an agreement with Nara Prefecture and Asuka Village in the prefecture to open Asuka KMEW Tachibana-no-Sato using fallow land. In 2023, employees participated in the harvesting of tachibana oranges, a variety of mandarin orange native to Japan. Tachibana-no-Sato also aims to provide work opportunities for people with disabilities.



Agricultural Career Support for Veterans (US)

In 2023, Kubota Tractor Corporation donated funds, tractors and other Kubota farm equipment to support the personal growth and career development of veterans through agricultural training.



Vegetable Packhouse to Support Local Economic Development (Thailand)

Siam Kubota Leasing Co., Ltd. provided vegetable packhouses and equipment to the local community in November 2023. The donation will support the production of vegetables that meet Good Manufacturing Practices (GMP) and quality standards published by Thailand's Ministry of Public Health, helping to lift local incomes.



Resolving Issues (Water and Environment)

Cleanup of Business Site Surroundings (Several Regions)

As part of local communities where they operate, Kubota Group companies worldwide and their employees take part in volunteer cleanup activities throughout the year. These activities help to maintain the landscape and preserve ecosystems, fostering communication with local people.

* In Japan, these activities are run under the banner "Kubota e-Day." A total of 4,205 employees took part in 2023.



Resolving Issues (Water and Environment)

Understanding the Impact of Plastics on Marine Animals and Providing Donations (Spain)

Employees from Kverneland Group Ibérica visited a marine animal protection group in December 2023 to learn about the impact of waste plastics on animals living in the Mediterranean Sea. The company also donated funds to help the group continue its conservation activities.



Installation of Beehives and Insect Hotels (France)

Kverneland Group France has installed beehives and insect hotels on its business premises to protect ecosystems and biodiversity. Installing insect nests in everyday locations at work also helps to raise environmental awareness among employees.



Greening Projects (Several Regions)

In 2023, SIAM KUBOTA Corporation Co., Ltd., KUBOTA Environmental Engineering Corporation and Kubota Kyuhoji Business Center conducted volunteer activities in urban greening and natural environment protection, including maintaining green areas in botanical gardens and creating flowerbeds in parks.



Protecting Biodiversity and Headwater Forests (Thailand, Japan)

During 2023, Kubota Research and Development Asia Co., Ltd., Kubota Tohoku Branch Office, Kubota Chubu Branch Office and Kubota Head Office planted and thinned trees to protect biodiversity and headwater forests.



Resolving Issues (Other Areas)

Providing Meal Support for the Elderly at a Local Hospital (Thailand)

During 2023, employees from Siam Kubota Metal Technology Co., Ltd. volunteered to serve meals to the elderly at a local hospital.



Helping to Solve Social Issues in Emerging Countries through the Corporate Volunteering Program (Japan)

Kubota has partnered with NPO Cross Fields to send employees to companies that aim to solve social issues in emerging countries in Asia. Drawing on their experience and skills gained at Kubota, our employees work with local CEOs and other personnel to tackle social issues through business.

* In 2023, Kubota employees were seconded to Cambodia and the Philippines.



Resolving Issues (Other Areas)

Volunteering at the Japan Cup Cycle Road Race (Japan)

The Kubota ChemiX Co., Ltd. Tochigi Plant and the Kubota Utsunomiya Plant sponsored Asia's top-ranked cycle road race, which was held in October 2023. Company volunteers also supported the race as course and spectator route marshals.



Exchange Event with Local Children (Spain)

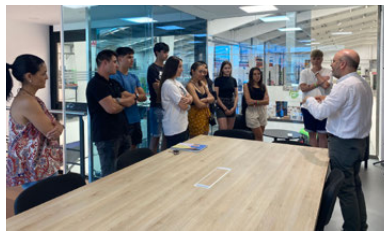
Kubota España S.A. organized an event in December 2023 where people portraying the Three Wise Men were taken by tractors to visit a local school to raise awareness about Kubota among young people. At the school, the Three Wise Men received letters from over 700 children, helping to build closer links with the community.



Educating the Next Generation

Plant Tours for Local Residents, Family Members and Friends of Employees (Several Regions)

Kubota Group companies in several regions held plant tours during 2023 as part of efforts to interact with local communities and educate the next generation. The tours included tractor rides, seminars about the metal casting process and other activities to deepen understanding about the Group's business activities and to give participants first-hand experience of our manufacturing sites.



Educational Support for Young Farmers (UK)

In March 2023, to support the education of young farmers, Kubota (U.K.) Ltd. held a site tour and hosted a lecture about the present and future of farming for the Princes Risborough Young Farmers, a social group for young people interested in agriculture.



Vegetable Harvesting Experience for Kindergarten Children (Japan)

To help children feel a closer connection to food through the harvesting of vegetables such as Naniwa-yasai (traditional vegetables), the Kubota Head Office organizes vegetable harvesting events throughout the year for children at nursery schools and kindergartens in Osaka's Naniwa Ward. The events take place on the 3rd-floor outdoor terrace of the Head Office building.

* Events took place 14 times in 2023.



Educating the Next Generation

Opening Sewage Facilities to the Public to Raise Awareness (Japan)

Throughout the year, KUBOTA Environmental Engineering Corporation holds open events at its sewage treatment facilities for the local community, including demonstrations of the treatment process and fun activities for children. The aim is to show how the sewage system works and highlight its importance.

* Four events were held in 2023.



Kubota Genki Agriculture Experience Workshop (Japan)

Kubota and its domestic farm machinery distribution companies have run farming experience workshops since 2008, providing the opportunity to experience the joy of farming through such activities as planting, managing and harvesting. In 2023, Hokkaido-Kubota Co., Ltd. hosted an event for children to experience what it's like to work on the land and the joy of growing crops.



Training Camp for University Students Involved in Agriculture (Thailand)

To support and develop future agricultural leaders, SIAM KUBOTA Corporation Co., Ltd. invited university students to the KUBOTA FARM in Chonburi Province for the KUBOTA Smart Farmer Camp in June 2023.



Training Trips for Students at Agricultural Schools (Italy)

In November 2023, Kverneland Group Italia invited 45 of the best students from A.Tosi, an agricultural school in Codogno (Metropolitan City of Milan), northwest Italy, to its offices to train them about issues in the agricultural sector and Kubota Group technologies and products.



Visiting Lectures (Several Regions)

During 2023, the Kubota Group held events and classes at schools around the world to educate the next generation. Site tours and visits to schools with Kubota Group products are used to explain the Group's relationship with the SDGs and its work in local communities.



Educating the Next Generation

Rice Transplanter Donated to Training School in South Sulawesi (Indonesia)

To support agricultural mechanization in Indonesia, P.T. Kubota Machinery Indonesia donated a walk-behind rice transplanter to a vocational training school in South Sulawesi Province in November 2023, which follows the donation of a tractor to the school in 2022. The rice transplanter was also used to demonstrate Kubota's rice cultivation mechanization system, providing learning opportunities for the school's students.



Repair of Aging Schools and Donation of Equipment (Laos)

In November 2023, Kubota Lao Sole Company Limited repaired an aging school and donated sports equipment, fans and other fixtures to improve the learning environment for rural students.



Mainichi Earth Future Prize (Japan)

Kubota has sponsored the Mainichi Earth Future Prize since its initial establishment in 1989 as the Mainichi International Exchange Prize. The prize seeks to extol and publicly commend individuals and groups working on solutions to social issues at the grass-roots level in Japan and overseas in the fields of food, water, and the environment. In the 13th Mainichi Earth Future Prize for FY2023 (announced in February 2024), two organizations were awarded the Grand Prize, two organizations received the Kubota Prize, three organizations were presented with the SDGs Future Prize, and five organizations took home the Encouragement Award.



“Kubota Active Lab” (Japan)

To get more young people interested in science and technology, since 1985 Kubota has sponsored a basic science seminar run by the Asahi Shimbun, one of Japan's leading newspapers. In FY2023, to encourage participants to consider the future of agriculture, the theme of the seminar was “sustainable food and agriculture for everyone.” Around 200 junior and senior high school students took part in the hybrid online event at KUBOTA AGRICULTURE FRONT, Kubota's agricultural learning facility in Kitahiroshima City, Hokkaido.



FOCUS

KUBOTA AGRI FRONT—A New Place for Community Activities and to Form Friendships With People Interested in the Future of Food and Agriculture

On June 30, 2023, KUBOTA AGRI FRONT was officially opened in Hokkaido Ball Park, Kitahiroshima City, Hokkaido, as a venue for people to think about and explore the future of agriculture together. The facility has four main areas designed to raise awareness and encourage learning about food and agriculture.

THEATER: Immerse yourself in beautiful, dynamic images

FIELD: Learn about farm management in a fun way

TECH LAB: Experience state-of-the-art crop cultivation

TABLE: Think about the future from the perspective of food



[Activities in 2023]

- Kubota signed a collaboration agreement with Kitahiroshima City in Hokkaido to promote public understanding about agriculture and food. Under the agreement, we provided opportunities for local elementary and junior high school students to use the facility to deepen their understanding about food and agriculture. In the FIELD area, visitors joined farm management teams in the AGRI QUEST simulation game, giving them interesting insights into farm management and the diverse types of farm work.



- In food education classes for children from a local certified childcare center, the children planted asparagus in the facility and collected and tasted strawberries.
- Smart agriculture experience events were held in partnership with Hokkaido University, a national university. Elementary school students and their parents were able to operate a tractor on a farm on Hokkaido University's campus about 20 km away.



Social Contribution Activities through Corporate Sporting Events

Promoting Rugby and Volleyball and Contributing to the Community through the Kubota Spears Funabashi TOKYO-BAY Rugby Union Team and the Kubota Spears Volleyball Team

Kubota runs the Kubota Spears Funabashi TOKYO-BAY rugby union team, which competes in Japan Rugby League One, and the Kubota Spears Volleyball Team, which is in V. League Division 2.

Through partnership agreements with Edogawa Ward, Tokyo, and the cities of Funabashi, Narita and Ichihara in Chiba Prefecture, Kubota Spears Funabashi TOKYO-BAY is working to contribute to society and solve social issues through rugby in local communities while also promoting the SDGs. In the 2022-23 season, Kubota Spears won NTT Japan Rugby League One for the first time since the team was founded.

The Kubota Spears volleyball team is working hard to deepen ties with the community through volleyball classes for all age groups—from elementary school students to seniors—under partnership agreements with its main home city of Osaka and its second home city of Amagasaki.



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



The Kubota Spears Academy, which offers rugby coaching for elementary and junior high school pupils, operates at three locations, Funabashi, Narita, and Edogawa.



A team of under-14s was picked from the host region to form the Junior Spears team and play an exhibition match.




Girls' Day Camp, a Kubota Spears Academy coaching session for female rugby players




(Volleyball team)
Exhibition matches between active players and high school students to improve the competitiveness of local high school volleyball teams



(Volleyball team)
Discovery and Understanding Project under the partnership agreement with Osaka City, held in two sessions for junior high school students. The first session was a volleyball class taught by current active players. The second session was a lecture by team management staff, explaining their various duties and the important role they play in supporting the team.

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

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

Chapter

4

Human resources

Amid worldwide calls to ensure that each individual's values and ideas are respected in the workplace, Kubota is engaged in a global initiative to create a workplace environment that benefits from diversity and offers a sense of security. In its deployment of human resources, Kubota will continue to take due account of workplace safety and contributing to employee health so as to create safe and vibrant environments, which will in turn help to build a sustainable society.

<SDGs related to this section>



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Outline

Human Capital Strategy

Policy background

- In order for the Company to realize GMB2030, it is essential to expand existing businesses. In parallel, we need to provide solutions to social issues through collaboration among the three fields of food, water, and the environment.
- Since its establishment, the Company has been seeking human resources who can take on challenges for the development of society, and has been operating its business based on the important values of “On-Site Needs First Policy” and “On Your Side Spirit.” In order to expand existing businesses and develop new solution businesses, the Company continues to respect these values while focusing on the following three concepts that are necessary to embed in the Company as basic policies: I. Diversity, Equity, and Inclusion (DEI); II. Purpose; III. Promotion of Health Management.

Basic Policy

- DEI (Strengthening the organization): New value is created by bringing together and connecting diverse human resources, which in turn becomes a source of innovation and sustainability. The Company believes that building a corporate culture that emphasizes “dialogue” and drawing out individual abilities is the key to achieving DEI. The realization thereof will lead to the materiality, “Business operations based on diverse values.”
- Purpose (Strengthening the individual): Each individual must take on the challenge of resolving issues in uncharted areas, and to do so, each individual must have a strong “Purpose” and demonstrate his or her individual strengths. This leads to the materiality, “Improvement of employee growth and job satisfaction.”
- Promotion of Health Management: In order for the Company to continue to create solutions needed by society, the physical and mental health of employees, who are the driving force of the Company’s operations, is essential. By creating workplaces in which each individual can achieve a real sense of job satisfaction and fulfillment founded on mental and physical health, we aim to maximize the performance of our organization and thereby underpin the Kubota human capital strategy.

Value Creation Process for Human Capital (For details see Integrated Report p. 41-42: Human Capital Strategy)

The driving force to solve environmental and social issues through expansion of existing businesses and new solutions in the future will be a “strong and flexible organization” and “diverse and autonomous human resources,” and reinforcing them is crucial.

We formulate the strategy in coordination with the management strategy and with account taken of the human resources strategy (recruitment, training, deployment, retention). By specifying an implementation policy for each strategy, we set the direction for Kubota’s initiatives.

Basic Policy	INPUT			OUTPUT	
	Strategy	Implementation policy	Key measures	Material Issues	Expansion of Existing Businesses and Approach to New Solutions
DEI (Strengthening the organization)	Building a corporate culture that emphasizes “dialogue” that maximizes the value of human resources while acquiring diverse human resources and respecting their individuality	Encourage managers to engage with each team member individually and to understand each other’s thoughts and feelings	<ul style="list-style-type: none"> • Capitalizing on engagement survey • Strengthening management ability to communicate ideas • Maintaining, expanding town hall meetings 		
		Promote co-creation and emergence of innovative ideas by foresting diverse talent pool within highly productive and flexible work environment	<ul style="list-style-type: none"> • Active recruitment, training of women • Reinforcing the global leader training program • Promoting Kubota Smart Work 		
Purpose (Strengthening the individual)	Strategic and systematic development investments to provide growth opportunities for individuals motivated to take on challenges	Strategically and systematically identify and cultivate candidates for future managerial talent	<ul style="list-style-type: none"> • Reinforcing human resource development for managers 	Improvement of employee growth and job satisfaction	
		Proactively invest in individuals who are eager to take on challenges	<ul style="list-style-type: none"> • Encouraging elective training via open application 		
Supporting autonomous career development that prioritizes employees’ sense of purpose	Fully support employees’ autonomous career development by considering their business aspirations and responsibilities	<ul style="list-style-type: none"> • Revising personnel declarations (formation of My Purpose) • Promoting career development training • Expanding measures to support career challenges 			
Promotion of Health Management	Build an investment cycle for effective health policies through data analysis based on the health management strategy map	Starting from improving health literacy, promote appropriate healthcare-seeking behavior and preventive activities	<ul style="list-style-type: none"> • Strengthening ICT-based support for healthy behavior • Integrated management of mental, physical health data by upgrading health management systems 	Foundation for human capital	

HR System

Fostering a corporate culture full of vigor that encourages a challenging spirit and creativity.

Utilization of human resources based on each employee's ability and motivation to be the "right person for the job."

Basic concept of personnel system operations

1. Equal opportunity: Each employee can strive to attain any role or position.
2. Right person for the right job: Aim to place the right person in the right job based on their abilities and ambitions.

Overview of Personnel Training, Performance-based Promotion and Compensation

There are three career paths comprising expert positions, staff positions and technical positions for different roles and responsibilities. The personnel system offers personnel training, and performance-based promotion and compensation for each of these career paths.

Employees can change career paths based on their abilities and ambitions.

Career	Expert positions (management class)	Staff positions (administrative and general class)	Technical positions (technical class)
Definition of personnel (main roles)	People who drive the business, solve problems that arise in operations, and exhibit a high level of performance based on their willingness to take on challenges, advanced expertise, abundant knowledge and extensive experience and know-how	People who contribute to the business, take on challenges for their own growth, and take on broad responsibilities, especially work that requires expertise, creativity and experience, while aiming to establish a field of expertise	<ul style="list-style-type: none"> ■ People who are in charge of work responsibilities, supervise and nurture subordinates, and achieve work objectives ■ People who improve work processes based on advanced skills, knowledge and experience, and can perform complicated work
Training and education	<ul style="list-style-type: none"> ■ Specialized training for specific objectives: around 160 courses of varying difficulty and subject matter that employees can choose from according to their own goals ■ Correspondence courses ■ On-demand training ■ Induction training for mid-career recruits ■ Career development training by age group ■ Training for newly appointed department managers ■ Training to identify next-generation executive/senior management candidates ■ Training for serving section managers ■ Training for newly appointed section managers ■ Training for employees promoted to expert positions 	<ul style="list-style-type: none"> ■ Training to identify next-generation leadership candidates ■ Business skills training ■ Compulsory training courses in second to fourth years of employment ■ Refresher training in second year of employment ■ Education for new employees (university and graduate school graduates) 	<ul style="list-style-type: none"> ■ Training to upgrade technical skills ■ Training for newly appointed foremen ■ Training for newly appointed supervisors ■ Training for group leaders ■ Training for technical positions (Advanced, intermediate, semi-intermediate, and elementary training) ■ Education for new employees (High school, technical college, and vocational school graduates)
Evaluations	<ul style="list-style-type: none"> ■ Employees set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress towards these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year. ■ Bosses evaluate their subordinates, including their performance of processes and work behavior. 		<ul style="list-style-type: none"> ■ Executives set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress towards these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year. ■ Non-executives endeavor to achieve the targets set with their bosses. ■ Both executives and non-executives are evaluated comprehensively based not only on their achievements and results, but also on their attitudes, behavior and roles.
Rotation	The work responsibilities of each employee are reviewed periodically, taking into consideration workplace needs and the employee's preferences, to avoid having employees perform the same work for long periods.		
Ranking (Basis upon which compensation is determined)	<ul style="list-style-type: none"> ■ Six rankings (In addition to the above, advanced specialist grades are set on a five-ranking double track) ■ Moves up in the rankings based on contribution to performance 	<ul style="list-style-type: none"> ■ Seven rankings ■ Moves up in the rankings based on contribution to performance (Some require testing) 	<ul style="list-style-type: none"> ■ 11 rankings ■ Moves up in the rankings based on contribution to performance (Some require testing and technical qualifications)
Salaries	Each ranking has upper and lower limits to its monthly salary.		
Bonuses	Bonuses are designed to reflect consolidated performance and individual performance.	Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.	
Retirement benefits	Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.		

Employee Profile

New Graduate and Mid-Career Recruits

Towards realizing our long-term vision GMB2030, in addition to expanding our existing businesses, we are also delivering new products and solutions globally. We are therefore focusing on attracting human resources able to perform particularly in advanced research and development fields (e.g. automated driving, electrification, carbon neutral adaptation) and overseas business fields.

Due partly to the growing career-consciousness of students, the graduate recruitment market has changed. Taking these changes on board, we seek in our hiring to match the student's career vision with Kubota's mission. Specifically for students who have a clear idea of their preferred area of work, we offer a recruitment option in which the initial allocated position is in an agreed area of operations. We also offer internships that are directly linked to employment. These programs boost motivation and stimulate performance among new recruits.

Among mid-career recruits, we seek human resources with knowledge in areas that we have never had before to help realize our long-term vision. People who are passionate about resolving issues in Kubota's business domains of food, water, and the environment will be supported to make full use of their accumulated expertise and experience in a range of areas.

In addition to the previous route of recruitment through agencies, we are actively taking a variety of recruitment methods, including referral recruitment.

Kubota's recruitment record of the last three years is shown below.

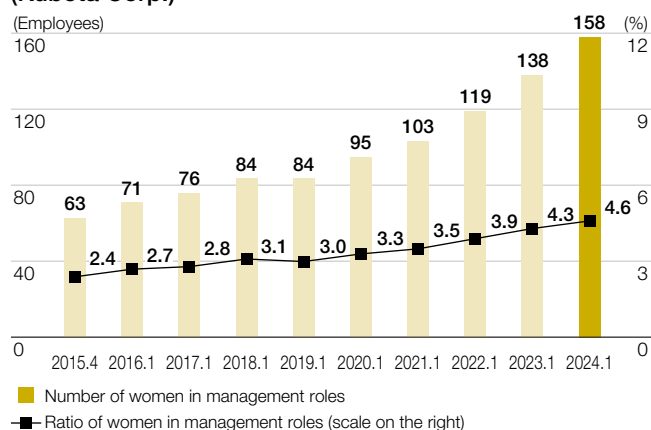
	Graduate recruits (regular employees)			Mid-career recruits		
	Male	Female	Total	Male	Female	Total
2021	170	35	205	203	43	246 (49)
2022	178	47	225	343	68	411 (57)
2023	258	70	328	315	43	358 (51)

* () Number of recruits to management roles

Women in Management Roles

The proportion of female employees among management is increasing yearly and has now reached 4.6% at Kubota. As part of an approach that emphasizes equity, we have steadily made changes to the human resource system and taken other measures to ensure a fair system of promotion not based on gender. We have additionally enhanced support for working parents, which promotes women's participation. Going forward, we will further reinforce diversity management so as to implement bias-free staff development and promotion. In this way we will continue to ensure a workplace environment where all employees can participate in a way that matches their individual strengths and thus promote a highly motivating corporate culture.

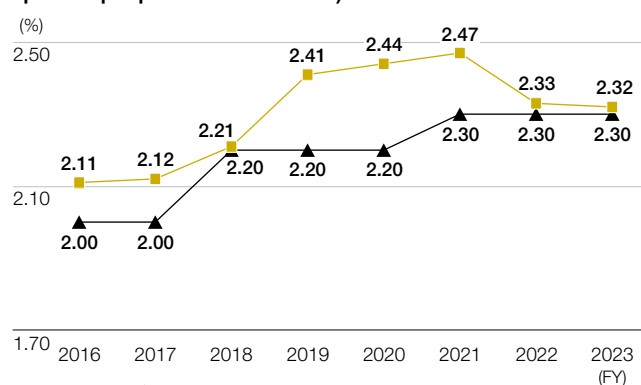
Trend in the Number of Women in Management Roles (Kubota Corp.)



Employment of 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 two special subsidiary companies (Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd.)*. (As of June 1, 2023, out of an employee figure of 24,947, the number of people with disabilities was 577.5). Going forward, by continuing to promote the participation of people with disabilities and expanding the business operations of our special companies, we aim to meet the mandatory ratio for employment of people with disabilities and promote harmony with local communities.

Trend in Percentage of Employees with Disabilities (calculated under group application system including special-purpose subsidiaries)



* 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.

* As of June 1 each year

Policy on Labor Issues and Related Initiatives

Policy and Basic Approach

The Kubota Group ensures thoroughgoing compliance, not only with relevant laws and regulations, but also with its Charter for Action and Code of Conduct and various internal regulations.

Meanwhile, we have put in place a system based on regular Group internal audits that functions to avoid risk in our personnel operations and ensure a rigorous response in the form of fact-finding and countermeasures if an issue does arise. By also introducing systems that enable diverse and flexible workstyles, we are promoting a supportive work environment in which employees can achieve job satisfaction.

- **Prevention of overwork**

To prevent overwork, Kubota promotes accurate monitoring of working hours using information and communications technology, recommends a rest interval of eleven hours between work shifts, is rolling out initiatives toward a 100% uptake rate of paid leave, and promotes workstyles not restricted by time or place by encouraging hourly paid leave, flextime teleworking and other options.

- **Compliance with minimum wage standards**

In addition to observing minimum wage standards, Kubota has adopted an internal standard which consists of the minimum wage for the region or the industry plus an additional fixed amount, and aims to pay at a level above this.

- **Equal pay for equal work**

Kubota does not operate gender-based pay scales and bases its salary structure on equality of opportunity so that each individual employee can participate in a way that allows them to develop their abilities to the full and pursue their ambitions. Additionally, our employment terms ensure that temporary or part-time employees do not experience unreasonable difference in treatment than full-time employees.

Dialogue between Labor and Management

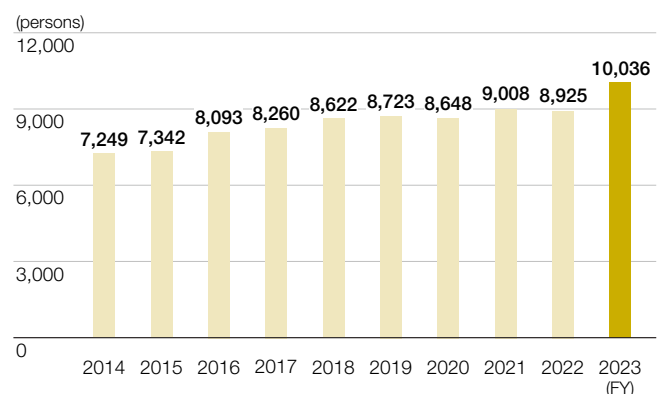
Kubota regards the labor union as the employees' representative and has built up good relations over many years based on active sharing of management information and advance consultation. Additionally, the labor agreement concluded with the Kubota Union guarantees the right to organize and the right to collective bargaining that are the basis of this policy, and grants the union full authority to take collective action. As a specific example of our approach, we have established a range of labor-management committees where working hours and working conditions, diversity and other labor-management issues are discussed in good faith.

Kubota adopts a union shop system, which means that the union membership rate among employees, excluding management, is 100%.

The membership status of the Kubota Union is shown in the graph on the right.

* The membership figures are based on data as of the union's 77th regular general meeting (personnel data as of June 1, 2023).

Trend in the Number of Union Members



Improvement of Employee Growth and Job Satisfaction

Organizational Strengthening

Employee Engagement

To promote K-ESG management, it is crucial for employees to practice the corporate philosophy and to gain the empathy and participation of internal and external stakeholders. As part of the Company's efforts to advance the establishment of the organization in which employees, who are the driving force behind K-ESG management promotion, can be proud and happy, and the organization is rewarding and easy to work for, the Company has been conducting engagement surveys since November 2021. Each corporate organization has addressed the issues identified and is working to create an organization provides its employees with job satisfaction. In 2023, in line with our aim of improving engagement Group-wide, the scope of the survey was widened to cover approximately 21,500 employees, including staff of subsidiaries in Japan and overseas, three times as many as in 2021. At the same time as widening its scope, we have also managed to steadily improve the score, which currently stands at 47% for the Group as a whole. Our target for 2030 is a score of 70%, towards which we will now accelerate engagement initiatives.

When distributing the survey results to our different workplaces, we ask them to take note of themes that are closely associated with our target engagement indicators and to take related action. Each organization compares its results in each survey item with data from other companies and the rest of Kubota to arrive at a relative evaluation. As the survey results vary between different organizations, each one needs to take action suited to its own conditions, but the Group-wide trend is for issues to emerge in the scores for "communication" and "adapting to change." To address this by promoting dialogue within our organizations and building resilience to change, since 2023 we have held organization-building workshops as a tool to invigorate our organizations and improve engagement.

Organization-Building Workshops

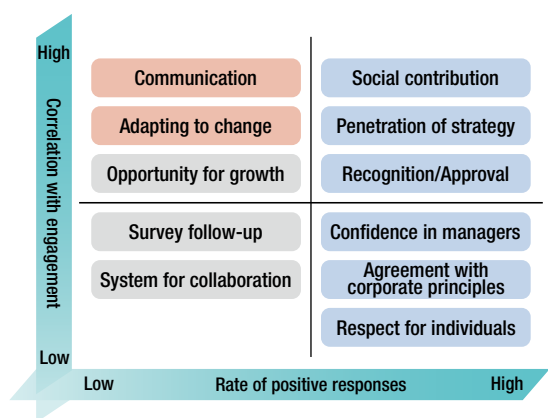
In response to the results of the FY2022 engagement survey, we launched a range of dialogue-based initiatives, which were also announced in the president's message, one of which is the holding of organization-building workshops for staff of departmental manager level. These events, whose aim is to use dialogue to outline a vision for the organization and identify what action is required to realize it, have been attended by a total of about 50 departmental managers from different business divisions throughout Japan.

The program consists of a total of three sessions in which managers confront not only the engagement survey results, but also their own view of their organization and their individual experiences and work through dialogue with other participants to outline a vision for their organization. By then taking real action toward realizing their vision, 70% of participating organizations were able to improve their engagement score.

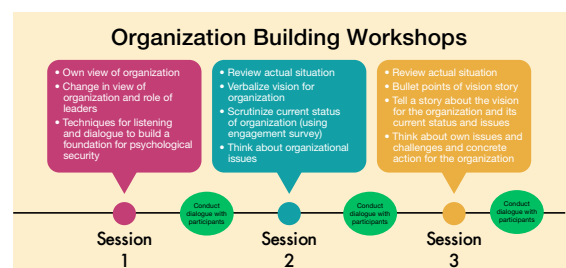
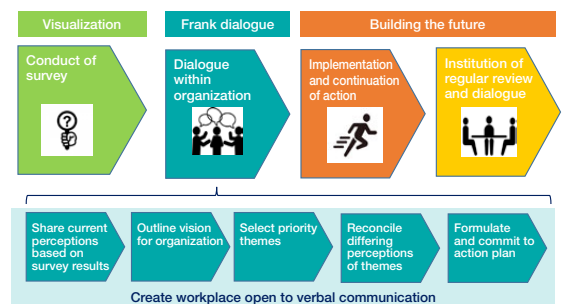
Dialogue session at an organization-building workshop



FY	2021	2022	2023
Group-wide	—	45%	47%
Kubota Corporation (regular employees)	50%	51%	52%
No. of employees surveyed	6,608	14,220	21,477



Flowchart of Dialogue and Activities Based on Survey

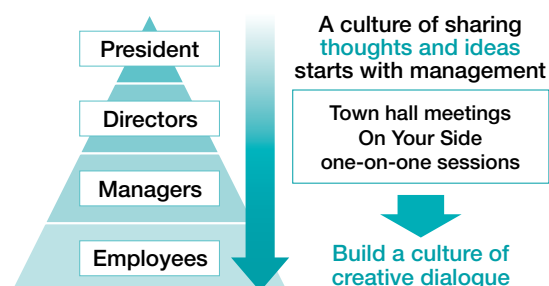


Creating a Corporate Culture through Dialogue

Strengthening Management Ability to Communicate Ideas

To create a company where each individual employee has a sense of fulfillment and personal growth, we recognize that it is important for corporate management to take the leading role and communicate in their own words the importance of GMB2030 and K-ESG management.

Building a culture of sharing thoughts and ideas begins with management. Through channels such as town hall meetings and one-on-one sessions in the spirit of Kubota's "On Your Side" approach, senior management will create opportunities for meaningful dialogue. By building a culture of creative dialogue in which ideas can be exchanged, we aim to inspire identification with the goals of GMB2030 and K-ESG management, generate innovation, and strengthen links between people and between organizations.



Town Hall Meetings

To achieve the goal of becoming "One Kubota" from the approach of communication, we will continuously strengthen internal communication, for instance by distributing video content featuring senior management and using internal social networking sites. As part of this, we have been holding town hall meetings since October 2021, mainly between the management team and newly appointed managers or young employees. As we build a culture of creative dialogue, we believe that meaningful direct dialogue between the management team and employees will contribute to improving employee engagement. Currently, all directors and other corporate officers participate in town hall meetings, where they engage in positive dialogue with staff members. From 2023, the format for these events switched from online to face-to-face, enabling more effective dialogue that will help build relationships of trust with participants and strengthen cohesion.

Town Hall Meetings with the President or Executive Vice President

	FY2021	FY2022	FY2023
Event format	Online		Face-to-face
Times held	6	25	12
Participants	100	400	180



Initiatives to Improve the Retention Rate of New Employees

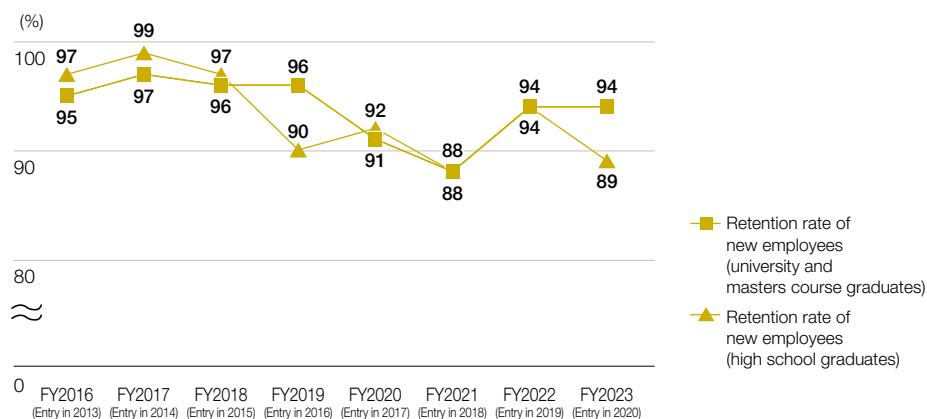
Every year, many new graduates (from universities, masters courses, and high schools) and mid-career entrants join Kubota.

Kubota endeavors to create an environment that allows new employees to settle in and play active roles by offering training programs before assignment and follow-up support after assignment.

In follow-up training in the second year of employment, participants learn not only about resilience as a technique to achieve a mental approach leading to more positive growth, but also undergo individual consultations with human resource staff to check up on their situation after being allocated to a department.

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



Cultivating a Steady Supply of Global Leaders

Global Leader Training

To strengthen global management and human resource utilization toward the fulfillment of GMB2030 and to stimulate local and global business growth, we launched a global leader training program in 2022 as part of efforts to develop global talent, particularly to act as executives in our overseas operations.

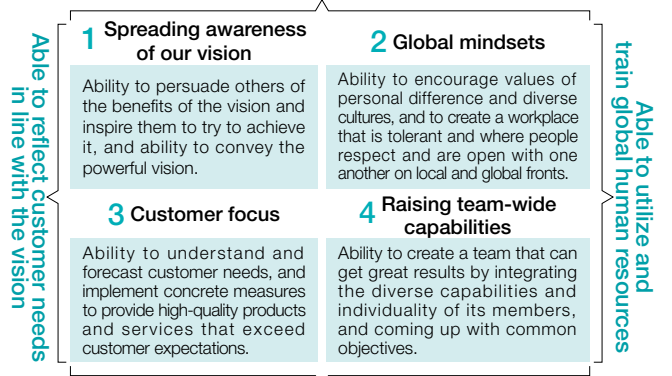
Through exercises including group sessions drawing on original case studies, dialogue with executives visiting Japan, and on-site observation, the aim is to impart an understanding of Kubota's strengths and the essence of Kubota, inspire a One Kubota sense of unity, and stimulate self-awareness and motivation as a global leader. In parallel with the introduction of the global leader program, we are engaged in activities to strengthen collaboration between management executives at our regional controlling companies and initiatives to cultivate next-generation leaders.

In FY2023, we established Global Leader Project Teams and began activities to stimulate participation in global projects. Going forward, we will roll this program out to the Asia region, with the aim of producing a steady supply of leaders equipped with a global management outlook yet capable of optimal decision-making in the local context.

Global competencies



Able to hold global management perspectives but make optimal decision-making locally

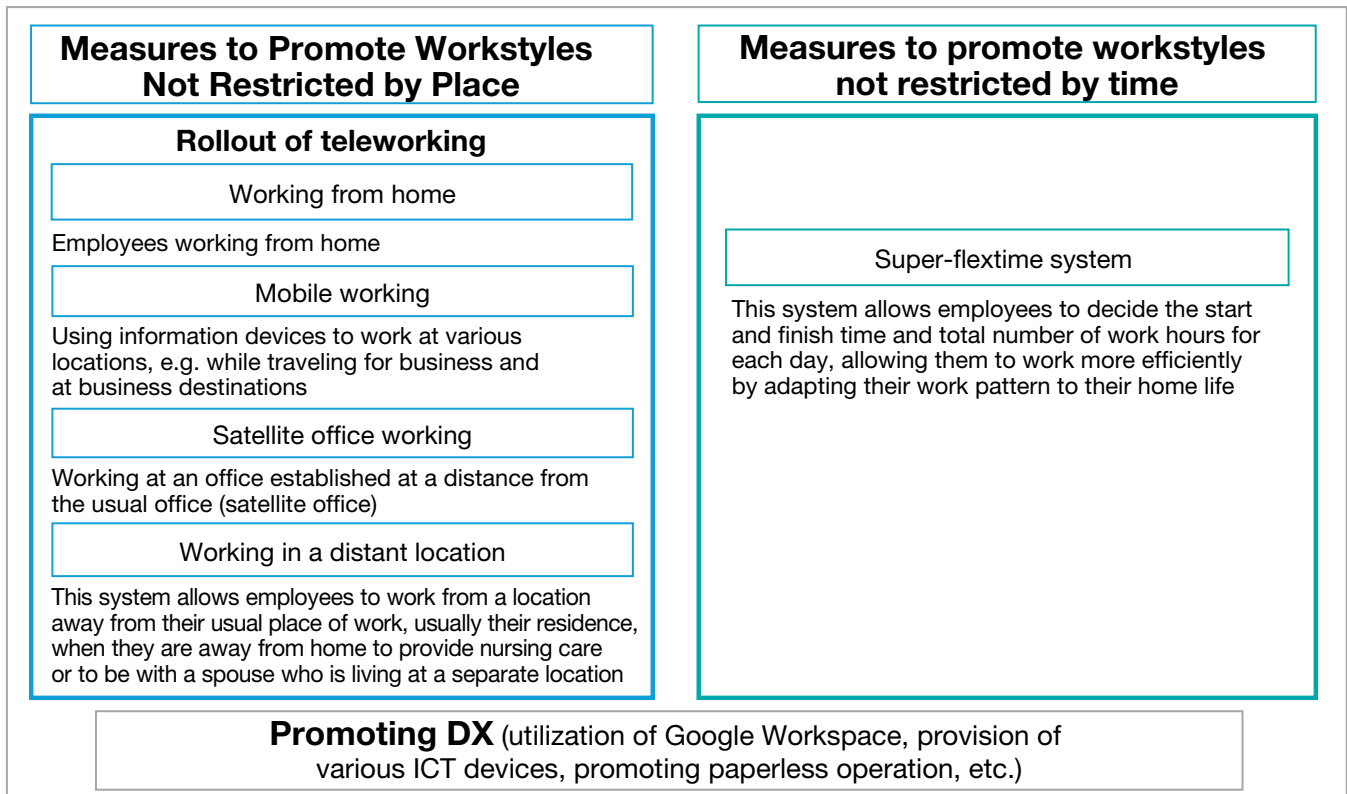


Promoting Diverse and Flexible Workstyles

Promoting the Kubota Smart Working System

The working-age population is shrinking due to demographic aging and falling birth rates while working adults have increasingly diverse needs, including having to manage both childcare and nursing care for family members. To adapt to such trends, we face the important tasks of improving productivity through investment and innovation and at the same time putting in place an environment with expanded employment opportunities where staff can develop their abilities to the fullest and pursue their ambitions.

In response to the situation, Kubota enables employees to work in a variety of ways and allocate their time efficiently, provides expanded employment opportunities, and enables them to develop their abilities to the full and pursue their ambitions. This will in turn promote improvements in productivity, employee performance, and job satisfaction.



(1) Working from home

This system allows employees to work for a guideline maximum of three days a week at their home or an equivalent location (e.g. a location that the employee has registered with the Company as their place of residence, the residence of a spouse who is living separately for reasons of the spouse's work or for other reasons to do with the employee's circumstances, a property owned by the employee or spouse, a communal facility within the employee's apartment block).

* Another location authorized by the Company is also permissible but only in the case of an employee providing nursing care or attending a spouse who is giving birth

(2) Mobile working

This system allows employees to work when they are on business travel using information devices in locations where it is possible for their regular duties to be carried out securely and appropriately (e.g. in vehicles or waiting rooms while on a business trip, at the office of the customer that is the objective of the business trip, at catering facilities where lunch is taken during the trip, at a hotel where the employee stays during the trip, at a shared office on the route of the business trip).

(3) Satellite offices

This system allows employees for personal reasons to work at a satellite office space designated by the Company.

* This is limited however to locations on the employee's usual route to work or closer to the employee's residence than the usual place of work

(4) Working in a distant location

Employees can apply to work under this system if they wish to live together with a spouse who is currently living separately, or where a family member requires nursing care. It allows the employee to work from anywhere in Japan in cases where the distance from the residence to the usual place of work by bullet train is more than 200 km one way and where it is possible to travel in five hours or less using public transport between the nearest station to their residence and the nearest station to their usual place of work.

(5) Super-flextime system

This is a flextime system with no core time that allows employees to decide for themselves the start and finish time and total number of work hours for each day as long as they meet the fixed monthly total of working hours.

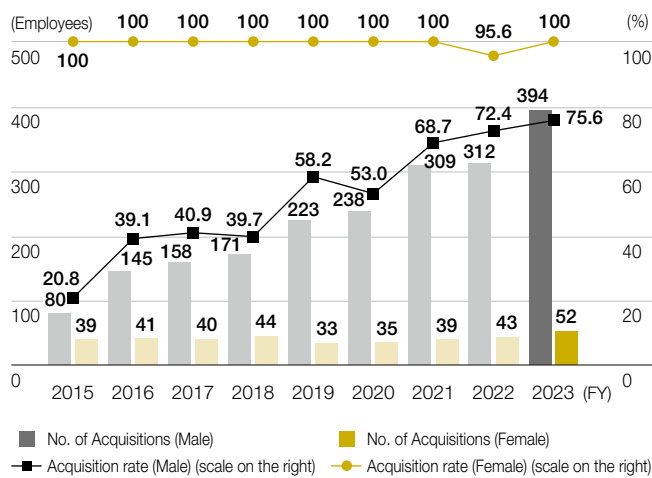
Support a Better Work-life Balance

To support employees who combine work with childcare or nursing care, Kubota is taking steps to put in place a work environment that helps male and female staff equally to maintain a work-life balance. In FY2022, we introduced a new system of child-planning leave for infertility treatment, through which we continue to support employees' goals in life.

Combining Childcare with Career

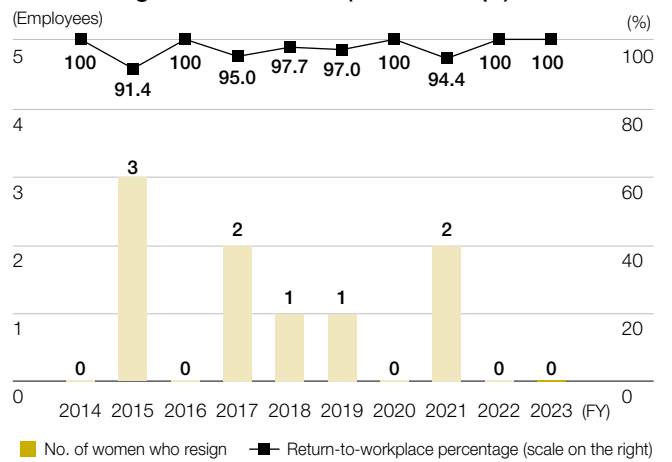
In promoting the action plan for general business operators set out in the Act on Promotion of Women's Participation and Advancement in the Workplace, Kubota is eliminating consciousness of gender-based roles in responsibility allocation. We encourage all employees to take childcare leave, for which the rate of uptake is increasing year by year. Meanwhile, to dispel concerns about returning to work after childcare leave, we hold online support seminars for employees on childcare leave and their managers, thus creating conditions that allow staff to continue building their career at Kubota after returning from childcare leave. (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.")

No./Percentage Using Childcare Leave (Kubota Corp.)



* Calculated based on the following periods: for years prior to 2022, from April 1 to March 31 of the following year; for 2023, from January 1 to December 31.

Trend in the Percentage of Women Who Return to Work After Taking Childcare Leave (Kubota Corp.)



* Calculated based on the following periods: for years prior to 2022, from April 1 to March 31 of the following year; for 2023, from January 1 to December 31.

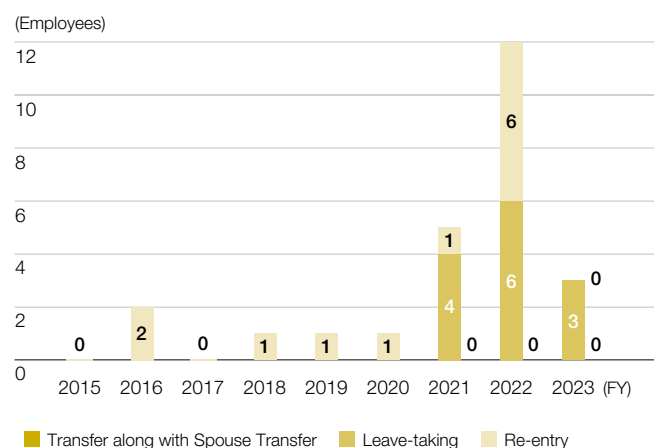
Family Support Leave

The system for special leave to support employees combining work with family duties was expanded targeted employees in 2018. This enables covering special leaves not only for childcare-related issues, but also nursing care for family members. Expanding the number of eligible employees has had a positive impact in terms of increased workplace understanding for issues around balancing work and family needs.

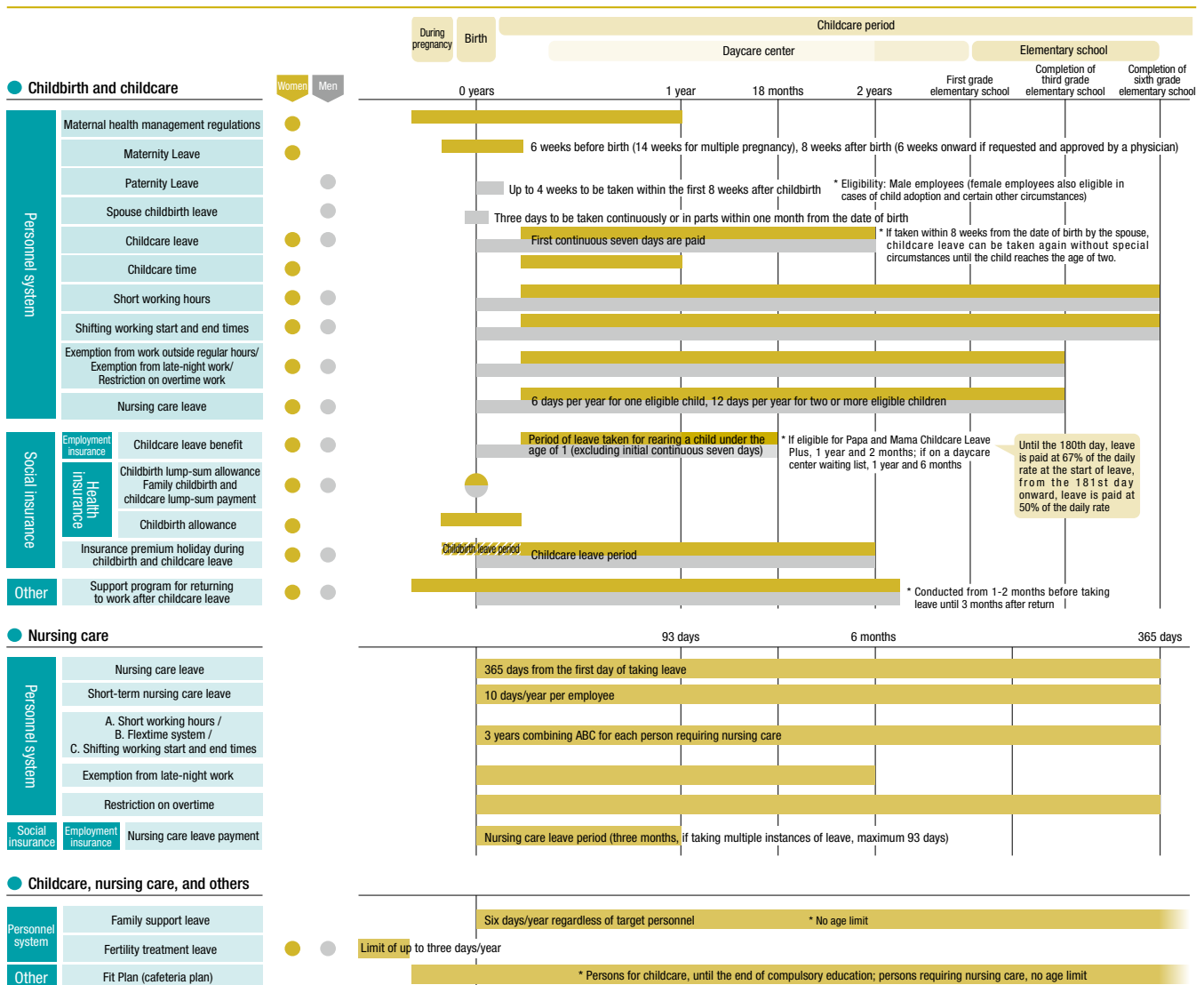
System for Leave-taking, Re-entry, or Transfer along with Spouse Transfer

Kubota has put in place a system that makes it easier for employees whose spouse has to relocate for work reasons by allowing them to obtain a work transfer to the same location or to take leave and later re-enter the Company. The system prevents as far as possible staff attrition due to spouse job transfers, contributing to employee retention and motivation to continue working.

Number of People Using the System for Leave-taking, Re-entry, or Transfer along with Spouse Transfer (Kubota Corp.)



Systems Supporting Balancing Work with Family Needs



Promoting the Use of Annual Paid Leave

Kubota believes that taking paid leave is highly effective not only in helping employees maintain their mental and physical health and preventing excessively long working hours, but also in helping them to achieve a good work-life balance and thereby boost job satisfaction.

Kubota encourages the use of paid leave in cooperation with the labor union (Kubota Union) based on a jointly agreed promotion policy and specific incentive measures.

The number of days of annual paid leave taken in the last three years is as shown below.

Year	2021	2022	2023
Percentage	100.9%	110.5%	106.3%

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.

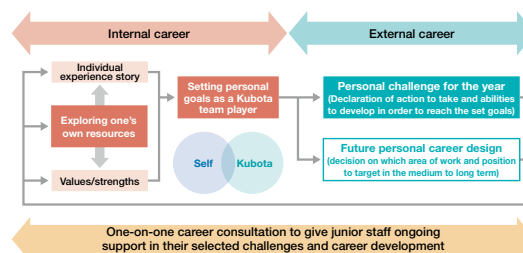
Strengthening Individuals

Offering Opportunities for Reskilling and Growth

■ Reviewing Career Development Support Systems

To engage in dialogue that helps build human resources value and to guide individuals toward independent growth, we will be reviewing the content of our personnel reports to include not only a statement of experience to date and preferred future area of work, but also an outline of the individual's values, strengths, and goals as a basis for discussing with managers future career challenges and receiving relevant support. This starts with the employee taking stock of their career and identifying particular values and strengths as a basis for developing and refining their capabilities.

Next comes a review of past and present work experience where the employee recalls a moment when they were able to fulfill their values and demonstrate their strengths and recognizes this as a valuable resource. Lastly, with these values and strengths in mind, the employee thinks about what hopes they have formed at Kubota and what ambitions they want to fulfill based on the ideas that are valued by the Company and the employee's department and the roles expected of employees. The employee puts into words their ambition and goals and sets targets on the way to fulfilling them, which are then supported by routine one-on-one sessions and allocation of tasks.



■ Measures to Support Career Challenges

To support employees' independent career development, Kubota offers a three-point system that enables staff to actively pursue the career goals of their choice: (1) entry via open application; (2) opportunities to take on a second in-house position; and (3) Cross My Field, a program of cross-departmental learning in and out of house. We intend to further enhance and expand the current system.

(1) Entry via open application

To meet our human resource needs, where we emphasize the applicant's level of ambition as much as experience and skills, we recruit human resources from throughout the company. In order to find the right person for the right job by attracting highly ambitious human resources who are keen to act on their own initiative, in March 2004 we introduced a system of entry by open application. By showing that employees can select their own area of work and achieve career advancement, we are also working to create a vibrant corporate culture that emphasizes the spirit of challenge and creativity. The previous system, in which applications were accepted only when requested by the relevant department, will be replaced in 2024 with one free of restriction on the timing of applications or the job type applied for. With the new system allowing application at any time for a range of positions and allowing employees to apply for positions advertised to mid-career applicants, we look forward to an active response.

(2) Taking on a second in-house position

We have introduced a system under which employees can become involved in the operations of another in-house department whose work interests them while retaining their original position. This system, which offers the employee growth opportunities in line with their own ambition, will help us to improve employee engagement, promote innovation and operational improvement, and invigorate our organization. Starting in 2024, we will advertise examples of the system more actively on the Company intranet and coordinate issues between organizations as part of efforts to make the system easy for employees to use and ensure its smooth operation.

(3) Cross My Field (cross-departmental learning in and out of house)

This is a human resource development program that offers employees the chance to step beyond their current organization and area of operations to interact with a wider range of people and experience the real world of business, providing a tangible sense of personal growth. Since the system was launched as a trial in 2021 with Kubota products as its theme, it has offered the opportunity for employees to challenge themselves through a range of programs each year, with the host institutions of its cross-departmental learning programs including in-house facilities as well as external enterprises and institutions in Japan and overseas.

Strategic Provision of Learning Opportunities

Selective Training

(1) Kubota Leadership Training (KLT)

KLT is provided for section managers and develops capabilities of looking at the future from a better vantage point and considering business direction. It also brings about leaders that can plan and develop strategy.

(2) K-WAVE (training for the personnel who will be the next generation of executives)

Targeting mid-level administrative/technical employees, we work to quickly identify and train the visionary leaders who will drive new business and innovation in the future.

Training Targets and Number of Trainees

	Target group	2022	2023	2024
KLT*	Section managers	—	23	—
K-WAVE	Mid-level administrative/technical staff	19	19	30

* Held every other year

Rank-Based Voluntary Training

(1) Optional seminars for managers

These lectures on the theme "Stimulation, knowledge, and experience" are offered in order to extend beyond management the opportunity to broaden horizons and build core capability as a manager.

(2) K-Step

This is a program for mid-level employees to impart the knowledge and skills required to carry out projects and high-added-value operations and lead a team.

(3) Foundation training for adult professionals

For young employees to grow rapidly into human resources capable of performing high-added-value operations, we have identified the core business skills required as the basis of a new training system to be launched in 2024. We recommend employees to attend.



Photo taken at one of our optional seminars for managers: Zen and Leadership (see item (1) above)

Nurturing Global Human Resources

Overseas Trainee

Since 1997, Kubota has dispatched employees to our overseas subsidiaries and affiliated companies for training purposes. Through experience at our overseas companies and the local life, this program is designed to nurture global human resources who are capable of playing an active role globally.

In 2016, we started sending trainees to Wageningen University & Research in the Netherlands. There they learn about cutting-edge agriculture. In 2021, we also started sending trainees to the University of California in the United States where they learn about the latest precision agriculture.

We will continue to promote these dispatches as the most effective means of nurturing global human resources.



Program of Sending Employees to Emerging Countries (Corporate Volunteering Program)

In 2023, we introduced a Corporate Volunteering Program with the aim of nurturing Kubota's future global leaders who will drive solutions to social issues through business. This program will promote solutions to social issues by sending employees to non-governmental organizations and social enterprises in the emerging economies of Southeast Asia.

In 2023, the selected employees were sent to Cambodia and the Philippines for 3 months where they worked with the CEOs of local social enterprises. They attempted to use their skills and experience acquired at Kubota on projects to address social issues.

We will continue to send employees to this program with the aim of nurturing global leaders. We are confident that the experience gained during the program will not only serve their personal growth but also prepare them to take the lead across Kubota as a whole.



Harvard Business School

As globalization accelerates, we aim to develop human resources who can compete with the world's leading companies at an early stage. To achieve this goal, each year we select Kubota employees to study at Harvard Business School where they improve their advanced business skills that meet the global standards and cultivate a global mindset.

In 2023, we sent an employee at general manager level for the first time, and in 2024 we plan to send employees to take part in an additional curriculum. We aim to continuously enhance the human resources department through this program.



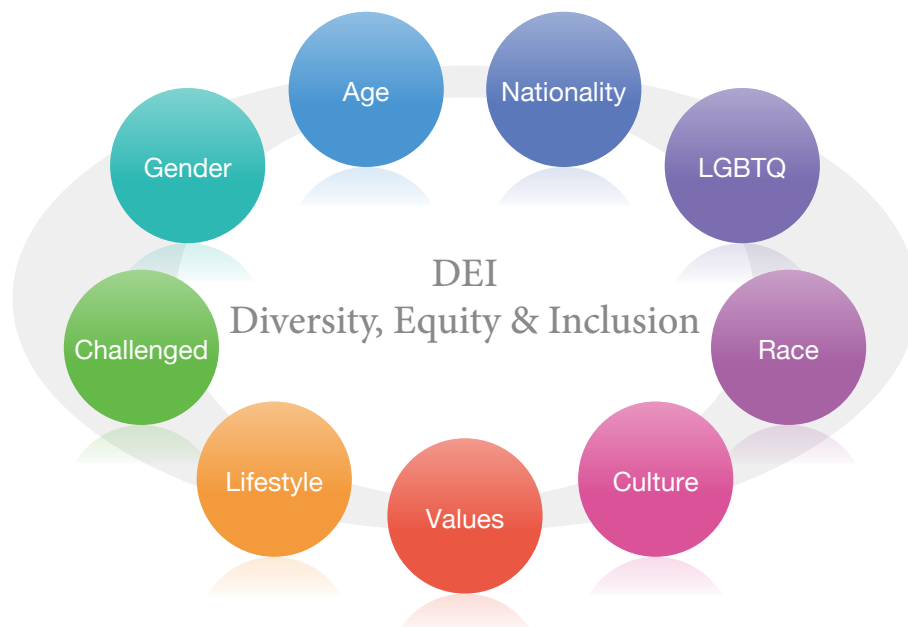
Diversity

Basic Approach

The Kubota Group is promoting diversity, equity, and inclusion (DEI) as a management strategy. Recognizing that there are different values and ways of thinking and bringing out the full strengths of diverse personalities leads to high value creation. As such, it is vital for the organization's sustainable global growth. We provide a place where individual employees, regardless of gender, nationality, age, experience, values, etc., can express their personalities and thrive. We have developed systems that make it reasonable for employees to work in a way that suits their own situation, so that they can work with enthusiasm. An inclusive culture where diversity can thrive leads to a recognition of individual abilities, experiences, and ways of thinking, and the ability to further demonstrate individual strengths.

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.



External Certifications and Evaluations



We formulated an action plan based on the "Act on Advancement of Measures to Support Raising Next-Generation Children" of the Ministry of Health, Labour and Welfare. We obtained "Kurumin" certification in 2013. 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, we have been working to dispel perceptions of fixed gender-based roles. We carry out educational activities and provide flexible systems aimed at ensuring that our work environment is one where men are encouraged to take childcare leave.



We received Silver in the PRIDE Index 2023, an evaluation index formulated by the voluntary organization work with Pride that evaluates efforts related to sexual minorities such as LGBTQ in companies and organizations. We believe that it is necessary to improve the internal environment so that diverse human resources can make the most of their individual abilities and play an active role that is not affected by their gender or background. By including same-sex partners and common law marriage relationships in the definition of a spouse in our internal regulations, we have made it possible for more employees to use internal systems and welfare systems related to life events.



In the D&I AWARD 2023 sponsored by JobRainbow Co., Ltd., we received Best Workplace certification, the highest evaluation. Under our Basic Policy on Diversity, Equity, and Inclusion (DEI), we are working to create a rewarding workplace by transforming diversity into creativity.

Women Empowerment Initiatives

Women's Employee Resource Group

A Women's Employee Resource Group to promote interaction and mutual support among female employees has been created at Kubota. By bringing female leaders together across organizational boundaries to build new connections through self-directed activities, the group seeks to encourage women to consider their career in greater depth and enhance motivation. We also envisage that by sharing their experiences as leaders, the group members will give the rising generation of young employees the opportunity to encounter diverse career paths and values, thus helping to cultivate the female leaders of the future.



WERG Core Team Member Meeting

Holding of Women's Empowerment Forum

To support the advancement of female employees, we hold a Women's Empowerment Forum where the company president and other members of the executive team emphasize that women's participation is essential to Kubota and communicate directly to female employees their commitment to women's empowerment. Meanwhile, speeches given by globally active role models from within the Company present female employees with the opportunity to consider their own career in a positive light and to identify relatable leadership models.



Women's Empowerment Forum

Female Employee Networking Meeting

We organized a female employee exchange meeting whose aim was to enable female employees to create connections across the boundaries of department and seniority and link up as allies who can empathize and encourage each other. Participants derived a high degree of satisfaction, commenting for instance that interacting with women employed in other departments had provided a greater than expected stimulus, and that the forum had provided a good opportunity to discuss issues on equal terms with women from other departments and lines of work. The forum served thus as an opportunity for women to gain new insights on positive approaches to work by building new connections with staff members they would rarely meet in the normal course of their work, thus giving access to different perspectives and other people's experiences.



Women's Empowerment Forum

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 focal points 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

Hiring People with Disabilities to Support Self-Reliance

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 two special subsidiary companies (Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd.)*. Kubota Works currently employs over 200 people with disabilities, mainly in cleaning and office support operations. The company operates at various Kubota Group bases and the number of bases covered is increasing. To support job creation, Kubota Works is cooperating actively with each of our Group companies to develop operations in the areas of mask fitting tests in production factories and cleaning of parts on production lines.

* 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.



Kubota Works Co., Ltd.

Creating an Environment Where People with Disabilities Can Participate and Demonstrate Their Abilities

We have introduced in-house training and qualification systems and encourage employees to enter for Abilympics contests and to work for the qualification of skilled office cleaner.

In Abilympics contests, Kubota Works employees have been ranked in the top three places in contests at regional and national meeting levels.

Our support system requires as standard the allocation of one support worker for every five people with disabilities, ensuring an environment in which each individual can demonstrate their abilities with confidence.



Kubota Works Co., Ltd.

Contributing to Harmony and Connection with Local Communities

Kubota Sun-Vege Farm is involved in initiatives to use hydroponic cultivation (growing plants without soil) 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 farm's vegetable produce is used in our company cafeterias and made available for sale to our employees. It is also sold at supermarkets in Osaka Prefecture, helping to create connections with local communities.

Going forward, by continuing to promote the participation of people with disabilities and expanding the business operations of its special subsidiaries, Kubota will work to maintain the mandatory employment ratio for people with disabilities and achieve harmony with local communities.



Kubota Sun-Vege Farm Co., Ltd.

Health & Productivity Management

Basic Approach

Employee mental and physical health is the foundation for a positive and motivated workplace and a vital and precious ingredient in the satisfaction of employees and their families.

The Kubota Group believes that maintaining and promoting employee health is the key to creating a vibrant workplace and generating new value and therefore actively promotes health and productivity management. We understand that maintaining a culture that values employee health is an important management issue, as it enables individual employees to preserve their mental and physical health and promotes a motivating and positive environment where each team member feels fulfilled and happy in their work, resulting in sustainable corporate growth.

* Health & Productivity Management as featured in this publication is a registered trademark of the Nonprofit Organization Kenkokeiei.

Kubota Group Health Declaration

To firmly embed the vision and approach of our health and productivity management throughout the organization, we formulated the Kubota Group Health Declaration in July 2021.

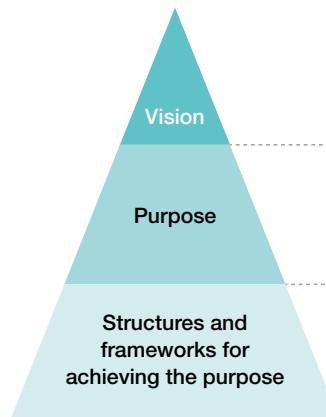
Kubota Group Health Declaration

The Kubota Group declares its commitment to realizing the well-being of its employees and their families, and contribute to solving food, water and environmental issues as well through its business activities, by enabling each individual employee to preserve their physical and mental health in a motivating and positive work environment, being able to utilize their capabilities and individuality in their work.

Vision for Health & Productivity Management

The Kubota Group's vision for health and productivity management is to contribute to Kubota's ESG management vision by:

- [1] Ensure that all employees are physically and mentally healthy and feel fulfilled and happy, and
- [2] Maximize individual and organizational performance by creating a rewarding work environment

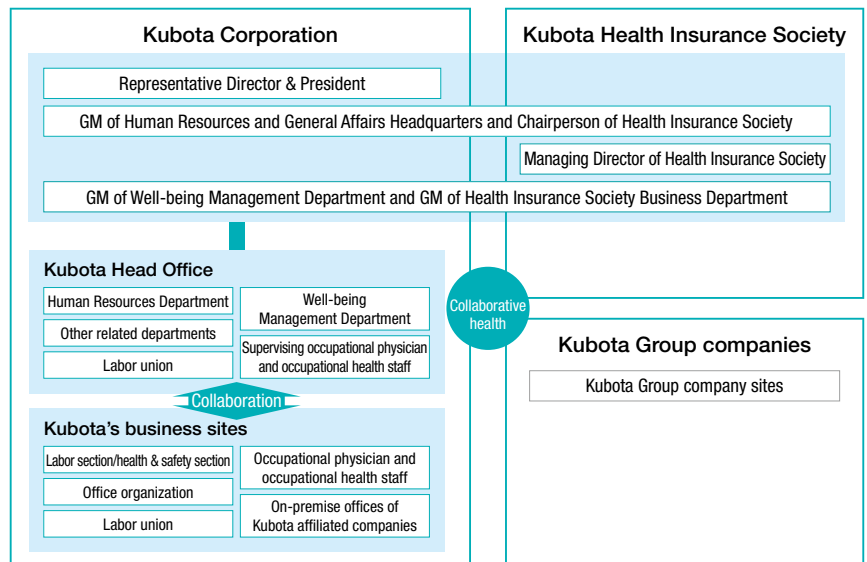


- Pursuit of well-being with the physical and mental health of employees
- Maximizing performance with rewarding workplace environments
➔ Supporting human capital, contributing to ESG management
- Prevention of employee deaths from illness and long-term leave
- Creation of workplaces where healthy employees can unleash their full potential
➔ Construction of the Company's sustainable growth platform
- Adoption of good living habits to prevent lifestyle diseases and cancer
- Promotion of mental health measures
- Establishment of a health counselling system to detect and treat illness from an early stage

Health & Productivity Management Promotion System

At the Kubota Group, executive management takes overall responsibility for promoting health and productivity management and implements this activity in close collaboration with the Kubota Health Insurance Society, coordinating also with the Well-being Management Department, Kubota's occupational health nurse, human resources departments, and other corporate divisions.

* As of January 2024: 11 exclusive occupational health physicians and 40 occupational health nurses



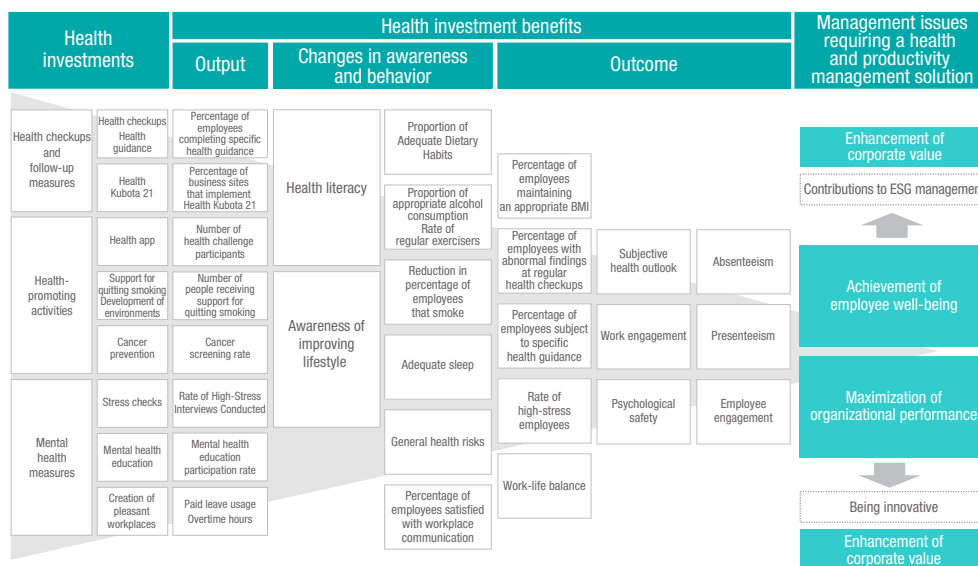
* Collaborative health refers to the Company and the Kubota Health Insurance Society jointly managing data analysis and strategy formulation.

The Linking of Our Vision for Health & Productivity Management with Health-Related Measures

We have formulated a health and productivity management strategic roadmap that visualizes the links between our measures to invest in health and the management issues we wish to resolve with our health and productivity management activities.

The initial roadmap is strictly a provisional draft. Going forward, we will apply multivariate analysis to data from health checkups, data on working hours, and data collected in a range of surveys to investigate and verify various factors, for example which of our measures to invest in health have the greatest impact on employee awareness and behavior. This will enable us to carry out regular updates so as to set up a more effective and sustainable human capital investment cycle.

● Kubota Group Health and Productivity Management Strategic Roadmap



Key Issues and KPIs

Based on our vision for the future and an assessment of current employee health status, the Kubota Group implements health and productivity management initiatives in close collaboration with the Kubota Health Insurance Society, focusing on three key issues: prevention of lifestyle diseases, measures to support mental health, and early detection and treatment of cancer.

● Prevention of Lifestyle Diseases

To complement health guidance from medical professionals, Health Kubota 21 Promotion Committee members appointed at each business site have taken the leading role in an initiative to roll out primary prevention activities in five areas: diet, exercise, and quitting smoking, which are the three pillars of lifestyle disease prevention, and alcohol and sleep, which were added starting from 2024. Meanwhile, as a measure to improve employees' daily diet, all our business cafeterias are introducing so-called smart meals, which are certified by the Consortium for Healthy Meal and Food Environment General Incorporated Association based on a standard set by the Ministry of Health, Labour and Welfare.

● Mental Health

As part of measures to enhance primary prevention, we make the legally mandatory offer of medical consultation to employees with high stress levels, or, if they prefer, self-care support sessions with a nursing professional. We also use the results of group-based stress check analysis to support measures to improve the workplace environment, such as inquiry meetings at workplaces with high levels of health risk and horizontal rollout of good practice from workplaces showing a year-on-year improvement.

● Early Detection and Treatment of Cancer

With the aim of improving the cancer screening participation rate, we have invested 3 million yen to offer employees a maximum of 10,000 yen every other year toward the cost of a gastroscopy examination at an external institution. To enhance cervical cancer screening, we have expanded the number of business sites providing workplace cancer screening by deploying a mobile screening unit, which has improved the screening rate at the sites it serves from 44.3% to 48.5%. Where the screening result indicates the need for further tests, we encourage the employee to consult a medical facility by issuing a referral letter with a reply form attached; if we do not receive a reply from the medical facility, we send the employee a reminder. Follow-up measures such as these are part of our initiatives for the early detection and treatment of cancer.

● KPIs

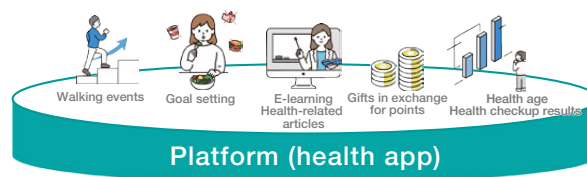
		(%)			
	Focus categories	Target	2021	2022	2023
Lifestyle diseases	Ratio of smokers	18.0 or lower	29.7	27.6	27.9
	Ratio of regular exercisers (at least 30 minutes per day)	45.0 or higher	33.7	31.2	31.7
	Ratio of healthy BMIs (BMI between 18.5 and 24.9)	75.0 or higher	70.3	66.0	66.1
Mental	Rate of high-stress employees	10.0 or lower	9.5	9.8	8.5
	Percentage of departments with a general health risk of 120 or higher	0.0 or lower	0.0	1.6	0.6
Cancer	Colon cancer screening rate	50.0 or higher	77.9	78.9	—
	Gastric cancer screening rate	60.0 or higher	58.7	59.1	—
	Cervical cancer screening rate	50.0 or higher	38.7	—	—
	Breast cancer screening rate	60.0 or higher	—	61.4	—
Final evaluation	Loss ratio of presenteeism	17.0 or lower	—	19.0	20.0
	Absenteeism	—	—	2.45 days	2.46 days

* Calculation as of January 2024
 • Statistics based on Kubota Corporation employees (cancer screening rate based on membership of Kubota Health Insurance Society)
 • Presenteeism: Calculated from questionnaire survey of employees in expert and staff positions using Single-Item Presenteeism Question (SPQ, University of Tokyo, single-item version)
 • Absenteeism: Calculated from questionnaire survey of employees in expert and staff positions on number of days of absence in the previous fiscal year due to employee's own illness or injury

Health-Related Education and Awareness-Raising

● Introduction of Health App

To support employees in independent health promotion, we introduced a health app in October 2022. Creating a system that enables employees to check their health status at any time based on the results of regular health checkups, daily measurement records, and other data provides an opportunity to reconsider their own lifestyle. Additionally, the health app is the platform for a range of health-promoting activities implemented under the title Kubota Health Challenge, whereby employees are incentivized to take part in healthy initiatives through the awarding of points that can be exchanged for gifts. In this way, we aim to improve employees' health literacy and support them to change their behavior.



● Enhancement of Rank-Based Education

We are focusing efforts on enhancing rank-based educational opportunities, for instance by offering specific health-related education to new recruits and young employees and to newly promoted managers.

In 2023, we began a trial in which health seminars (Wellness Seminars) targeted by age group according to their different health issues were held at Company headquarters. From 2024, these will be rolled out successively across the Kubota Group with the aim of improving health literacy, which means employees learning to manage their own health.

● Action on Women's Health Issues

To improve employees' understanding of health issues specific to women (e.g. menstrual and menopausal symptoms), we have enhanced educational support by setting up a women's health counseling contact and distributing e-learning and video content. We have additionally established an in-house portal site as an integrated source for women's health information.

In the area of specifically female cancers such as cervical and breast cancer, we are taking steps to improve the screening rate. These include workplace screening using a mobile screening unit, holding of online seminars, distribution of awareness-raising videos, and provision of self-sampling kits for human papilloma virus (HPV).

● Support for Quitting Smoking

Our range of related programs include smoking cessation clinics at the medical center of each of our business sites and referral to online smoking cessation courses. We also distribute information on quitting smoking and hold a No Smoking Day at each business site as part of active measures to support employees to quit smoking.



▲Publicity poster for an online smoking cessation course at each business site

● Mental Health

Through the medium of e-learning, the Kubota Group provides self-care education for all employees in Japan and education for managers in how to care for their staff. Since 2023, we have made our own in-house educational videos reflecting mental health issues experienced at Kubota with the help of exclusive occupational health physicians and occupational health nurses based at headquarters. We facilitate employee access to the videos by making them available on the smartphones issued to all employees for work purposes.

We also engage in regular provision of information to employees, including an internal newsletter with mental and physical health information for self-care purposes.

● Support for Initiatives on Health and Productivity Management in the Supply Chain

To strengthen the supply chain as a whole and ensure sustainability, we held a study meeting for partner businesses entitled 'Introduction to Health and Productivity Management for Small and Medium Enterprises.' Going forward, we will expand our health and productivity management activities and continue to extend them beyond the Kubota Group by devising and rolling out initiatives to promote health across the supply chain.

Action on Global Health Issues

As the Kubota Group continues its overseas business expansion towards its vision as a Global Major Brand (GMB), it is essential to provide support to the yearly increasing number of staff on overseas posting. So that employees can maintain their usual level of performance while on overseas posting, we believe that health management, including for accompanying family members, is important. We have therefore established a partnership with a specialist international medical treatment facility to put in place a medical support and consultation system available around the clock every day of the year to provide services locally such as routine medical consultation and treatment and emergency medical treatment and transport.

We provide health checkups, including cancer screening tests, to staff on overseas posting, and on request to accompanying family members. Additionally, in cases where the standard of medical care available locally is inadequate, we recommend shortstay visits to Japan for the purpose of health checkups. Additionally, staff on overseas posting are given stress checks and employees with high stress levels are offered a consultation with a medical professional. In this way, we encourage employees to monitor their own stress and provide support for self-care and health consultation.

External Evaluation

In recognition of its initiatives to date toward realizing health and productivity management, Kubota received certification from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as an enterprise with excellent health and productivity management in 2024 (large-scale corporate section). Going forward, we will continue with efforts to promote health across the Kubota Group so that each employee can work in a positive and motivating environment to develop their abilities and their strengths as an individual.



Human Resource Database

Employee Numbers and Breakdown

	2021	2022	2023
No. of employees (Kubota Corporation)	11,709	12,474	14,638
Male	10,496	11,159	13,064
Female	1,213	1,315	1,574
No. of employees (consolidated)	43,293	50,352	52,608
Male	36,580	43,427	45,117
Female	6,713	6,925	7,491

Staff Turnover Rate

	2020	2021	2022	2023
Turnover rate: All employees	1.46%	1.55%	1.26%	1.65%
Male	1.43%	1.47%	1.13%	1.54%
Female	2.11%	2.23%	2.35%	2.50%
Management positions	1.35%	1.17%	1.43%	1.62%
Staff positions	1.55%	1.68%	1.20%	1.66%
Rate of voluntary retirement (retirement for personal reasons): All employees	1.00%	1.02%	0.88%	1.24%
Male	0.94%	0.94%	0.73%	1.11%
Female	1.94%	1.74%	2.05%	2.31%
Managerial	0.39%	0.17%	0.37%	0.64%
Non-managerial	1.26%	1.31%	1.04%	1.42%

* Rate of job separation (excluding statutory age retirement and pre-arranged early retirement)

Training Hours and Training Expenses per Employee

	2021	2022	2023
Average training hours	34.5	40	37
Yearly training expenses	148,000 yen	161,000 yen	166,000 yen

Salary by Type of Employment and by Gender

Salary difference between male and female workers

All workers	Full-time workers	Temporary, part-time and agency workers
80.3%	79.3%	75.3%

* Women's salary shown as a percentage of men's.

[Explanation of salary difference between male and female workers']

- (1) For full-time workers, there is a unitary seniority and salary structure and therefore no salary differential between male and female employees of the same seniority grade. The salary difference between males and females arises because there is a higher proportion of males than females at management positions and because of the difference in age distribution between men and women, particularly in manufacturing departments, where a higher proportion of women are in the under 30 age group.
- (2) For part-time, temporary, and agency workers, there is no regulatory gender differential and the difference arises due to the inclusion of special contract workers, who have higher salary levels and among whom there is a higher proportion of males.

Reference material no. 1: Women in management roles

Proportion of women occupying management roles	Proportion of management roles occupied by women
8.9%	4.2%

Reference material no. 2: Age structure of employees

	Workers employed in manufacturing departments		All full-time workers
	Female	All	
Under 30 years	37.5%	19.5%	20.1%
30-39 years	15.1%	27.9%	27.4%
40-49 years	28.4%	28.2%	28.2%
50 years or above	18.9%	24.4%	24.2%
Total	100%	100%	100%

Salary difference for positions between management and staff

Management position	Staff position
12,145,100 yen	6,876,214 yen

Occupational Health and Safety

Basic Approach

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 terms of safety, we are creating workplaces that eliminate “unacceptable risks” through risk assessment activities in Japan and overseas.

Promoting a Safer Workplace

To build safe workplaces, we ensure everybody involved in our business follows “Safety is our First Priority” behavior based on the Kubota Group Basic Policies on Safety and Health, established in April 2013.

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 Accidents”*, centered on promoting inherently safe equipment, ensuring safe operations, and enhancing human resources development to support safety.

* A Class-A accident is one that can lead to a serious accident, such as crushing or entanglement in machinery, due to one of the following causes:

- 1) Contact, etc. with high-heat object, 2) Contact, etc. with heavy load, 3) Entrapment and entanglement by machines, 4) Fall from heights, 5) Contact, etc. and the like with forklift / vehicle, 6) Toppling of or contact with agricultural machines, construction machines or other vehicles (products), 7) Electric shock, 8) Contact with flying / falling object, 9) Contact with hazardous materials, Acute poisoning (including lack of oxygen, etc.), or 10) Occupational accident caused by explosion or fire.

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 accident 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.

Basic Guidelines for Safety-Aware Employees

We established Basic Guidelines for Safety-Aware Employees to ensure all Kubota Group employees comply with established rules based on “Safety is our First Priority.”

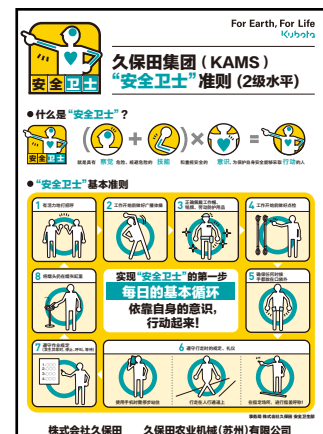
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Mid-Term Plan Targets and Major Initiatives

Under our mid-term plan, which ends in FY2027, we are implementing the following key initiatives.

Target: Zero “Class A Accidents”

<Major initiatives>

1. Raising the level of risk assessment activities

- (1) Consistently implementing machinery risk assessments when new equipment is installed or when equipment is modified.
- (2) Identifying risks, with “hazard identification*¹” and “human behavior, including reasonably foreseeable misuse*²” embedded in the process.

*1 Checking sites for hazards using illustrated lists of similar issues.

*2 Expected unsafe behavior, including spur-of-the-moment actions and shortcut behaviors.

2. Risk reduction activities that prioritize equipment measures

- (1) Reducing risk by installing equipment with inherently safe designs and fitting guards and protective devices, in line with the three-step safety model*.

* A risk reduction method with three steps: (1) Use equipment with inherently safe designs, (2) employ safeguardings and complementary protective measures, and (3) provide information for use.

- (2) Compiling specific examples of risk reduction in the Safety Control Guidelines* for assessment and promotion of inherently safe equipment

* Guidelines that categorize various types of equipment according to their level of safety.

3. Risk reduction activities through safe work practices

- (1) Standardizing safe work practices to address risks that cannot be reduced through equipment measures. Supervisors check work on a daily basis to ensure operations are performed in line with the standards.
- (2) Preventing the recurrence of any abnormalities by rigorously enforcing the “Stop, Call and Wait.” safety approach.

4. Enhancing personnel development to support safety

- (1) Maintaining a staffing structure that can support safety controls and management systems.
- (2) Systematically cultivating human resources for (1) above.

5. Maintaining and improving a safe and healthy working environment

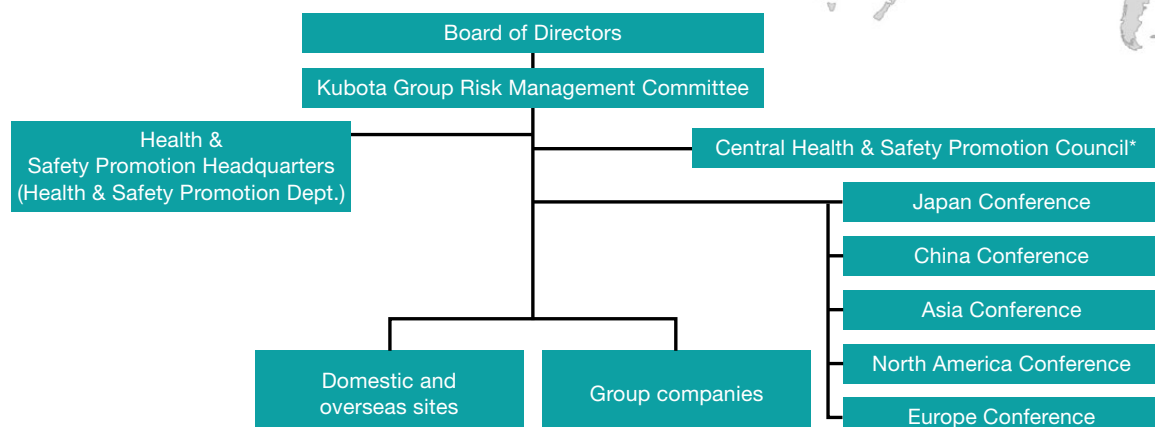
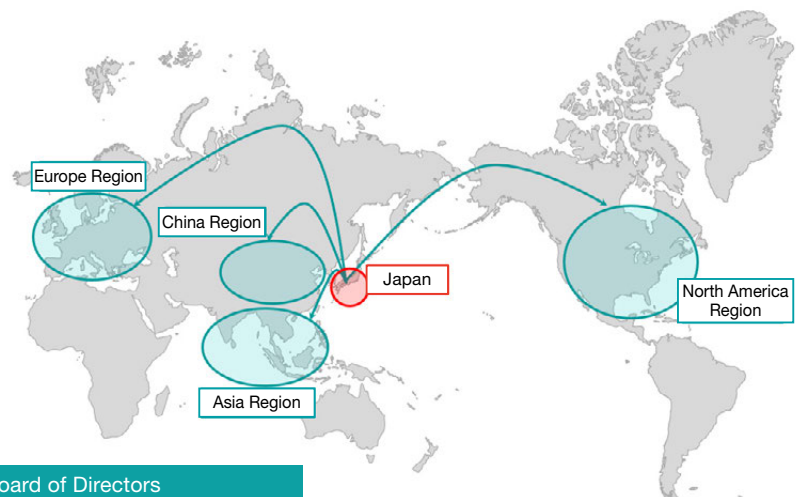
- (1) Developing and implementing noise-reduction plans for manufacturing sites
- (2) Responding to revisions to chemical substance laws

Health and Safety Promotion System

To achieve the goals in our mid-term plan, we are promoting health and safety activities globally at our domestic and overseas sites by implementing health and safety policies and various safety standards developed by the Head Office and the Health & Safety Promotion Dept.

Domestic sites promote health and safety activities together with site managers and departments responsible for health and safety.

Overseas sites promote voluntary health and safety activities in each region in cooperation with the Head Office, the Health & Safety Promotion Dept. and each overseas region.



* Discusses mid-term plans, annual guidelines and various health and safety activities with input from senior labor and management officials involved in health and safety.

Status of Initiatives in FY2023

In FY2023, the entire Kubota Group, including overseas companies, implemented the following initiatives.

1. Risk identification activities

We designated one day during Japan's National Safety Week as "Kubota Group's Safety Day." On this day, production plans are adjusted to allow all employees to take part in safety activities.

"Hazard identification" was one of the common themes implemented Groupwide for 2023 Kubota Group Safety Day.

Activities were used to fine-tune risk identification and other areas.

2. Implementing measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment

For existing equipment, we prioritized equipment measures to reduce identified risks. For new equipment, we conducted machinery risk assessments to introduce equipment with minimal residual risk.

3. Standardization of safe work practices

For operations with risk that cannot be reduced to acceptable levels through equipment measures, we standardized safe work practices, conducted education and training, and supervisors performed daily checks and provided instructions.

4. Initiatives to help build a "Stop, call and wait" culture

All work sites implemented the "Stop. Call. Wait." safety approach in the event of troubles. They also worked to prevent the recurrence of troubles and trained human resources to handle them.

5. Maintaining and improving working environments

We are complying with chemical substance regulations that are scheduled to be progressively revised in Japan.

The Kubota Group Safety and Health Target for FY2024

Kubota has clearly set the target below for FY2024, and is promoting Company-wide efforts to create safe workplaces.

Target: Zero "Class A Accidents"

[Priority implementation issues]

◆ Plant and R&D departments

1. Risk identification
 - (1) Upgrading of the operational level of machinery risk assessment for new equipment
 - (2) Upgrading of the operational level of work operations risk assessment
 - (3) Identifying and addressing risks related to work carried out while operating machinery
 - (4) Taking KY (hazard prediction) steps before performing non-routine or irregular operations for the first time
2. Promotion of inherently safe equipment

Implementation of measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment
3. Promotion of safe work operations

Promoting development of "standardized work practices" for maintenance-related risks
4. Developing safety-aware employees

Building a culture of compliance through shared awareness of the Basic Guidelines for Safety-Aware Employees
5. Promotion of sanitary management

Adaptation to chemical substance regulation
6. Maintenance of the safety management system

Implementing the "Health & Safety edition" of the guidelines based on ISO 45001 at select Kubota Group business sites

◆ Construction departments

1. Developing Safety-Aware Employees
 - (1) Enhancing the abilities of project directors
 - (2) Improving safety and health awareness of related contractors
 - (3) Site-led identification of onsite issues and implementation of measures
2. Promoting safe operations
 - (1) Site-led prior identification of risks
 - (2) Reduction of Class-A accident risk by project directors
 - (3) Promotion of work procedure review activities by operation and maintenance site directors
 - (4) Horizontal rollout of measures to prevent recurrence of accidents
3. Promoting inherently safe equipment
 - (1) Implementing measures to prevent entrapment or entanglement in moving parts of machines or equipment
 - (2) Identification of hazards by operation and maintenance site directors
4. Promoting sanitary management
 - (1) Preventing exposure to chemical substances
 - (2) Consistent implementation of measures to prevent heat stroke
5. Promoting environmental management
 - (1) Confirmation of compliance with the requirements of workplace legislation at sites subject to environmental management
 - (2) Prevention of legal violations at the time of initial waste discharge

Safety Training and Awareness

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

1. Distribution of awareness-raising messages

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



Title image for management video message



Title image for workplace management video message

2. Safety and Health Convention

The convention featured video presentations of case studies, including interviews with key personnel involved in safety activities at each site conducted beforehand, as well as a discussion between safety managers at overseas sites, the President and the General Manager of the Health and Safety Promotion Headquarters, which was held on the stage in the main hall at Head Office. There was also a lecture by an outside instructor to further raise the level of health and safety activities. (Streamed live to all sites; archived for viewing later)



Health and safety convention



Discussion between the safety manager of an overseas site (China), the President and General Manager of the Health & Safety Promotion Headquarters

3. Safety education initiatives

Health and safety education, particularly for new employees but also for personnel of all ranks, was conducted online or in group format, depending on training content. We devised new learning methods, such as group work using tools that enable joint editing in real time.



Health and safety training for newly appointed supervisors



Health and safety training for construction project directors

Implementation Outcomes of Safety Training Programs

Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	10	529
Elementary (for young employees)	12	352
Semi-intermediate	5	146
Training for group leaders	4	77
Intermediate (for mid-level employees)	2	61
Training for newly appointed supervisors	4	98
Training for newly appointed foremen	1	6

Other than Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	3	317
Safety and health education for mid-career entrants at the time of employment	12	363
Machinery safety education	8	121
Training for newly promoted managers	86	205
Training for newly appointed section managers	7	122
Training for newly appointed department managers	2	64
Education for officers (safety, environment and quality forum)	1	28

Occupational Health and Safety Management System Certification

To ensure safety for employees and provide them with a workplace environment that allows them to feel safe concentrating on their duties, Kubota has acquired ISO 45001 certification for its business sites below, while establishing an occupational health and safety management system focusing mainly on risk assessment for other sites. (Certified companies and business sites as of Dec. 31, 2023)

Kubota

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

Domestic Group companies

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

Overseas Group companies

Kubota Materials Canada Corporation	ISO 45001 certification acquired in Feb. 2021 (OHSAS 18001 certification acquired in Aug. 2012)
Siam Kubota Corporation Co., Ltd.	ISO 45001 certification acquired in Sep. 2019 (OHSAS 18001 certification acquired in Jan.-Feb. 2014)
Kubota Baumaschinen GmbH	ISO 45001 certification acquired in Jun. 2019 (OHSAS 18001 certification acquired in Jul. 2014)
Siam Kubota Metal Technology Co., Ltd.	ISO 45001 certification acquired in Nov. 2019 (OHSAS 18001 certification acquired in Dec. 2014)
Kubota Engine (Thailand) Co., Ltd.	ISO 45001 certification acquired in Jul. 2019 (OHSAS 18001 certification acquired in Jul. 2015)
Kubota Farm Machinery Europe S.A.S	ISO 45001 certification acquired in Oct. 2021 (OHSAS 18001 certification acquired in Feb. 2017)
Kubota Pump (Anhui) Co., Ltd.	ISO 45001 certification acquired in Jun. 2019
Kubota Construction Machinery (Wuxi) Co., Ltd.	ISO 45001 certification acquired in Nov. 2019
Kubota Engine (Wuxi) Co., Ltd.	ISO 45001 certification acquired in Nov. 2019
Kubota Saudi Arabia Company, LLC	ISO 45001 certification acquired in Jan. 2020
Kubota (U.K.) Ltd.	ISO 45001 certification acquired in Oct. 2022
Kverneland AS Ravenna	ISO 45001 certification acquired in Aug. 2023

Reducing Risk for Employees Working Overseas

With the collaboration of specialist 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.

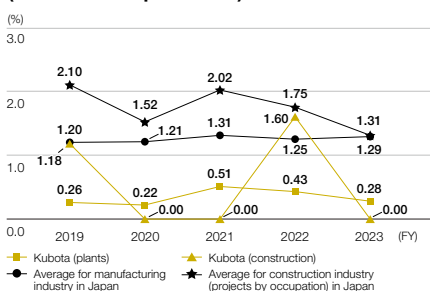
By collecting and analyzing security information at the overseas location, we provide information to Group employees in Japan and overseas. To deal with medical needs, we have rolled out a system that provides services including consultation with a doctor by telephone from overseas and arrangement of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

Meanwhile, amid growing public concern over the unstable international situation and the increasingly serious nature of major natural disasters, there is a heightened risk of staff becoming involved in unforeseen situations during overseas business trips. In 2022, we responded by strengthening the safety monitoring of employees engaged in overseas work assignments through the introduction of an automated safety confirmation system that allows the wellbeing of staff working in the relevant countries to be checked, 365 days a year and regardless of international time differences, in the event of concern arising. With not only medical care but also safety monitoring now available around the clock every day of the year, staff working overseas can operate with improved confidence and safety.

Furthermore, to ensure employees posted overseas receive health checkups, we introduced a system in 2024 that allows them to make appointments in Japan and verify their health checkup records. Using ICT, we aim to improve employee health checkup rates by centrally managing data from across the Company. Health problems caused by infectious diseases is a global issue, so we recommend that employees receive vaccinations, the cost of which is covered by the Company. We work with outside professional organizations to provide medical support and safe working environments overseas.

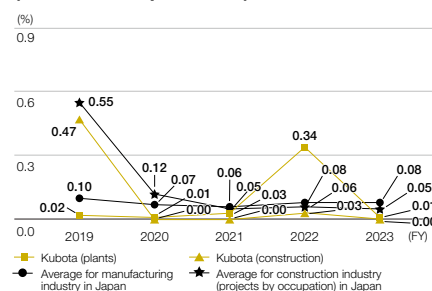
Lost Time Incident Rate/Injury Severity Rate/Work-related Fatalities

Lost Time Incident Rate (Kubota Corporation)



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

Injury Severity Rate (Kubota Corporation)



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

Number of work-related fatalities (Kubota Corporation)

2023: 0

Chapter

5

Governance

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

<SDGs related to this section>



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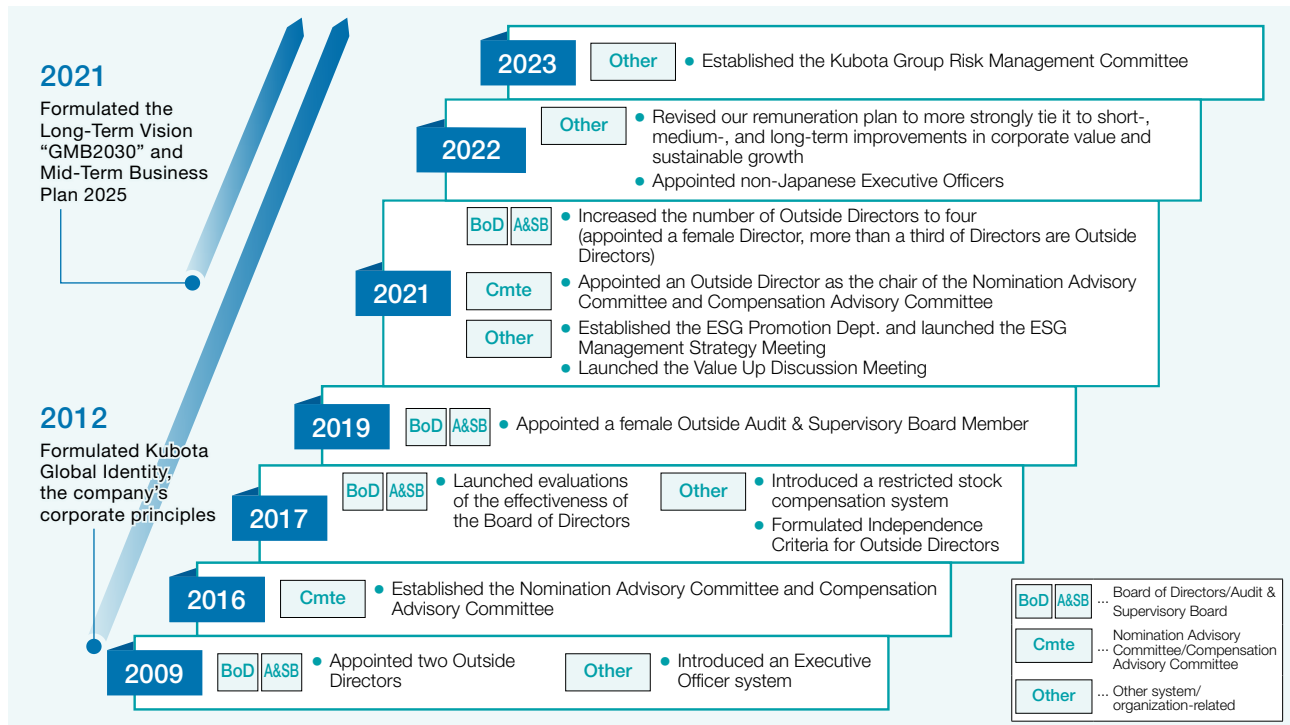
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Corporate Governance

Basic Policy of Corporate Governance

The Company has designated “long-term and stable growth of corporate value” as its highest management priority. To realize this aim, the Company considers enhancement of the satisfaction of all the Company’s stakeholders and improvement of overall corporate value, while balancing economic value and social value, to be important. Especially, in order to realize the long-term objectives of building “Global Major Brand Kubota” on the basis of its corporate philosophy “Kubota Global Identity,” the Company must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of business management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

How we strengthen corporate governance

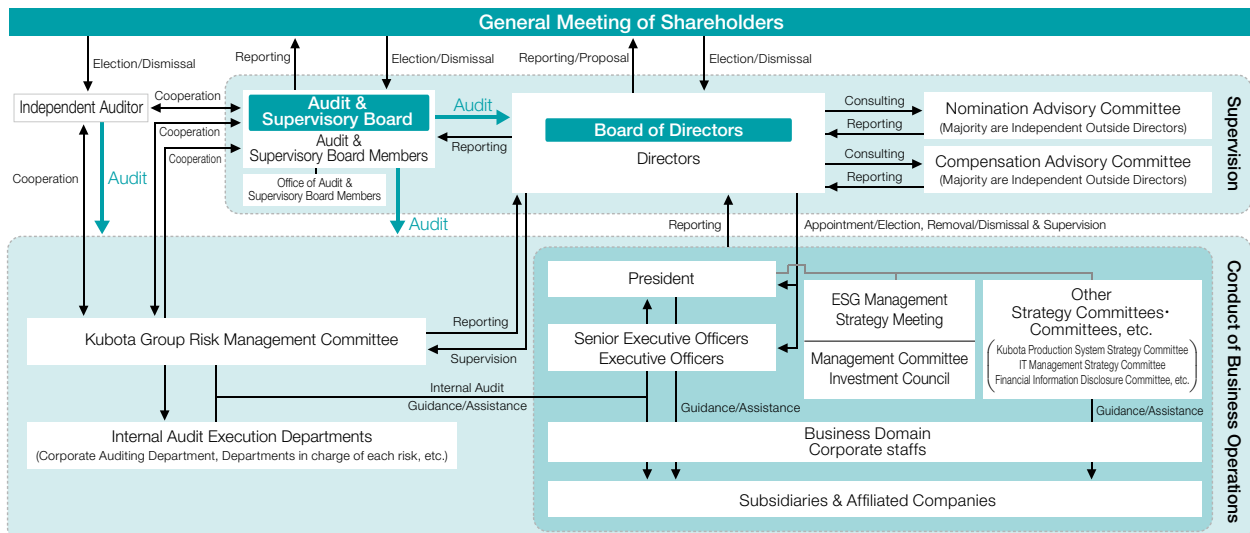


Corporate Governance System

Kubota’s attitude to governance, including its approach to designing the governance structure, are summarized and disclosed via the Corporate Governance Policy.

Corporate Governance Report [Click](#)

Corporate Governance Structures (as of January 1, 2024)



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, governance, and other important management issues. In fiscal 2023, it met 13 times. In principle, once a year the Board of Directors meets at a strategically important site inside or outside Japan. The board also visits local sites and work is underway to enhance its deliberations.

In fiscal 2023, the main topics of discussion by the Board of Directors, in addition to those set by laws or regulations, were as detailed below.

Topics of Discussion by the Board of Directors

Management planning	Progress of Mid-Term Business Plan 2025 and management policy
Investment and business reorganization	Business planning, capital expenditure plans, and other important matters related to investment and business reorganization
Governance	Board of Directors effectiveness evaluations, risk management, personnel affairs for directors and members of the Audit & Supervisory Board, personnel affairs for executive officers, and executive remuneration

Audit & Supervisory Board

The Audit & Supervisory Board 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 needed. In fiscal 2023, it met 18 times. Its main matters considered by the Audit & Supervisory Board are auditing policies, assignment of duties, status of the design and operation of internal control systems, effectiveness of independent auditors, decisions on whether or not to reappoint them, and audit reports. Its main activities were as detailed below.

Activities by the Audit & Supervisory Board

Attendance to important meetings	Verification of management decision-making processes, status of the internal control environment, and status of initiatives aimed at addressing management issues via attendance at the Board of Directors and the Management Committee
Audits by Audit & Supervisory Board Members	Site visits to business sites, plants, subsidiaries, etc. (including online meetings: 9 sites in Japan, 13 subsidiaries/equity-method affiliates in Japan, and 29 overseas subsidiaries) Inspection of key documents such as minutes from important meetings
Cooperation, etc., with independent auditors	Exchange of opinions on key audit matters (KAM) Inspection of audit results, etc., at periodic reporting meetings
Cooperation with internal audit execution departments, etc.	Verification of the status of internal controls through information sharing with auditors, internal audit execution departments, and others at Japanese subsidiaries
Exchange of opinions with Directors	Exchange of opinions with the president (four times a year) Hearings for business progress from Directors, etc.

Nomination Advisory Committee and Compensation Advisory Committee

The Company has a voluntary Nomination Advisory Committee and Compensation Advisory Committee in place as the advisory bodies of the Board of Directors. To incorporate an independent and objective standpoint, independent outside directors account for more than half of constituent members of both committees, and an independent outside director serves as chairperson of the committees.

Nomination Advisory Committee

The Nomination Advisory Committee met three times during fiscal 2023 for the purpose of deliberating the nomination of candidates for director and the nomination of advisors. The committee is also looking at the composition and diversity of the Board of Directors using the skills matrix.

Starting in fiscal 2022, the committee added matters related to electing as well as dismissing a president along with succession planning to its agenda and actively discusses the qualities and abilities required of the Company's top management in addition to training methods.

Activity Report of the Nomination Advisory Committee

April 2023	Deliberation on the operations of the Nomination Advisory Committee in fiscal 2023
August 2023	Deliberation on the status of succession plan review for the president Progress reports on the evaluation sheet of the president
October 2023	Deliberation on candidates for the Board of Directors and advisors

Compensation Advisory Committee

The Compensation Advisory Committee met seven times during fiscal 2023 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 compensation system. Under the current compensation system, the committee set competitive remuneration levels appropriate for a GMB, and introduced an evaluation system that is strongly linked to growth over the short, medium and long term in order to realize the Company's Long-Term Vision as set forth in "GMB2030."

Activity Report of the Compensation Advisory Committee

January 2023	Deliberation on the president evaluation for fiscal 2022, and on the president's targets set for fiscal 2023
February 2023	Deliberation on annual bonuses for fiscal 2022
March 2023	Deliberation on setting targets for each evaluation indicator for fiscal 2023
April 2023	Deliberation on the operations of the Compensation Advisory Committee in fiscal 2023
October 2023	Deliberation on selection of comparable companies for compensation benchmarks
November 2023	Reverification of the current remuneration plan and deliberation on setting remuneration levels for fiscal 2024
December 2023	Deliberation on the policy for determination of remuneration for the directors and the remuneration amount for fiscal 2024

ESG Management Strategy Meeting, Management Committee and Investment Council

The Company has established the ESG Management Strategy Meeting, the Management Committee and the Investment Council to make decisions and deliberate on specific important issues. The ESG Management Strategy Meeting formulates policies and evaluates major measures for the realization of the Long-Term Vision of the Company, GMB2030, and the creation of medium- to long-term corporate value. The Management Committee deliberates and makes decisions on important management issues, such as investments and loans, in accordance with the Mid-Term Business Plan 2025. Of the management issues deliberated by the Management Committee, important issues are reported to the Board of Directors. The Investment Council serves as an advisory body to the president on issues that require authorization of the president and certain special issues, excluding items discussed by the Management Committee.

Composition of the Board of Directors and the Audit & Supervisory Board

The Company configures its Board of Directors from the perspectives of maintaining the number of members appropriate for ensuring effective discussions at the meetings of the Board of Directors, manifesting its function as a board of directors and ensuring its diversity and maintaining soundness and transparency in management. The Company also considers that the Board of Directors requires skills in areas such as Kubota Production System (KPS), global management, innovation, R&D, digital transformation (DX), and ESG management as the business foundations to be strengthened in order to realize Long-Term Vision “GMB2030.” It is important for members of the Board of Directors to complement each other by using their knowledge, experience, and skills, based on diverse values. Shown below is how skills required to realize the Company’s Long-Term Vision “GMB2030” correspond to their specialties and experience.

Skills Matrix

Name	Position	Areas of expectation / Specialization								Experience of management at other companies	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit & Supervisory Board	Attendance at meetings of the Nomination Advisory Committee	Attendance at meetings of the Compensation Advisory Committee
		Priority items related to Long-Term Vision “GMB2030”						Fundamental items for management						
		KPS (Manufacturing)/ Quality control	Global Management	Innovations/ R&D/DX	E Resolution of environmental issues	S Contributing to society/Empathy and participation of stakeholders	G Building Governance	Finance/ Accounting	Legal affairs/ Compliance					
Yuichi Kitao	President and Representative Director		●	●		●					100% (13 of 13)	—	100% (3 of 3)	—
Masato Yoshikawa	Representative Director and Executive Vice President		●					●	●		100% (13 of 13)	—	100% (3 of 3)	100% (7 of 7)
Dai Watanabe	Director and Executive Vice President		●	●	●						100% (13 of 13)	—	—	—
Hiroto Kimura	Director and Senior Managing Executive Officer	●		●	●						100% (13 of 13)	—	—	—
Eiji Yoshioka	Director and Senior Managing Executive Officer	●	●		●						100% (10 of 10)	—	—	—
Shingo Hanada	Director and Senior Managing Executive Officer		●		●	●					100% (10 of 10)	—	—	—
Yuzuru Matsuda	Outside Director		●	●				●		●	100% (13 of 13)	—	100% (3 of 3) (Chair)	100% (7 of 7) (Chair)
Yutaro Shintaku	Outside Director		●			●			●	●	100% (13 of 13)	—	100% (3 of 3)	100% (7 of 7)
Kumi Arakane	Outside Director	●		●		●				●	100% (13 of 13)	—	100% (3 of 3)	100% (7 of 7)
Koichi Kawana	Outside Director		●		●			●		●	100% (10 of 10)	—	100% (3 of 3)	100% (4 of 4)
Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)		●						●	●	100% (13 of 13)	100% (18 of 18)	—	—
Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)				●				●	●	100% (13 of 13)	100% (18 of 18)	—	—
Kazushi Ito	Audit & Supervisory Board Member (Full-time)							●	●	●	—	—	—	—
Yuichi Yamada	Outside Audit & Supervisory Board Member							●	●	●	100% (13 of 13)	100% (18 of 18)	—	100% (7 of 7*) *As an observer
Yuri Furusawa	Outside Audit & Supervisory Board Member					●		●		●	100% (13 of 13)	100% (18 of 18)	—	—
Keijiro Kimura	Outside Audit & Supervisory Board Member		●					●		●	100% (13 of 13)	100% (18 of 18)	—	—

Notes) 1. In the list above, up to three of the major skills expected of each member of the Board of Directors are marked ●. These skills do not represent the entirety of the knowledge possessed by each member.
2. Attendance at meetings of the Board of Directors and Audit & Supervisory Board, and meetings of the two advisory committees held during fiscal 2023 (January 1 to December 31, 2023).
3. Attendance for Eiji Yoshioka, Shingo Hanada, and Koichi Kawana are only for meetings of the Board of Directors and Audit & Supervisory Board, and meetings of the two advisory committees held after their appointment on March 24, 2023.
4. Shingo Hanada was appointed as a Compensation Advisory Committee member on January 1, 2024, and Kazushi Ito as an Audit & Supervisory Board member on March 22, 2024.
5. Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agendas in order to improve the effectiveness of the board.

Directors and Audit & Supervisory Board Members

Selection policy for director candidates

In line with director regulations (selection criteria for candidates for the position of director), we appoint candidates as either directors or outside directors. The former, from within the Kubota Group, must have wide-ranging knowledge and a wealth of experience related to Kubota's business execution. For the latter, candidates must fulfill criteria for independent officers as set by the Tokyo Stock Exchange and independence criteria set by Kubota, and must possess practical, objective viewpoints and a high degree of knowledge. The aim of this selection policy is to ensure that Kubota—as a company involved in a wide range of business areas in the fields of food, water, and the environment—carries out appropriate decision-making and supervision of operations, and that the entire Kubota Group can grow sustainably and improve its corporate value.

Selection policy for Audit & Supervisory Board members

Candidates for appointment as Audit & Supervisory Board members must have the varied experience, knowledge, specialisms, and views needed for appropriate auditing and supervision. In terms of its membership, one member must have sufficient knowledge of finance and accounting, and more than half must fulfill criteria for independent officers as set by the Tokyo Stock Exchange and independence criteria set by Kubota.

Independence criteria for outside directors/Audit & Supervisory Board members, reasons for their selection, and roles expected of them



Corporate Governance Report

[Click](#)

President Evaluation and Training a Successor

Evaluating the president

Evaluation of the president is carried out by the Compensation Advisory Committee under advice from the Board of Directors. The evaluation process is not just document-based, the president also attends the Compensation Advisory Committee, more than half of whose members are independent outside directors. As well as reporting on his achievements over the year, the president is evaluated based on two-way dialogue.

The financial indicators used to evaluate the president are consolidated net sales, consolidated operating margin, and ROIC. Non-financial indicators are progress of the Long-Term Vision and Mid-Term Business Plan, training situation for the president successor candidates, and K-ESG management promotion-related efforts.

The content and results of deliberations by the Compensation Advisory Committee about the president evaluation are reported to the Board of Directors for their determination.

Training a successor (succession planning)

In fiscal 2022, president succession planning was once again added to the discussion agenda of the Nomination Advisory Committee, more than half of whose members are independent outside directors, and this subject is being actively deliberated.

For Kubota to be a Global Major Brand (GMB), candidates to take over as the next president require certain traits (capabilities, attributes, etc.). As well as clarifying these, we are working to identify president successor candidates.

Training potential successor candidates

Executive officers are potential president successor candidates. For individuals in these positions, the Executive Officers' Meeting is held once a month, where the Board of Directors' policies and resolutions are instructed or communicated. Furthermore, as part of the training of executive officers, we provide opportunities to study areas outside company-wide topics and entrusted domains. To do so, executive officers take part in subcommittees that are separate to the Executive Officers' Meeting, where they split into smaller groups to hold lively discussions about priority management issues.

Moreover, Kubota holds multiple annual executive forums related to ESG, human rights, health and safety, the environment, quality, public relations, legal affairs, DX, compliance, etc. With the aim of acquiring and updating knowledge about our rapidly changing external environment, we invite external lecturers and we are continuing to hold these lectures, including using online streaming.

Evaluation of potential president successor candidates

Evaluation of the executive officers that are potential president successor candidates is decided by the Board of Directors, after discussion by the Compensation Advisory Committee about evaluation content, including the results of individual interviews with the president. These candidates are evaluated based on the same financial indicators as are used to evaluate the president. Non-financial indicators are progress toward the Mid-Term Business Plan, training situation for the president successor candidates, and K-ESG management promotion-related efforts.

Evaluation of the Board of Directors' Effectiveness

To continuously enhance our corporate governance, each year at the end of the fiscal year, we carry out an evaluation of the Board of Directors' effectiveness. The evaluation method used in fiscal 2023 and the results of the evaluation are detailed below.

1. Evaluation method

① Discussions by the Board of Directors (December 2023)

After deliberations by the Board of Directors that took into account the evaluation method and processes that were reviewed when the evaluation was conducted by a third party in fiscal 2022, the evaluation method and processes for fiscal 2023 were determined as follows in ② to ④.

② Questionnaire (December 2023 to January 2024)

All directors and Audit & Supervisory Board members (17 individuals) took part in a questionnaire overseen by a third-party organization.

③ Discussions between outside directors and Audit & Supervisory Board members (January 2024)

Based on the results of the questionnaire mentioned above, five outside directors and six members of the Audit & Supervisory Board discussed the effectiveness of the Board of Directors.

④ Discussions by the Board of Directors (February and March 2024)

At a meeting of the Board of Directors held in February 2024, the results of the evaluation were reported and the board discussed the issues that were identified and the direction of future initiatives. Taking its discussions in February into consideration, in March 2024 the Board of Directors determined action plans for fiscal 2024.

2. Evaluation results

Through this evaluation, it was determined that the Board of Directors demonstrated sufficient decision-making and supervisory functions, and that it was acting effectively. The findings are detailed below:

Structure:

- The outside directors and outside Audit & Supervisory Board members possess a high degree of specialism and a wide range of knowledge, and their new perspectives or things they have noticed about business execution result in animated questions and observations.
- The active contributions by the Audit & Supervisory Board members, who have a deep understanding of the business, help to perform the board's supervisory functions.

- Everyone who attends meetings of the Board of Directors has mutual respect for one another and discussions are constructive and based on diverse perspectives.

Operations:

- Through the Value Up Discussion Meeting (VUDM), the Board of Directors discusses its roles and functions and clarifies any issues.
- Facilitation by the chairman spurs lively discussion and this contributes to the quality of that discussion.
- A board culture of free and open discussions has been fostered.

▷ For main issues identified by the effectiveness evaluation conducted in fiscal 2022, various measures have further raised the board's effectiveness.

Main issues in FY2022	Initiatives in FY2023
Deepening discussions into medium- and long-term growth strategies	Repeated discussions at the VUDM identified themes related to medium- and long-term growth strategies requiring deeper discussion.
Strengthening the functions of the Nomination Advisory Committee	The Nomination Advisory Committee continued discussions on the president succession plan and the composition of the Board of Directors.
Formulating a system for board succession to support a high degree of effectiveness	At the VUDM, members discuss the state of Kubota and its future direction, and clarify the ideal vision for the Board of Directors.

3. Issues and action plans

The main issues identified during the fiscal 2023 effectiveness evaluation and action plans for fiscal 2024 are as follows.

Main issues in FY2023	Action plans for FY2024
Coming up with and implementing discussion themes for the Board of Directors and VUDM	Based on the themes identified in 2023, formulate the annual agenda for the Board of Directors and VUDM and implement this.
Reviewing agenda criteria for the Board of Directors	To enhance the discussion of medium- and long-term strategies, discuss the agenda criteria for the Board of Directors.
Strengthening the functions of the Nomination Advisory Committee	Deepen further discussions related to the composition of the Board of Directors and the president succession plan.

Value Up Discussion Meetings

The Company regularly holds Value Up Discussion Meetings (elsewhere shortened to "VUDM") to provide members of the Board of Directors with opportunities to discuss topics bringing about sustainable growth and increasing corporate value in the medium and long term. The purpose of the meeting is to exchange opinions and share information, and the content of discussions are communicated to the executive as necessary.

In 2023, to make further progress with an issue that was identified in the fiscal 2022 evaluation of the effectiveness of the Board of Directors—formulating a system for board succession to support a high degree of effectiveness—we discussed the ideal vision for Kubota's Board of Directors to achieve the Long-Term Vision "GMB2030."

Specifically, the first step was for the members of the Board of Directors to discuss the current state of Kubota and the direction of the board going forward. Then, through discussions about case studies and with outside experts, they further clarified the ideal vision for the Board of Directors. Taking the results into account, members set targets for one of the areas of materiality for K-ESG management—strengthening of corporate governance—thereby laying out a path to the future enhancement of Kubota's corporate governance.

Period	Activities
April & May 2023	Verification of where Kubota currently stands and the future direction of the Board of Directors
June 2023	Case studies (for engine business strategies)
September 2023	Review of lists of projects to be handled by the Board of Directors
October 2023	Discussions with outside experts (about an ideal Board of Directors)
December 2023	Target setting for the K-ESG management materiality "Strengthening of corporate governance"

Overview of Remuneration Plan for Directors, Audit & Supervisory Board Members, and Executive Officers

Currently, Kubota is committed to shifting to business operations with ESG positioned at the core of management in line with the Long-Term Vision “GMB2030,” with the aim of further strengthening the supervisory function of the Board of Directors. Following is the policy for determination of remuneration, etc., and its calculation method for directors and executive officers.

Basic policy for determination of remuneration, etc., for directors

a) The purpose of the remuneration is to encourage directors, excluding outside directors, to take the lead for sustainable growth while fulfilling social responsibilities as a company aiming to become a GMB.

- Motivate directors to achieve performance targets by reflecting in their remuneration quantitative and objective evaluation results based on financial performance indicators.
- Accelerate K-ESG management initiatives by reflecting evaluation results of the progress of the K-ESG in remuneration of directors.
- Encourage directors to hold shares of Kubota Corporation during their tenure and make them strongly aware of the need to sustainably improve corporate value through a remuneration system that is closely linked to shareholder value.
- Set the levels of remuneration and performance linkage so that

directors may receive remuneration that is equivalent to or greater than the standard remuneration at other GMB companies defined by Kubota Corporation, in line with the achievement of the performance targets and K-ESG, and improvement of corporate value.

b) To achieve the purpose of the remuneration, transparency and objectivity must be ensured in the administration of the remuneration plan.

- Decisions on the development and administration of remuneration policies shall be reviewed by the Compensation Advisory Committee, where a majority of members are independent outside directors, before being determined by the Board of Directors' resolution.
- In order to fulfill accountability for shareholders precisely, disclosure shall be made not limited to the scope required by laws and regulations, but also to facilitate shareholders' understanding and dialogue with them.

Remuneration plan overview

(1) Remuneration structure

The remuneration for the Directors, excluding Outside Directors, consists of basic remuneration, which is fixed, and performance-linked remuneration. The composition ratio of basic remuneration to performance-linked remuneration for the President and Representative Director is generally set at 1:2, to secure a high level of performance linkage suitable for a competitive remuneration level. As for the remuneration structure for the Directors other than the President and Representative Director, the Directors at a higher corporate rank earn a greater portion of performance-linked remuneration, given the size of their duties, etc. of each corporate rank.

The only remuneration for the Outside Directors is basic

remuneration, which is a fixed remuneration, since the Outside Directors are independent from the conduct of business.

(2) Remuneration level

In order to properly secure competitiveness in terms of compensation suitable for a GMB company, Kubota appropriately sets the level of remuneration for the Directors, excluding Outside Directors, based on their corporate ranks and duties, by using data on objective executive remuneration surveys conducted by an external specialized institution, etc. to identify a group of companies whose size, profitability, type of business, overseas networks, etc. are comparable to those of Kubota as a benchmark for comparison.

Overview of each component

Remuneration type	Overview
Basic remuneration	[Fixed remuneration set to reflect the degree of responsibilities, etc., of each position] <ul style="list-style-type: none"> • Individual basic remuneration amounts are determined by the Board of Directors after checks and deliberations by the Compensation Advisory Committee. This basic remuneration amount is divided by 12, and paid each month on the same day as other employees' salaries.
Annual bonus	[Cash remuneration, the aims behind which are encouraging the attainment of fiscal year performance targets related to business scale and profitability, and accelerating K-ESG management initiatives] <ul style="list-style-type: none"> • Comprises a portion linked to company-wide performance (50 to 70% of annual bonuses according to position), a portion of individual evaluation (10 to 30% of the same), and a portion of K-ESG evaluation (20% of the same) • The portion linked to company-wide performance varies from 0 to 200% of the base amount, depending on the level of achievement of consolidated revenue and operating margin targets set out as major indicators in Mid-Term Business Plan 2025 • The portion of individual evaluation varies from 0 to 200% of the base amount, depending on the level of achievement of strategic company-wide targets, specific initiative targets set in Mid-Term Business Plan 2025, and financial targets, etc., for areas of responsibility, which are set at the beginning of the fiscal year based on individual responsibilities • The portion of K-ESG evaluation varies from 0 to 200% of the base amount, depending on the level of achievement of K-ESG management promotion targets which are set at the beginning of the fiscal year. • Amounts are determined by the Board of Directors after checks and deliberations by the Compensation Advisory Committee into target setting for each evaluation category and the results of those evaluations, and in principle are paid once a year, in March
Restricted stock unit	[Stock compensation with the aim of encouraging directors to hold shares of Kubota Corporation during their tenure and through that share in, and work to enhance, shareholder value] <ul style="list-style-type: none"> • For each fiscal year, a trust—that sets Kubota as entruster—grants a fixed number of transfer-restricted stocks depending on the position of the recipient, in principle after the end of each fiscal year. As a general rule, the transfer restriction is lifted after the recipient leaves their post.
Performance share unit	[Stock compensation with the aim of encouraging directors to enhance shareholder value by achieving medium- and long-term performance targets] <ul style="list-style-type: none"> • A trust—that sets Kubota as entruster—grants a fixed number of transfer-restricted stocks depending on the results of financial evaluations for three-year performance evaluation periods beginning in each fiscal year, in principle after the end of each performance evaluation period. As a general rule, the transfer restriction is lifted after the recipient leaves their post. • The number of shares granted varies from 0 to 200%, depending on the level of achievement of ROIC on a net profit basis—one of the financial evaluation indicators—so as to encourage directors to maximize medium- and long-term corporate value through efficient profit creation for invested capital.

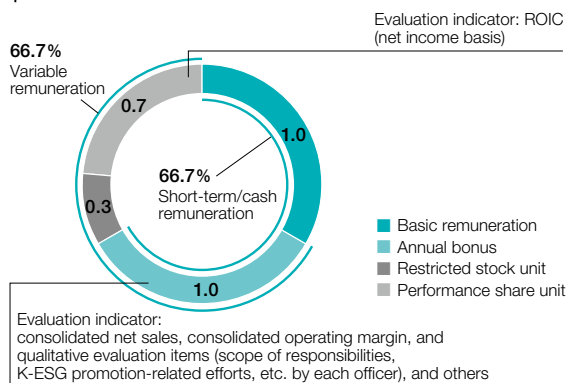
*Attitude to evaluation indicators and targets for annual bonuses and performance share units are continuously being revised, after discussions by the Compensation Advisory Committee, to respond to changes in the management environment, etc.

(3) Shareholding guideline

To deepen the level of shared value with its shareholders, Kubota encourages the Directors, excluding Outside Directors, to hold Kubota Corporation stock for five years, in principle, from taking office as follows:

- President and Representative Director: stock equal in value to three times the basic remuneration
- Other Directors: stock equal in value to 2.4 to 2.7 times the basic remuneration

Remuneration Composition Ratios for the President and Representative Director



Total FY2023 remuneration by position

Position	Number of persons	Total amount of compensation (millions of yen)			
		Basic remuneration	Bonus	Restricted stock unit	Performance share unit
Directors (excluding Outside Directors)	8	373	363	99	70
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	131	—	—	—
Outside Directors	5	95	—	—	—
Outside Audit & Supervisory Board Members	3	50	—	—	—

*1 The figures above include two director who resigned at the conclusion of the 133rd General Meeting of Shareholders held on March 24, 2023.

*2 Bonuses for the Directors, excluding Outside Directors, take the form of cash remuneration. The aims behind these bonuses are to encourage the attainment of fiscal year performance targets related to business scale and profitability, and to accelerate K-ESG management initiatives. These indicators comprise a portion linked to company-wide performance (consolidated revenue and consolidated operating margin), a portion of individual evaluation, and a portion of K-ESG evaluation. For FY2023, consolidated revenue reached ¥3,020.7 billion and the operating margin was 10.9%.

(4) Clawback/recovery of remuneration, etc. (malus and clawback clauses)

Kubota has compensation clawback clauses for the restricted stock unit and the performance share unit to be granted to the Directors. If an incident of misconduct, etc., arises, Kubota may claim the return, etc., of all or part of the issued stock and shares. The decision on claims for return, etc., and their details shall be reviewed by the Compensation Advisory Committee before being determined by a Board of Directors resolution.

(5) Remuneration determination process

- Kubota's policy on the decision of the details of remuneration for the Directors and the details of individual remuneration, etc. shall be decided by resolution of the Board of Directors based on the result of objective deliberation by the Compensation Advisory Committee.
- The review by the Compensation Advisory Committee shall be attended or observed by a compensation advisor from an external specialized institution, where necessary, for the purpose of providing an objective point of view as well as expert knowledge and information concerning compensation plans.

Executive Training

On their appointment, outside directors and outside Audit & Supervisory Board members receive explanations on topics such as Kubota's corporate principles, management strategies, and business portfolio. They are also actively provided with opportunities to visit major plants or tour overseas sites. In addition, through advance explanations of topics on the agenda for the Board of Directors and VUDM discussions, they are able to deepen their understanding of major management issues and medium- and long-term issues.

Executive Officers, meanwhile, on their appointment receive training from an external organization on laws, regulations, and corporate governance. Also, the Executive Officers' Meeting is held once a month, where the Board of Directors' policies and resolutions are instructed or communicated. Moreover, as part of their training, executive officers take part in separate subcommittees to give them chances to investigate company-wide matters and areas unrelated to

their own appointed areas. Splitting into these small groups, trainees have repeated, lively discussions about themes such as important management issues.

Furthermore, all directors, Audit & Supervisory Board members, and executive officers take part in multiple officer forums each year, with each taking themes such as ESG, human rights, health & safety, the environment, quality, public relations, legal affairs, DX, and compliance. Outside experts and others are invited to these, with the aim of helping trainees gain and update their knowledge of the ever-changing external environment, and these forums are continuously being held, including online.



Management (as of March 22, 2024)

Directors and Senior Executive Officers



Yuichi Kitao

President and Representative Director

Shares owned: 132,665 Time in office: 9 years and 9 months

Committee activity:
Chair of the Board of Directors and member of the Nomination Advisory Committee

Apr. 1979: Joined Kubota Corporation
Apr. 2005: GM of Tractor Engineering Dept.
Apr. 2009: Senior Executive Officer and GM of Tractor Div.
Jan. 2011: President of Kubota Tractor Corp.
Apr. 2013: Managing Executive Officer of Kubota Corporation
Oct. 2013: GM of Farm and Utility Machinery Div. and Farm and Utility Machinery International Operations HQ
Jun. 2014: Director and Managing Executive Officer
Apr. 2015: Director and Senior Managing Executive Officer in charge of Farm and Industrial Machinery Domain
Jan. 2019: Representative Director and Executive Vice President, GM of Farm and Industrial Machinery Consolidated Div.
Jan. 2019: GM of Innovation Center
Jan. 2020: President and Representative Director (to present)



Masato Yoshikawa

Representative Director and Executive Vice President

GM of Planning and Control HQ, GM of Human Resources and General Affairs HQ, In charge of ESG Promotion, GM of Head Office, GM of Kubota Technical Training Center

Shares owned: 75,209 Time in office: 7 years

Committee activity:
Member of the Nomination Advisory Committee and Compensation Advisory Committee

Apr. 1981: Joined Kubota Corporation
Feb. 2008: GM of Ductile Iron Pipe Planning Dept.
Oct. 2009: GM of Pipe Systems Planning Dept.
Oct. 2010: GM of Corporate Planning & Control Dept.
Apr. 2012: Senior Executive Officer
Oct. 2013: President of Kubota Tractor Corp.
Apr. 2015: Managing Executive Officer of Kubota Corporation
Mar. 2017: Director and Managing Executive Officer
Jan. 2018: Director and Senior Managing Executive Officer
Jan. 2019: GM of Planning and Control HQ (to present) and GM of Global IT Management Dept.
Apr. 2019: GM of Global ICT HQ
Jan. 2020: Director and Executive Vice President
Jan. 2022: Representative Director and Executive Vice President (to present)
Jan. 2024: GM of Human Resources and General Affairs HQ (to present), In charge of ESG Promotion (to present), GM of Head Office (to present), GM of Kubota Technical Training Center (to present)



Dai Watanabe

Director and Executive Vice President
GM of Farm and Industrial Machinery Consolidated Div., GM of Innovation Center

Shares owned: 90,885 Time in office: 5 years

Apr. 1984: Joined Kubota Corporation
Jun. 2008: GM of Farm and Industrial Machinery International Planning and Control Dept.
Jan. 2012: President of Kubota Europe S.A.S.
Apr. 2013: Senior Executive Officer of Kubota Corporation
Feb. 2014: President of Kubota Farm Machinery Europe S.A.S.
Dec. 2014: President of Kverneland AS
Sep. 2016: GM of Agricultural Implement Business Unit of Kubota Corporation
Jan. 2017: Managing Executive Officer and GM of Agricultural Implement Div.
Oct. 2017: President of Kubota Holdings Europe B.V.
Jan. 2018: GM of Agricultural Implement Div. of Kubota Corporation
Jan. 2019: Senior Managing Executive Officer and GM of Farm and Industrial Machinery Strategy and Operations HQ
Mar. 2019: Director and Senior Managing Executive Officer
Jun. 2019: Deputy GM of Innovation Center
Jan. 2020: GM of Farm and Industrial Machinery Consolidated Div. and GM of Innovation Center (to present)
Jan. 2023: Director and Executive Vice President (to present)



Hiroto Kimura

Director and Senior Managing Executive Officer

GM of Research and Development HQ, GM of Kubota Global Institute of Technology, Deputy GM of Innovation Center

Shares owned: 32,036 Time in office: 2 years

Apr. 1984: Joined Kubota Corporation
Apr. 2007: GM of Rice Transplanter Engineering Dept.
Apr. 2010: GM of Thai Technical Information Center, Farm and Industrial Machinery Research Dept.
Aug. 2010: Vice President of Siam Kubota Corporation
Jan. 2017: Senior Executive Officer of Kubota Corporation and President of Siam Kubota Corporation Co., Ltd.
Sep. 2019: President of Kubota Research and Development Asia Co., Ltd.
Jan. 2020: Managing Executive Officer and Deputy GM of Innovation Center (to present), Deputy GM of Research and Development HQ, Deputy GM of ASEAN Farm and Industrial Machinery Strategy and Operations HQ of Kubota Corporation
Jan. 2021: GM of Research and Development HQ and Carbon Neutral Promotion Dept.
Mar. 2022: Director and Managing Executive Officer
Sep. 2022: GM of Kubota Global Institute of Technology (to present)
Jan. 2023: Director and Senior Managing Executive Officer (to present)



Eiji Yoshioka

Director and Senior Managing Executive Officer

GM of Water and Environment Infrastructure Consolidated Div., Deputy GM of Innovation Center, GM of Tokyo Head Office

Shares owned: 33,441 Time in office: 1 year

Apr. 1981: Joined Kubota Corporation
Apr. 2005: GM of Quality Assurance & Manufacturing Promotion Dept.
Apr. 2010: GM of Tsukuba Plant
Apr. 2013: GM of Air Conditioning Equipment Business Unit of Kubota Corporation and President of Kubota Air Conditioner, Ltd.
Jan. 2016: Senior Executive Officer and GM of Materials Div. of Kubota Corporation
Jan. 2019: Responsible for Special Tasks Assigned by President
Jan. 2020: Managing Executive Officer and GM of Pipe Systems and Infrastructure Div.
Jan. 2022: Senior Managing Executive Officer, GM of Water and Environment Infrastructure Consolidated Div. (to present), Deputy GM of Innovation Center (to present), and GM of Tokyo Head Office (to present)
Mar. 2023: Director and Senior Managing Executive Officer (to present)



Shingo Hanada

Director and Senior Managing Executive Officer

GM of Farm and Industrial Machinery Strategy and Operations HQ, Deputy GM of Planning and Control HQ, Deputy GM of Innovation Center

Shares owned: 7,930 Time in office: 1 year

Committee activity:
Member of the Compensation Advisory Committee

Apr. 1989: Joined Kubota Corporation
Apr. 2015: GM of Tractor Planning and Sales Promotion Dept.
Jan. 2017: GM of Agricultural Tractor Planning and Sales Promotion Dept.
Jan. 2018: GM of Outdoor Power Equipment Business Unit and Outdoor Power Equipment Business Planning and Development Dept.
Jan. 2019: Senior Executive Officer and GM of Outdoor Power Equipment Div.
Feb. 2020: GM of Outdoor Power Equipment Business Planning and Development Dept.
Jan. 2021: President of Kubota Holdings Europe B.V. and Kverneland AS
Jan. 2022: Managing Executive Officer of Kubota Corporation, President of Kubota North America Corp. and President of Kubota Tractor Corp.
Mar. 2023: Director and Managing Executive Officer of Kubota Corporation
Jan. 2024: Director and Senior Managing Executive Officer (to present), GM of Farm and Industrial Machinery Strategy and Operations HQ (to present), Deputy GM of Planning and Control HQ (to present), Deputy GM of Innovation Center (to present)

*Shares owned is correct as of December 2023, time in office is correct as of March 2024.

Outside Directors



Yuzuru Matsuda

Outside Director

Shares owned: 33,482 Time in office: 9 years and 9 months

Committee activity:
Chair of the Nomination Advisory Committee and Compensation Advisory Committee

Apr. 1977: Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Kirin Co., Ltd.)
Jun. 1999: Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute of Fuji Plant
Jun. 2000: Executive Officer and Executive Director of Pharmaceutical Research Institute
Jun. 2002: Executive Director and Director of Corporate Planning Department
Jun. 2003: President and Chief Operating Officer
Oct. 2008: President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd. (currently, Kyowa Kirin Co., Ltd.)
Jun. 2012: President of Kato Memorial Bioscience Foundation
Jun. 2014: Outside Director of Kubota Corporation (to present) and Outside Director of Bandai Namco Holdings Inc.
Jun. 2015: Outside Director of JSR Corporation
Jun. 2019: Director Emeritus of Kato Memorial Bioscience Foundation (to present)



Yutaro Shintaku

Outside Director

Shares owned: 11,939 Time in office: 6 years

Committee activity:
Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles:
Director of the Board (Outside Director) of Santen Pharmaceutical Co., Ltd.
Outside Director of Kozo Keikaku Engineering Inc.
Apr. 1979: Joined Toa Nenryo Kogyo K.K. (currently, ENEOS Corporation)
Jan. 1999: Joined Terumo Corporation
Jun. 2005: Executive Officer
Jun. 2006: Director and Executive Officer
Jun. 2007: Director and Senior Executive Officer, in charge of R&D Center, Intellectual Property Dept. and Legal Dept.
Jun. 2009: Director and Managing Executive Officer, GM of Strategy Planning Dept., in charge of Human Resources Dept. and Accounting & Finance Dept.
Jun. 2010: President and Representative Director
Apr. 2017: Director and Adviser
Jun. 2017: Outside Director of Santen Pharmaceutical Co., Ltd. (to present) and Outside Director of J-Oil Mills, Inc.
Mar. 2018: Outside Director of Kubota Corporation (to present)
Apr. 2018: Visiting Professor of Hitotsubashi University Business School
Apr. 2019: Special Professor (to present)
Sep. 2019: Outside Director of Kozo Keikaku Engineering Inc. (to present)



Kumi Arakane

Outside Director

Shares owned: 9,588 Time in office: 3 years

Committee activity:
Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles:
External Director of Kagome Co., Ltd.
Outside Director of Toda Corporation
Apr. 1981: Joined Kobayashi Kosé Company Limited (currently, Kosé Corporation)
Mar. 2002: Senior Chief Researcher of R&D Headquarters Advanced Cosmetic Research Laboratories of Kosé Corporation
Mar. 2004: GM of Product Development Dept., Marketing HQ
Mar. 2006: Executive Officer and Deputy Director-General of Marketing HQ
Mar. 2010: GM of R&D Laboratories
Mar. 2011: GM of Quality Assurance Dept. and Marketing Supervisor-General
Jun. 2011: Director, in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., and Product Designing Dept.
Jun. 2017: Audit & Supervisory Board Member
Mar. 2019: Audit & Supervisory Board Member of Kubota Corporation
Mar. 2020: External Director of Kagome Co., Ltd. (to present)
Jun. 2020: Outside Director of Toda Corporation (to present)
Mar. 2021: Outside Director of Kubota Corporation (to present)



Koichi Kawana

Outside Director

Shares owned: 2,092 Time in office: 1 year

Committee activity:
Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles:
Outside Director of Tokyo Electron Device Limited
Outside Director of Bandai Namco Holdings Inc.
External Director of ispace, Inc.
Director and Chairman of RENOVA, Inc. (part-time, non-executive)
Apr. 1982: Joined JGC Corporation (currently, JGC Holdings Corporation)
Jul. 1997: GM of Abu Dhabi Office and Kuwait Office
Jul. 2001: GM of London Office
May 2004: GM of Project Business Investment Promotion Dept.
Jul. 2007: Executive Officer and GM of New Business Promotion Div.
Aug. 2007: Senior GM of New Business Promotion Div.
Jul. 2009: Managing Director and Senior GM of Global Marketing Div.
Jun. 2010: Representative Director and Senior Executive Vice President
Jul. 2011: Representative Director and President (COO)
Jun. 2012: Representative Director and President
Jun. 2017: Director and Vice Chairman
Jun. 2019: Outside Director of Tokyo Electron Device Limited (to present),
Outside Director of Bandai Namco Holdings Inc. (to present), and
Outside Director (Audit and Supervisory Committee Member) of COMSYS Holdings Corporation
Jun. 2020: External Director of RENOVA, Inc.
Dec. 2020: External Director of ispace, Inc. (to present)
Mar. 2023: Outside Director of Kubota Corporation (to present)
Jun. 2023: Director and Chairman of RENOVA, Inc. (part-time, non-executive) (to present)

Audit & Supervisory Board Members



Apr. 1981: Joined Kubota Corporation
 Apr. 2008: President of Kubota Industrial Equipment Corp.
 Apr. 2010: GM of Farm and Utility Machinery Planning and Sales Promotion Dept.
 Apr. 2012: GM of Farm and Utility Machinery Planning and Sales Promotion Dept.
 Apr. 2014: GM of Farm and Utility Machinery Business Unit I, Farm and Utility Machinery Planning and Sales Promotion Dept. I, and Farm and Utility Machinery Planning and Sales Promotion Dept. II
 Apr. 2015: GM of Tractor and Utility Machinery Business Unit
 Jan. 2016: Senior Executive Officer
 Jan. 2017: GM of Compact Tractor, Turf and Utility Vehicle Business Unit
 Jan. 2018: Deputy GM of Tractor Div.
 Mar. 2018: Audit & Supervisory Board Member (to present)

Yasuhiko Hiyama

Audit & Supervisory Board Member

Shares owned: 24,670 Time in office: 5 years



Apr. 1987: Joined Daiwa Securities Co. Ltd.
 Apr. 2002: Joined UFJ Capital Markets Securities Co., Ltd. (currently, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
 Mar. 2007: Joined Depfa Bank Plc., Tokyo Branch
 Oct. 2010: Joined Kubota Corporation
 Apr. 2015: GM of Strategic Planning Dept.
 Jan. 2018: Senior Executive Officer, Deputy GM of Planning and Control HQ, GM of Global Management Promotion Dept., and GM of Strategic Planning Dept.
 Jan. 2020: GM of Corporate Planning & Control Dept.
 Mar. 2024: Audit & Supervisory Board Member (to present)

Kazushi Ito

Audit & Supervisory Board Member

Shares owned: 16,499 Time in office: –



Apr. 1986: Joined Kubota Corporation
 Jun. 2010: GM of Water Engineering & Solution Planning Dept.
 Jan. 2018: GM of Environmental Business Planning and Sale Dept.
 Feb. 2019: GM of Water and Environment Infrastructure Management Dept.
 Mar. 2022: Audit & Supervisory Board Member (to present)

Masashi Tsunematsu

Audit & Supervisory Board Member

Shares owned: 7,390 Time in office: 2 years

Outside Audit & Supervisory Board Members



Committee activity:
 Observer of the Compensation Advisory Committee

Significant concurrent roles:
 External Audit & Supervisory Board Member of Japan Finance Corporation
 Representative of Yuichi Yamada Certified Public Accountant Firm

Oct. 1984: Joined Asahi & Co. (currently, KPMG AZSA LLC)
 Mar. 1988: Registered as a certified public accountant
 Aug. 2003: Senior Partner of Asahi & Co. (currently, KPMG AZSA LLC)
 Jun. 2008: Board member of AZSA & Co. (currently, also KPMG AZSA LLC)
 Sep. 2011: Deputy Managing Partner of Tokyo Office
 Jul. 2015: Chairman of Tokyo Partners Meeting
 Jun. 2016: External Audit & Supervisory Board Member of Japan Finance Corporation (to present)
 Jul. 2016: Representative of Yuichi Yamada Certified Public Accountant Firm (to present)
 Jun. 2017: Outside Audit & Supervisory Board Member of Sumitomo Metal Mining Co., Ltd.
 Mar. 2020: Outside Audit & Supervisory Board Member of Kubota Corporation (to present)

Yuichi Yamada

Outside Audit & Supervisory Board Member

Shares owned: 5,715 Time in office: 4 years



Significant concurrent roles:
 Audit & Supervisory Board Member of Subaru Corporation

Apr. 1986: Joined Ministry of Transport (Civil Aviation Bureau)
 Dec. 2000: Administrator of Organisation for Economic Co-operation and Development (OECD)
 Jul. 2004: Director for International Policy Planning, Ministry of Land, Infrastructure and Transport Planning Unit at the Ministry of Land, Infrastructure and Transport
 Jul. 2006: Director for International Affairs & Crisis Management Division, Japan Coast Guard
 Jul. 2008: Counsellor of Cabinet Secretariat (Office of Assistant Chief Cabinet Secretary)
 Aug. 2011: Deputy General Manager of International Sales Department, Shiseido Co., Ltd.
 Jul. 2014: Assistant Vice-Minister for International Affairs of Ministry of Land, Infrastructure, Transport and Tourism
 Sep. 2015: Vice-Commissioner of Japan Tourism Agency
 Jun. 2016: Councillor of Cabinet Secretariat, Cabinet Bureau of Personnel Affairs
 Jul. 2019: Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism
 Mar. 2021: Audit & Supervisory Board Member of Kubota Corporation (to present)
 Jun. 2022: Audit & Supervisory Board Member of Subaru Corporation (to present)

Yuri Furusawa

Outside Audit & Supervisory Board Member

Shares owned: 4,484 Time in office: 3 years



Significant concurrent roles:
 Senior Partner of Kyoei Law Office

Apr. 1987: Registered as an attorney, joined Showa Law Office
 Jan. 1994: Registered as an attorney in New York State, US
 May 1998: Established Kyoei Law Office
 Jun. 2000: Outside Auditor of Okada Aiyon Corporation
 Sep. 2007: Outside Auditor of Nagaoka International Corporation
 Jun. 2009: Outside Auditor of Charle Co., Ltd.
 Jan. 2011: Senior Partner of Kyoei Law Office (to present)
 Mar. 2015: Corporate Auditor (Outside) of Nippon Electric Glass Co., Ltd.
 Mar. 2022: Outside Audit & Supervisory Board Member of Kubota Corporation (to present)

Keijiro Kimura

Outside Audit & Supervisory Board Member

Shares owned: 2,978 Time in office: 2 years

*Shares owned is correct as of December 2023, time in office is correct as of March 2024.

Senior Executive Officers

Senior Managing Executive Officers

Nikhil Nanda

Nobuyuki Ishii

Yoshimitsu Ishibashi

Katsuhiko Yukawa

Managing Executive Officers

Yasukazu Kamada

Koichi Yamamoto

Hirohiko Arai

Mampeï Yamamoto

Nobushige Ichikawa

Shinichi Fukuhara

Takanobu Azuma

Senior Executive Officers

Koichiro Kan

Tomohiro Iitsuka

Hideki Mori

Junji Ota

Executive Officers

Hideo Takigawa

Takashi Ichikawa

Wataru Kondo

Hiroyuki Tanihara

Toshiyuki Taneda

Shiro Watanabe

Todd Stucke

Hiroyuki Araki

Yoshifumi Makino

Tadahito Suzui

Koichi Nakagawa

Kazunori Tani

Yuji Kambara

Shinya Tsuruda

Sumio Morioka

Shinichi Yamada

Hitoshi Sasaki

Satoshi Suzuki

Koji Wada

Masaya Nishiyama

Keishiro Nishi

Seiji Fukuoka

Junji Takeda

Brian Arnold

Risk Management

Basic Framework for Risk Management

To increase its corporate value, the Kubota Group has constructed a management system for risk with a potential material impact on business operations. Specifically, each department in charge of risk management appropriately recognizes risks and stipulates risk management rules for managing them. Based on these rules, the departments propose and execute the necessary action items, and verify their effectiveness by conducting audits of business divisions.

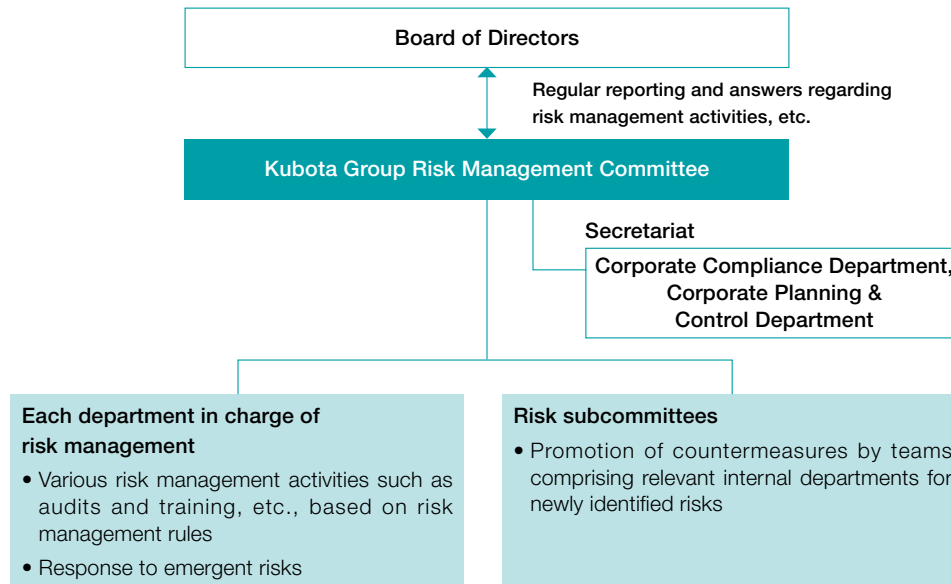
The departments revise the risk management rules as necessary to create a risk management system that is able to respond to the constantly changing corporate environment and risks.

Moreover, the Kubota Group Risk Management Committee has been established to plan, propose, and communicate the Group's key policies and systems for risk management, and to confirm and approve the activity results and activity policy for each risk. The Committee's deliberations are reported regularly to the Board of Directors.

Response to New Risks

In view of the changing public expectations regarding corporate risk management, to adapt to these changes the Kubota Group Risk Management Committee maintains existing risk management activities relating to internal control risk, ascertains new risks with potential major impact on business operations, and takes countermeasures.

The committee undertakes regular risk assessments of the Kubota Group, and after conducting a risk assessment, it determines new risks to be addressed as a priority. In addition, subcommittees under the supervision of the Kubota Group Risk Management Committee implement risk response measures and regularly report back to the committee on their progress. The committee monitors these and issues instructions where necessary.



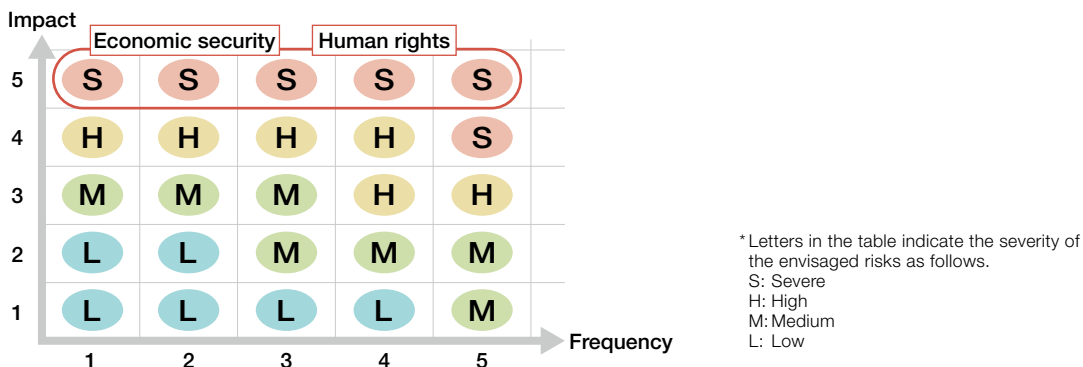
Risk Assessment Overview

From November to December 2022, we conducted a risk questionnaire for executives at the level of division general manager or above (including all directors.)

Based on the questionnaire results, we considered factors including the impact and frequency of risk occurrence and expert opinions, and summarized these into a risk matrix.

For risks that have a particularly large impact, we again conducted interviews and so forth with relevant internal departments to confirm and verify the status of risk management activities based on risk management rules and related rules. Based on the results of these activities, we newly determined economic security and human rights due diligence to be risks that we need to address and we are taking countermeasures for them.

Risk Matrix



Risk Countermeasures

Economic Security

Changes in the government policies and laws of countries in light of increased international tension, such as confrontations and wars between large countries, are expected to have a major impact on the Group's business activities.

For supply chains that are expected to be particularly strongly impacted, relevant divisions within the Company cooperate to promote countermeasures, such as multi-site procurement, in order to promote increased risk resilience. In addition, we will further expand our countermeasures and management systems for the current status of related themes such as employee health and safety, information security, and security exports.

Human Rights Due Diligence

Amid global trends emphasizing human rights, the emergence of human rights issues could have a significant impact on the Company's corporate value.

The Group holds discussions at internal workshops regarding the value chain in relation to human rights and conducts risk assessment such as impact analysis. Based on the results of these, we assess the risks by conducting human rights questionnaires for our business partners, carrying out interviews for high-risk business partners, and where negative impacts are recognized, considering mitigation and correction measures.

Compliance

Fundamental Compliance Promotion Policy

To realize K-ESG management, we share a common set of values codified in our Corporate Principles and Charter for Action & Code of Conduct, and our fundamental policy is that we faithfully adhere to laws and internal rules, but also to ethical and moral standards. Compliance forms the foundation for a company to achieve continuous growth, and so to promote it, we have come up with a three-pronged approach: fostering awareness, gaining knowledge, and constructing systems. In line with this approach, we are ensuring thorough compliance through such measures as training and education, rules, and an internal control system.

Moreover, to warrant the trust and confidence placed in us by customers and other stakeholders, and to give back to society, it is important that we perform our work honestly and sincerely, without lies or falsehoods. On this point, we are striving to transform some words that Kubota's founder valued—"One must hold integrity and morality in high esteem"—into our corporate culture. It goes without saying that we must adhere to laws and regulations, but integrity and morality are equally vital in this age of compliance, and we believe them to be the basis of our corporate activities.

"Kubota Group Charter for Action & Code of Conduct"

All the employees working for the Kubota Group, including those overseas, are required at the time of joining the Group to submit a written "Confirmation Statement" that they will comply with the Kubota Group Charter for Action & Code of Conduct, and the corporate principles, the Kubota Global Identity.

Furthermore, various tools for education and awareness-raising are prepared with the aim of fostering a mindset based on compliance and the corporate principles.

"Kubota Group Charter for Action & Code of Conduct" (Itemized)

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) Compliance with Export and Import Laws and Regulations
 - (6) Proper Relationships with Political Groups and Government Organizations
 - (7) Rules for Entertainment, Gifts, and Donations
 - (8) Fairness and Transparency in Transactions
 - (9) Compliance with Internal Rules
 - (10) Prohibition of Activities Contrary to the Proper Interest of the Company
 - (11) Preservation of Company Assets
 - (12) Respect for and Usage of Intellectual Property
 - (13) Management of Confidential Information
 - (14) 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 Work Environment in which Employees Can Feel Growth and Job Satisfaction
 - (1) In-depth Supervision of Safety, Sanitation, and Health
 - (2) Building up a Workplace in which Each and Every Employee Can Feel Growth and Job Satisfaction
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) Elimination of Relationships with Antisocial Elements
 - (3) Contributing to Society
 - (4) 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



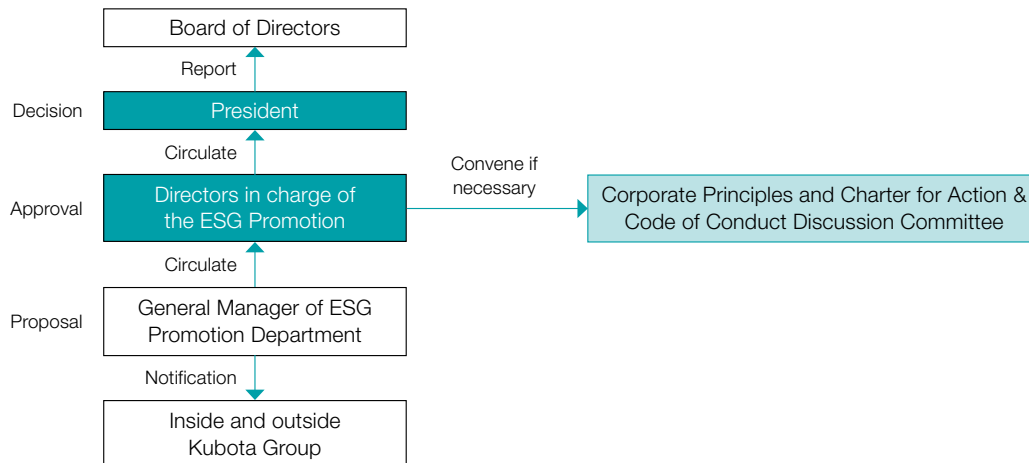
See here for the "Kubota Group Charter for Action & Code of Conduct"

www.kubota.com/sustainability/employee/conduct/

* The Kubota Group Charter for Action & Code of Conduct is reviewed frequently in light of changes in the social and economic conditions in Japan and overseas affecting the Company, as well as changes in laws and regulations, and so forth. In January 2024, in light of changes to its Long-Term Vision "GMB2030," K-ESG management, and the current social environment, the Group made changes to "4. Building up a Safe Work Environment in which Employees Can Feel Growth and Job Satisfaction" of the Charter for Action, as well as reconstituting some paragraphs and making partial revisions.

Management Structure for the Charter for Action & Code of Conduct

The ESG Promotion Department was established as the division responsible for revising the Charter for Action & Code of Conduct, and for internally promoting and establishing them. When revisions are to be made, the department proposes them and obtains approval from the director in charge of the ESG Promotion before the final decision is made by the President and the revision is then reported to the Board of Directors. Moreover, when revising the Charter for Action & Code of Conduct, a meeting of the Corporate Principles and Charter for Action & Code of Conduct Discussion Committee is convened as necessary.



Education and Awareness Raising

“Kubota Group Code of Conduct Guide”

A guide describing the “Kubota Group Charter for Action & Code of Conduct” in a straightforward way using illustrations and explanations. The guide was organized into a single booklet together with the corporate principles — the Kubota Global Identity— and the Kubota Group Charter for Action & Code of Conduct. In January 2024, the single booklet was revised and issued to all domestic Kubota Group employees.

“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. We have created effective tools to promote and establish the courier, such as pocket cards, and we also make effective selection and use of media, such as posting on the Company intranet.

For employees who have just joined the Kubota Group, we provide induction training on the Kubota Group Charter for Action & Code of Conduct. We also conducted e-learning training for employees of domestic Group companies in 2023. Afterwards, in a questionnaire, we had them think more deeply about the Kubota Group Charter for Action & Code of Conduct with regard to whether they are putting it into practice or striving to put it into practice (or intending to do so going forward).

Internal Control System

For Kubota Group, its internal control system serves as the mechanism for clearly providing the rules that should be abided by as to the performance of business, and for checking whether or not business has been managed according to those rules. This system consists of the business operation on one hand, which entails the performance of business based on rules, and risk management on the other hand, which entails the management of major business risks.

“Business operation” refers to the notion that basic action items necessary for operating businesses should be set out as “business rules.” The notion also requires that each department should conduct its day-to-day checks in accordance with the “business rules.” “Business rules” consists of general business rules (basic rules) on one hand and functional business rules on the other.

Risk management refers to the notion that “risk management rules” should set out appropriate operational action items that all administrative departments should implement, to the extent that the administrative departments are primarily responsible for some risks. The notion also requires that those departments should identify promotional action items to manage the risks. The notion further requires that auditing should be conducted on appropriate business departments to verify the effectiveness thereof.

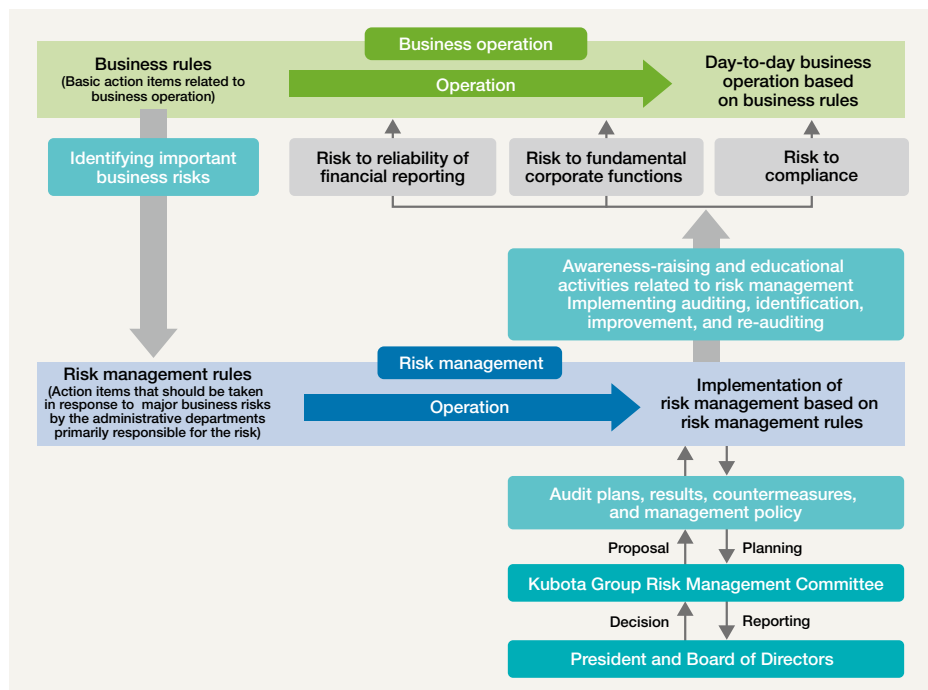
Internal Control System Overview

In the internal control system, major risks in Kubota’s business are classified into the following three categories:

1. Internal control over reliability of financial reporting
2. Internal control over the fundamental functions of the Company, such as fair trade, environmental conservation, and health and safety
3. Internal control over compliance, such as compliance with laws and regulations related to equipment, and import and export control

To avoid those risks, all administrative departments primarily responsible for some risks should implement promotional action items and conduct audits on the appropriate business departments. The outcomes of implementation and auditing should be reported to the President and the Board of Directors, together with the action items for the next fiscal year. Thus, the PDCA cycle for risk management is implemented in the manner outlined above.

Internal Control System Overview



Internal Control System Operation Activities (Risk Management Activities)

Kubota considers its risk management activities as part of its business activities. Based on its understanding that risk management is the foundation of business activities, Kubota is willing to exert its efforts to manage risks appropriately through continuous steady improvement via “immediate corrective actions upon any perception of inadequacies,” by identifying risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting. At the same time, while accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

Number of Audits and Contents of Risk Management

Risk management items		Risk to be avoided	Number of audited items for FY2023*1
Internal control over reliability of financial reporting	Financial reporting	<ul style="list-style-type: none"> • Risk to reliability of financial reporting 	7,882
Internal control over the fundamental functions of the Company	Fair trade	<ul style="list-style-type: none"> • Bid-rigging and price fixing • Unfair trading concerning trading with distributors, etc. • Non-compliance with the Subcontract Act 	113
	Environmental conservation	<ul style="list-style-type: none"> • Non-compliance with laws and regulations • Environmental accidents • Past environmental debt 	12,597
	Health and Safety	<ul style="list-style-type: none"> • Occurrence of serious accidents • Occupational illnesses • Investigations and litigations 	1,568
	Quality assurance	<ul style="list-style-type: none"> • Occurrence of quality problems detrimental to the Kubota brand, etc. 	413
	Labor management	<ul style="list-style-type: none"> • Breach of duties of care as to safety of employees • Improper management of working conditions • Improper management of part-time employees, contractors and agency employees • Occurrence of labor problems outside Japan 	7,675
	Information security	<ul style="list-style-type: none"> • Computer virus infection • Information leakage • Information system failure 	3,499
	Intellectual property	<ul style="list-style-type: none"> • Infringement of other companies' intellectual property 	772
Internal control over compliance	Compliance with laws and regulations related to equipment	<ul style="list-style-type: none"> • 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 	620
	Earthquake and other disaster response management	<ul style="list-style-type: none"> • Important managerial losses including danger to human lives due to earthquakes and other disasters, damage to equipment, and destruction of the information system 	68
	Compliance with the Construction Business Act	<ul style="list-style-type: none"> • Non-compliance with the Construction Business Act 	586
	Human rights advancement*2	<ul style="list-style-type: none"> • Occurrence of human rights violation issues 	—
	Safe driving management	<ul style="list-style-type: none"> • Accidents arising from non-compliance with traffic laws and regulations and violating acts 	138
	Prevention of illegal payments	<ul style="list-style-type: none"> • Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Improper payments to foreign public officials 	21
	Classified information management	<ul style="list-style-type: none"> • The leakage of classified information including a development plan for a new product and sales plan 	320
	Protection of personal information	<ul style="list-style-type: none"> • Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information 	228
	Import and export control	<ul style="list-style-type: none"> • 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 	105
	Compliance with laws and regulations related to logistics	<ul style="list-style-type: none"> • Non-compliance with the three major road laws, including the Road Traffic Act; and with the laws and regulations related to logistics activities, including the Labor Standards Act, etc. 	623

*1 Number of audited items is the sum of the number of items audited in each of the divisions subject to audit.

*2 Activities for human rights advancement focused mainly on training, the release of information, and the follow-up of survey results.

Kubota Hotline (whistleblowing system)

As a framework to supplement its risk management, Kubota operates a whistleblowing system. This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture. Aside from this system, Kubota also operates an Audit & Supervisory Board member hotline for reporting of matters relating to Kubota directors and a supplier hotline for our outside business partners.

[Types of contact points and matters handled]

- Corporate Compliance Department: Compliance issues other than human rights (anonymous reporting acceptable)
- Human Rights Advancement Department: Human rights issues (anonymous reporting acceptable)
- Outside lawyers: Compliance in general including human rights issues (anonymous reporting acceptable)

* Human Rights Advancement Consultation Office has been established at each group company and business site so that people can more easily seek consultation.

[Available to]

Full-time, part-time, temporary and agency employees of Kubota and its Group companies in Japan

* In line with the legislative change, the system was extended in April 2022 to directors and retired employees (within one year).

* Each overseas base handles whistleblowing reports individually and notifies the Kubota head office of any significant ones.

* Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.

* We also started operating a global hotline focusing on certain significant risks at some sites.

[Protection of whistleblower]

The Whistleblowing System Operation Rules set out clearly the bullet points indicated below. Additionally, the staff at each base who handle reports are required to sign a strict confidentiality agreement.

- “No one may be disadvantaged as a result of his/her whistleblowing report.”
- “Excluding cases where the consent of the whistleblower has been obtained, the content of the reported issue, personal information obtained during investigations, and any other information may not be misappropriated or leaked.”

[Activities to raise awareness of the system]

Various measures have been taken to ease the whistleblower’s potential concern, which is often caused through insufficient understanding on the system.

The Company newsletter and website provide information on:

- The number of reports received for each content category, and past cases (outline)
- The flow of processes of the whistleblowing system
- The objective of the system, protection of whistleblowers, handling of anonymity, etc.

[Reporting to executive management]

Information on the content and the number of reports is regularly presented to executive management to provide an overview of risk and enable measures to prevent recurrence.

[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

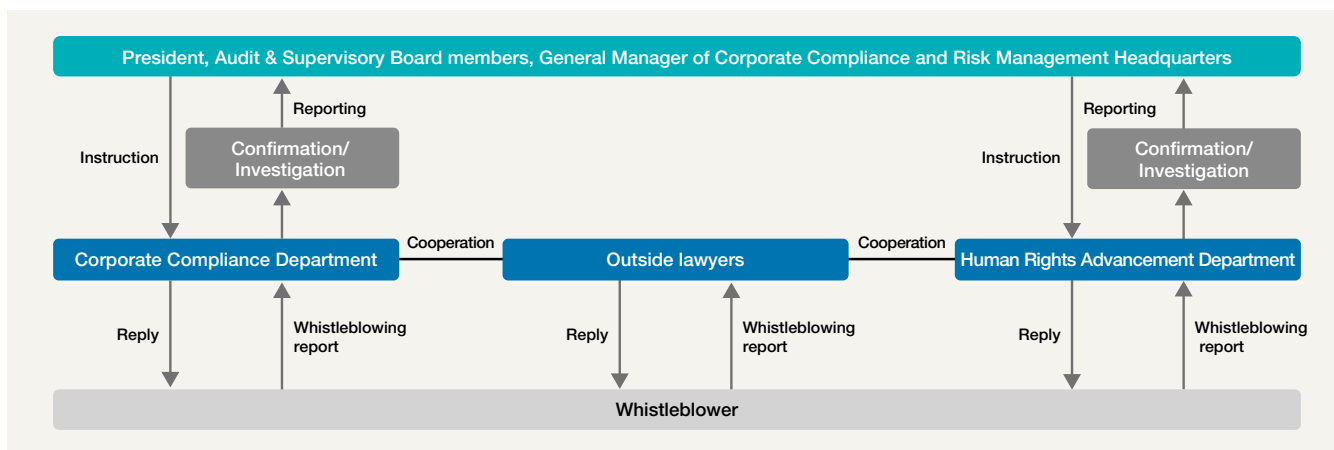
Period	Number of cases
Jan.–Dec. 2020	74
Jan.–Dec. 2021	122
Jan.–Dec. 2022	100
Jan.–Dec. 2023	118

* Including enquiries and matters that were found not to be problematic as a result of investigation

[Other]

Moreover, a write-in column is available for every employee to freely make comments, if any, in the Kubota Group Employee K-ESG Awareness Survey (from 2024 the Compliance Awareness Survey), which is answered anonymously. The column provides an opportunity for employees to give their frank reports and opinions, enabling the Company to develop an open corporate culture.

Flowchart of Kubota Hotline



Prevention of Illegal Payments

The Kubota Group is engaged in efforts to prevent any corrupt practices. It has placed particular focus on preventing bribery among risk management activities on the preventing of illegal payment, and will work to achieve SDGs Target 16.5: Substantially reduce corruption and bribery in all their forms.

Amid increasing international moves to anti-bribery, we marked December 9 – designated by the United Nations as International Anti-Corruption Day – by broadcasting a President’s Message to all Kubota Group officers and employees every year. In the message, our top management made a clear commitment by declaring that ‘KUBOTA Group never allows business based on unfair practices such as bribery.’

As part of its activities to prevent corruption, the Kubota Group conducts wide-ranging education and awareness-raising activities for officers and employees. Specifically, in bribery prevention education for officers and employees, we conduct training sessions and e-learning in Japan and overseas. These include explanations of laws and regulations in each country, as well as the status of execution, and a number of case studies to improve understanding. The training is held regularly on an ongoing basis to ensure circulation of the latest information and cultivate an awareness of bribery prevention.

Furthermore, we have prepared a handbook*, and we issue newsletters throughout the year, among various measures to introduce various information such as laws, regulations, and case studies related to bribery prevention, embezzlement, and facilitation payments, etc., to the entire Group in an effort to prevent bribery and ensure widespread awareness.

In addition, as an initiative directed outside the company, a ‘Request to Suppliers’ was posted on the Kubota website in the name of the General Manager of the Corporate Compliance and Risk Management Headquarters. The text outlined to suppliers the Kubota Group’s approach to bribery prevention and asked for their understanding and cooperation in bribery prevention activities.

As a new initiative, from the end of 2023, we have rolled out operation of a global hotline for overseas bases. In this way, we are working to enhance our internal reporting system with the aim of facilitating early detection and prevention of bribery and other improper activity.

To verify these risk management activities, the Kubota Group has established the Committee on Prevention of Illegal Payments. In FY2023, document surveys were conducted at 12 companies in Japan and 33 overseas bases to investigate whether preventive frameworks were in place and sufficiently functioning, as well as whether there were any illegal payments.

The policies for these risk management activities and the results are periodically reported to the Board of Directors through the Kubota Group Risk Management Committee. Based on the feedback provided, the content of risk management activities is reviewed to improve the overall level.

* We have put together a Kubota Group Handbook for Anti-Bribery which is being issued across the entire Group. The Handbook is issued in a global version with universal content available in Japanese, English, French, Chinese, and Thai, 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.



Photograph shown in President’s Message

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.

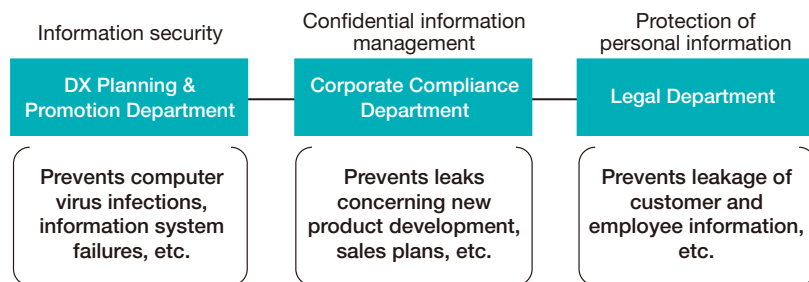
President, Kubota Corporation

Information Security

As cyberattacks yearly grow more sophisticated and more complex, Kubota is aware that the appropriate protection and management of the personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

Information Security System

Depending on the type of information, Kubota appoints main divisions to conduct ongoing activities such as revising rules, auditing, and awareness-raising at their respective locations. These activities are also conducted at overseas bases. When necessary, these divisions cooperate with each other in risk management.



Under a Group-wide framework directed by the Company-wide information security supervisor, we assign highly expert staff with specialist Japanese or overseas qualifications, such as Registered Information Security Specialists or Certified Information Systems Security Professionals (CISSP), to the department in charge of company-wide information security. We also appoint personnel in charge of promoting information security (IT Managers) at each department and Group company. In this way, we implement Group-wide security measures based on the policies formulated by the department in charge.

We have also established Kubota-CSIRT, an organization for managing information security-related incidents/accidents. In the case of such incidents or accidents in the Group, we promptly share information, responding rapidly and taking measures to minimize damage.



System Response and Monitoring

To guard against computer viruses, unauthorized intrusion into systems and networks from the outside, or other threats, we have implemented and are centrally managing multilayered security measures worldwide, including the use of antivirus software, vulnerability assessments, and robust authentication mechanisms involving multifactor authentication. By additionally introducing platforms that use AI and other technologies to analyze security logs, we are also reinforcing measures to detect and deal with suspect activity at an early stage.

Education and Awareness-Raising

We recognize that each employee also plays a vital role in dealing with information security threats. For this reason, we mandate periodic information security education for employees who handle information. We seek to gain greater understanding of measures each employee must observe, including how to deal with suspicious emails and how to use generative AI.

Audits

To raise the level of the information security response across the entire Kubota Group, we have established a common Group information security policy and conduct information security audits every year to ascertain compliance status.

Supply Chain Risk Management

To realize stable business continuity and our goal of continuous development of synergies between the Company and business partners and society, we aim to increase the security level throughout our entire supply chain, not only assessing the status of security at our own factories, but also setting standards for information security countermeasures that will be required of our business partners.

Third-Party Evaluation and Certifications

Kubota promotes third-party evaluations and certifications related to information security.

[ISMS Certification]

The following companies have organizations that have acquired ISMS certification based on the international information management system standard (ISO/IEC 270001) from the ISMS Accreditation Center (ISMS-AC) (as of January 15, 2024).

Kubota Group Companies with ISMS Certified Organizations

- Kubota Corporation
- Kansouken Inc.
- Kubota Data Ground Corporation

[PrivacyMark Certification]

The following companies have been licensed by the JIPDEC to use the PrivacyMark (as of January 15, 2024).

Kubota Group Companies with PrivacyMark Certification

- Kansouken Inc.
- Kubota Credit Co., Ltd.

Tax Management

The Kubota Group's basic principle is to comply with the tax laws and regulations of each country, as well as with the relevant international tax standards (OECD Guidelines, etc.) and to enhance our corporate value by paying the appropriate amount of taxes. We believe tax payments are part of a company's key social responsibilities; we therefore provide training and educational opportunities for our employees. We also disclose important tax-related matters to our stakeholders in a timely manner. We strive to establish trust with tax authorities by providing appropriate information in a timely manner and engaging with authorities openly and transparently.

Tax Payment Data

(billions of yen)

	Japan	North America	Europe	Asia	Other	Total
Income Tax Paid FY2022 by region	45.2	20.3	5.0	13.1	2.4	86.0

* The above amounts are based on "Country-by-Country Report" submitted to Japanese Tax Authorities, and not directly related to the Consolidated Financial Statements.

Personal Information Protection

As cyberattacks yearly grow more sophisticated and more complex, Kubota is aware that the appropriate protection and management of the personal information of its customers and other stakeholders is an important social responsibility. In addition, we are working to appropriately manage personal information not only under Japanese law, but also overseas laws and regulations.

System

Under our internal rule “Personal Information Protection Rules” regarding the protection of personal information, a responsible person is appointed at each business division, department, and Group company to promote appropriate handling of personal information. We have also established a structure that will enable us to respond rapidly to an incident such as a data leak.

Education and Awareness-Raising

We regularly conduct education and awareness-raising activities for departments and Group companies that handle personal information in our efforts to increase and strengthen employee awareness. From 2023, we have conducted e-learning together with the IT department, combining an information security perspective to provide education for employees of departments and Group companies.

Audits

We regularly conduct audits for departments and group companies that handle personal information, and strive to understand the status of management of their handling of personal information.

Ensuring the Reliability of Financial Reporting

To ensure the reliability of financial reporting for the Kubota Group overall, including overseas subsidiaries, we have established and operate an internal control system. Moreover, to confirm its effectiveness, the Corporate Auditing Department and the auditing divisions of subsidiaries conduct regular internal audits. Based on the results of these audits, we have built a system for evaluating the effectiveness of internal controls on a consolidated basis in conformance with the internal control and reporting system (J-SOX), etc., pertaining to financial reporting as stipulated by the Financial Instruments and Exchange Act.

Compliance with the Anti-Monopoly Act/Competition Laws

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 prevention of any infringement of Japan’s Anti-Monopoly Act and the competition laws of overseas countries as well as the Subcontract Act.

System

The Company’s internal rules relating to Japan’s Anti-Monopoly Act, competition laws and the Subcontract Act are the Rules on Competition Laws Compliance and the Rules on Subcontract Act Compliance. Under these rules, we have established the Competition Laws Compliance Committee and the Subcontract Act Compliance Committee, each with members elected from Kubota and Kubota Group companies’ relevant departments. These committees promote measures to prevent violations of their respective laws and regulations.

Education and Awareness-Raising

In 2023, the Guidelines for Global Competition Law were formulated as basic rules for the Kubota Group with regard to the Anti-Monopoly Act and competition laws, and the Company implemented education and awareness-raising regarding the guidelines through e-learning and other measures. Moreover, annual training sessions about the Subcontract Act are held each year for divisions engaged in subcontracting business. In addition, training is conducted as needed for business divisions and Group companies on the Anti-Monopoly Act, competition laws, and Subcontract Act.

Audits

Kubota continuously conducts audits under both the Anti-Monopoly Act and Subcontract Act, including on-site inspection, targeting its business divisions and Group companies in Japan. For overseas Group companies that conduct sales outside the Group as well, Kubota gauges the status of risk management in relation to each country’s competition laws through document surveys, email, and communication through online meetings and other venues.

Maintaining and Expanding the Consultation System

The Company has stipulated the reports and consultations to be undertaken based on the Rules on Competition Laws Compliance and the Rules on Subcontract Act Compliance, should it be judged that a Kubota Group officer or employee has violated, or is in suspicion of having violated the relevant laws and regulations, or in any other case where it is necessary, and maintains a consultation system for both emergencies and normal times.

Corporate Principles

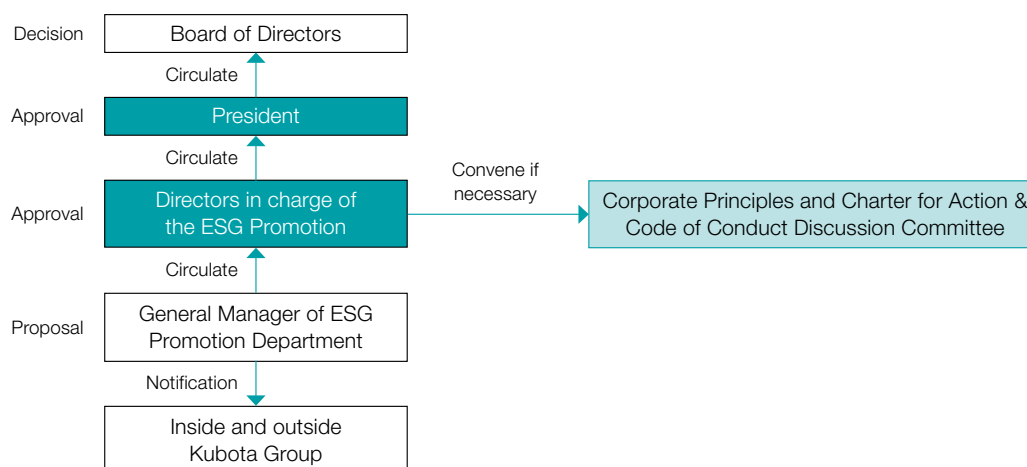
Amid globalization of management and advancement of diversity, personnel with diverse backgrounds are joining the Kubota Group. There is a growing need for all Kubota Group employees around the world to understand and share, across national borders, generations and job ranks, the Kubota Group's vision, basic philosophy and concepts.

The Company's founding spirit and shared values have been organized as the corporate principles, "Kubota Global Identity," which we are promoting among employees with the aim of increasing recognition and understanding, as well as practical application. By conducting corporate activities that enable each individual to carry out the roles and responsibilities of the Kubota Group, we aim to contribute to all stakeholders.

The "Kubota Global Identity," the corporate principles of the Kubota Group, was established on October 1, 2012 and then updated to its current format on July 1, 2016.

Management Structure of the Corporate Principles

The ESG Promotion Department was established as the division responsible for revising the corporate principles, "Kubota Global Identity," and for internally promoting and establishing it. When revisions are to be made, the department proposes them and obtains approval from the director in charge of the ESG Promotion and the President before the revision is then decided by the Board of Directors. Moreover, when revising the corporate principles, a meeting of the Corporate Principles and Charter for Action & Code of Conduct Discussion Committee is called as necessary.



Education and Awareness-Raising

To internally promote and establish the corporate principles, we have created effective tools such as pocket cards, and we select and use effective media such as DVDs and the Company's intranet.

Since its formulation in 2012, we have divided our activities for promoting and establishing the corporate principles into (1) Acknowledgement, (2) Understanding, (3) Practice and application, and (4) Concrete practice, and we continuously implement these activities.

We conduct a seminar on the corporate principles and ESG management as induction training for new employees joining the Kubota Group.

In addition, in 2023 we conducted online training on the corporate principles and management direction for employees of Kubota and domestic Group companies. We conducted a survey after the training to provide an opportunity for participants to consider "what they are implementing and what they are taking care over" with regard to the "Kubota Global Identity." By thinking about the connection between the Company's spirit and mission, and their day-to-day work and living, they deepened their understanding of the corporate principles.

Employee Awareness Survey

The Kubota Group conducts employee awareness surveys to gauge employees' level of understanding of the corporate principles and management direction, their awareness of compliance, and the status of the workplace environment.

For FY2023, the method of conducting the survey was revised. The previously conducted K-ESG Awareness Survey was reorganized, and a Corporate Principles and Management Direction Penetration Survey was conducted. (A survey on compliance and workplace environment is planned for FY2024.)

The survey shared the Kubota Group spirit and vision throughout the entire Group, and helped to realize practical implementation of the corporate principles and the Long-Term Vision GMB2030.

* Since FY2021, Kubota Corporation has also conducted an Engagement Survey in parallel with the survey. (See p.134 for details.)

Number of Respondents over the Past 10 Years

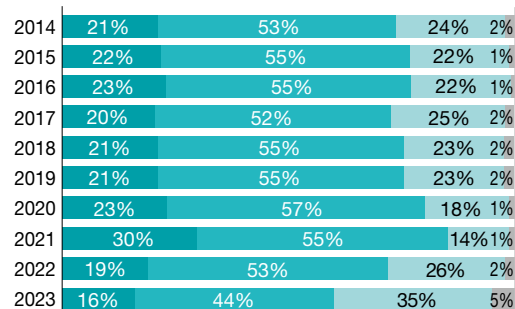
Fiscal year	Number of respondents*1
FY2014	7,316
FY2015	7,696
FY2016	8,427
FY2017	11,659
FY2018	12,840
FY2019	13,007
FY2020	15,275
FY2021	15,644
FY2022	16,319
FY2023	15,358

*1 FY2014 to FY2022 data is the number of respondents to the K-ESG Awareness Survey (formerly the CSR Awareness Survey).
FY2023 data is the number of respondents to the "Corporate Principles and Management Direction Penetration Survey."

Answers to Key Questions in the Employee Awareness Survey

Question regarding the degree of penetration of the corporate principles

Since the start of activities to instill awareness of the corporate principles in FY2013, ongoing efforts to communicate information to employees (whether it be activities implemented annually or from time to time) are leading to an entrenched sense of awareness.



The questions and answer selection were changed to enable an accurate grasp of the degree of penetration of the corporate principles.

Question

2014-2021

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?

- Aware of and act on them
- Aware of but do not act on them
- Not strongly aware of them
- Not aware of them

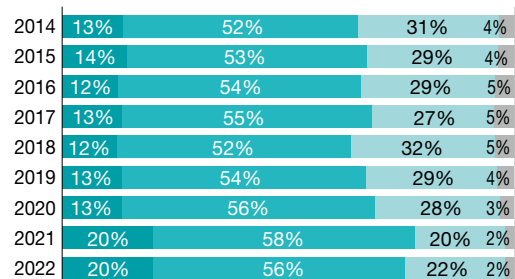
2022-2023

How well do you understand the corporate principles (Kubota Global Identity)?

- Affirm and act on it
- Understand it
- Know it or have heard of it
- Do not know about it

Question: whistleblower hotline

We continue to promote awareness of the Kubota Hotline (internal whistleblowing system).



Question

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

- Yes
- Yes, quite good
- No, not very good
- No

* In 2023, the survey regarding compliance and the workplace environment was not conducted (planned to resume in 2024).

Question: psychological safety in the workplace

Kubota repeatedly stresses the importance of communication between managers and their staff through 1-on-1 meetings and other channels and is working to create a workplace environment in which staff can voice their opinions.



We introduced a new question in 2022 to check the level of psychological safety in the workplace.

Question

Does the atmosphere in your workplace allow everyone to express their honest opinion?

- Yes
- Yes, mostly
- No, not always
- No

* In 2023, the survey regarding compliance and the workplace environment was not conducted (planned to resume in 2024).

GRI Content Index

GRI 1: Foundation	
Statement of use	The Kubota Group has reported the information cited in this GRI content index for the period from January 1 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Universal Standards

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2-7	Employees	· Corporate Data · Human Resource Database	6 148
2-8	Workers who are not employees	· Human Resource Database	—
2-9	Governance structure and composition	Corporate Governance System, Composition of the Board of Directors and the Audit & Supervisory Board K-ESG Management Promotion Framework	10, 156-158
2-10	Nomination and selection of the highest governance body	Directors and Audit & Supervisory Board Members	159
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2-13	Delegation of responsibility for managing impacts	K-ESG Management Promotion Framework Management (Masato Yoshikawa)	10, 163
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2-15	Conflicts of interest	Management	163-164
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2-17	Collective knowledge of the highest governance body	Executive Training	162
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2-24	Embedding policy commitments	Human Rights Due Diligence, Human Rights Education "Kubota Group Charter for Action & Code of Conduct"	101-102 169-170
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2-26	Mechanisms for seeking advice and raising concerns	Consultation Office System Supplier Hotline Kubota Hotline (whistleblowing system)	103 116 173
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2-28	Membership associations	· Environmental Communication -Cooperation with Environment-related Industry Groups and Governments	—
2-29	Approach to stakeholder engagement	Environmental Communication Activities Constructive Dialogue with Shareholders Emergency and Humanitarian Support Resolving Issues (Food, Water and Environment, Other Areas) Educating the Next Generation Social Contribution Activities through Corporate Sporting Events Dialogue between Labor and Management Organizational Strengthening Strengthening Individuals	83 117 121-128 133 134 135
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GRI 202: Market Presence 2016			
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GRI 207: Tax 2019			
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207-2	Tax governance, control, and risk management	—	—
207-3	Stakeholder engagement and management of concerns related to tax	· Compliance	—
207-4	Country-by-country reporting	· Compliance	—
Environmental			
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	· Working towards a Recycling-based Society -Waste, etc. from Business Sites (Measures to Reduce Waste, Examples of Collaboration with Other Companies)	55
301-2	Recycled input materials used	-Improvement of Resource Efficiency	57
		· Expanding Environment-conscious Products and Services	77
301-3	Reclaimed products and their packaging materials	-Managing Used Products	77
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		-Overview of the Environmental Load on the Value Chain	
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GRI Standard No.	Disclosure	Applicable topics	Page No.
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> · Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Trends in Energy Use at Business Sites and Energy Use per Unit of Sales [Graph]) · Environmental Data -Overview of the Environmental Load on the Value Chain -Calculation Standards of Environmental Performance Indicators (Energy and CO₂-related) 	<p style="text-align: right;">34</p> <p style="text-align: right;">86</p> <p style="text-align: right;">93</p>
302-2	Energy consumption outside of the organization	<ul style="list-style-type: none"> · Environmental Data -Trends in Major Environmental Indicators -Calculation Standards of Environmental Performance Indicators (Energy and CO₂-related) 	<p style="text-align: right;">87</p> <p style="text-align: right;">93</p>
302-3	Energy intensity	<ul style="list-style-type: none"> · Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results · Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Trends in Energy Use at Business Sites and Energy Use per Unit of Sales [Graph]) · Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators 	<p style="text-align: right;">27</p> <p style="text-align: right;">34</p> <p style="text-align: right;">86</p> <p style="text-align: right;">87</p>
302-4	Reduction of energy consumption	<ul style="list-style-type: none"> · Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Measures to Reduce CO₂ Emissions) 	32
302-5	Reductions in energy requirements of products and services	—	—
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	<ul style="list-style-type: none"> · Conserving Water Resources -Water Withdrawal -Water Management · Conserving Biodiversity -Disclosure in Accordance with the TNFD Recommendations (Scenario Analysis -Evaluate: Results of risk assessment (2) - regional water stress analysis) 	<p style="text-align: right;">58</p> <p style="text-align: right;">59</p> <p style="text-align: right;">69</p>
303-2	Management of water discharge-related impacts	<ul style="list-style-type: none"> · Conserving Water Resources -Controlling Water Discharge and Mitigating Water Risks -Water Management · Conserving Biodiversity -Disclosure in Accordance with the TNFD Recommendations (Scenario Analysis) 	<p style="text-align: right;">59</p> <p style="text-align: right;">59</p> <p style="text-align: right;">68</p>
303-3	Water withdrawal	<ul style="list-style-type: none"> · Conserving Water Resources -Water Withdrawal · Conserving Biodiversity -Disclosure in Accordance with the TNFD Recommendations (Scenario Analysis) · Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators -Calculation Standards of Environmental Performance Indicators (Water-related) 	<p style="text-align: right;">58</p> <p style="text-align: right;">68</p> <p style="text-align: right;">86</p> <p style="text-align: right;">87</p> <p style="text-align: right;">95</p>
303-4	Water discharge	<ul style="list-style-type: none"> · Conserving Water Resources -Controlling Water Discharge and Mitigating Water Risks · Conserving Biodiversity -Disclosure in Accordance with the TNFD Recommendations (Scenario Analysis) · Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators -Calculation Standards of Environmental Performance Indicators (Water-related) 	<p style="text-align: right;">59</p> <p style="text-align: right;">68</p> <p style="text-align: right;">86</p> <p style="text-align: right;">87</p> <p style="text-align: right;">95</p>
303-5	Water consumption	<ul style="list-style-type: none"> · Conserving Water Resources -Water Withdrawal · Conserving Biodiversity -Disclosure in Accordance with the TNFD Recommendations (Scenario Analysis) · Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators -Calculation Standards of Environmental Performance Indicators (Water-related) 	<p style="text-align: right;">58</p> <p style="text-align: right;">68</p> <p style="text-align: right;">86</p> <p style="text-align: right;">87</p> <p style="text-align: right;">95</p>
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> · Conserving Biodiversity -Approach to Conserving Biodiversity -Evaluating our Relationship with Biodiversity -Disclosure in Accordance with the TNFD Recommendations -Conservation of Biodiversity around Business Sites 	63
304-2	Significant impacts of activities, products and services on biodiversity		64
304-3	Habitats protected or restored		65
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		71
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	—

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GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	· Medium- and Long-Term Environmental Conservation Targets and Results -Long-Term Environmental Conservation Targets 2030 and Results	26
305-2	Energy indirect (Scope 2) GHG emissions	· Mitigating and Adapting to Climate Change -Mitigation of Climate Change (CO ₂ Emissions (Scope 1 and Scope 2)) -Mitigation of Climate Change (CO ₂ Emissions throughout the Value Chain)	32 35
305-3	Other indirect (Scope 3) GHG emissions	· Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators -Calculation Standards of Environmental Performance Indicators (Energy and CO ₂ -related)	86 87 93
305-4	GHG emissions intensity	· Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results · Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Trends in CO ₂ Emissions and Emissions per Unit of Sales (Graph))	27 32
305-5	Reduction of GHG emissions	· Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Measures to Reduce CO ₂ Emissions)	32
305-6	Emissions of ozone-depleting substances (ODS)	· Controlling Chemical Substances -Control of Ozone-depleting Substances · Environmental Data -Calculation Results of PRTR-designated Substances -Calculation Standards of Environmental Performance Indicators (Chemical Substance-related)	62 90 96
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	· Controlling Chemical Substances -VOC Emissions -Release and Transfer of PRTR-designated Substances -Control of Air Pollutants · Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators -Calculation Results of PRTR-designated Substances -Calculation Standards of Environmental Performance Indicators (Chemical Substance-related)	60 61 62 86 87 90 96
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	· Working towards a Recycling-based Society -Waste, etc. from Business Sites	54
306-2	Management of significant waste-related impacts	· Environmental Data	
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306-4	Waste diverted from disposal	-Trends in Major Environmental Indicators	86
306-5	Waste directed to disposal	-Calculation Standards of Environmental Performance Indicators (Waste-related)	95
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308-1	New suppliers that were screened using environmental criteria	—	—
308-2	Negative environmental impacts in the supply chain and actions taken	—	—
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GRI 401: Employment 2016			
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401-3	Parental leave	Promoting Diverse and Flexible Workstyles	138
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	—	—
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403-1	Occupational health and safety management system	Health and Safety Promotion System Occupational Health and Safety Management System Certification	151 154
403-2	Hazard identification, risk assessment, and incident investigation	· Occupational Health and Safety	—
403-3	Occupational health services	Occupational Health and Safety	150-154
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety Promotion System	151
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403-6	Promotion of worker health	Health & Productivity Management	145-147
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health & Productivity Management Occupational Health and Safety	145-147 150-154
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404-2	Programs for upgrading employee skills and transition assistance programs	Strengthening Individuals	140-141
404-3	Percentage of employees receiving regular performance and career development reviews	HR System	131
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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Due Diligence	101
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GRI 413: Local Communities 2016			
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413-2	Operations with significant actual and potential negative impacts on local communities	—	—
GRI 414: Supplier Social Assessment 2016			
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GRI 416: Customer Health and Safety 2016			
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417-2	Incidents of non-compliance concerning product and service information and labeling	—	—
417-3	Incidents of non-compliance concerning marketing communications	n/a	—
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	n/a	—
GRI 419: Socioeconomic Compliance 2016			
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ISO 26000 Comparison Table

Kubota initiatives that correspond to each of the 7 core subjects of ISO 26000, and each theme

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7 Core Subjects of ISO 26000	Issue	Relevant ESG REPORT 2024 section	Page No.
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