For Earth, For Life

Kubota

Kubota Group

ESG REPORT 2023

An "Essentials Innovator for Supporting Life,"

Committed to a Prosperous Society and Cycle of Nature

Purpose of the Kubota Group ESG REPORT 2023

In order to achieve the aims of the GMB2030 Long-Term Vision, we of the Kubota Group are pressing forward with our original ESG efforts—dubbed "K-ESG management"—and we aim to be an "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature. In that way, we hope to resolve social and environmental issues through our business activities.
The Kubota Group ESG REPORT for FY2023, details of E, S, and G activities are reported to categorized into ESG parts as the last fiscal year. Our phylosophy and policy, together with corporate outlines, are shown in the profile part lead to ESG parts, which are thought as a foundation of each activity. We strive to enhance relationships with all stakeholders through keeping the approach to information disclosure that is open and transparent.

Period covered by the ESG REPORT 2023

From January 2022 to December 2022

* Matters outside the above period are partially included.
* Updated in June every year. The next release is scheduled for June 2024.
* For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website. www.un.org/sustainabledevelopment/

Boundary of the ESG REPORT 2023

In principle, the entire Kubota Group is covered.

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

Guidelines consulted

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

GRI content index can be found on p.177.

- ISO 26000, guidance on social responsibility

A comparison chart for the guidelines above can be found on p.185.

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

Financial Report

Kubota Corporation and 217 affiliates
(198 subsidiaries and 19 equity method affiliates)

Environmental Report

The Environmental Report contains the results of environmental activities carried out by Kubota Corporation as well as 199 consolidated subsidiaries and 9 affiliated companies accounted for under the equity method (partial).

Social Report / Others

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

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

CONTENTS [Kubota Group ESG REPORT 2023]

Founded in 1890

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

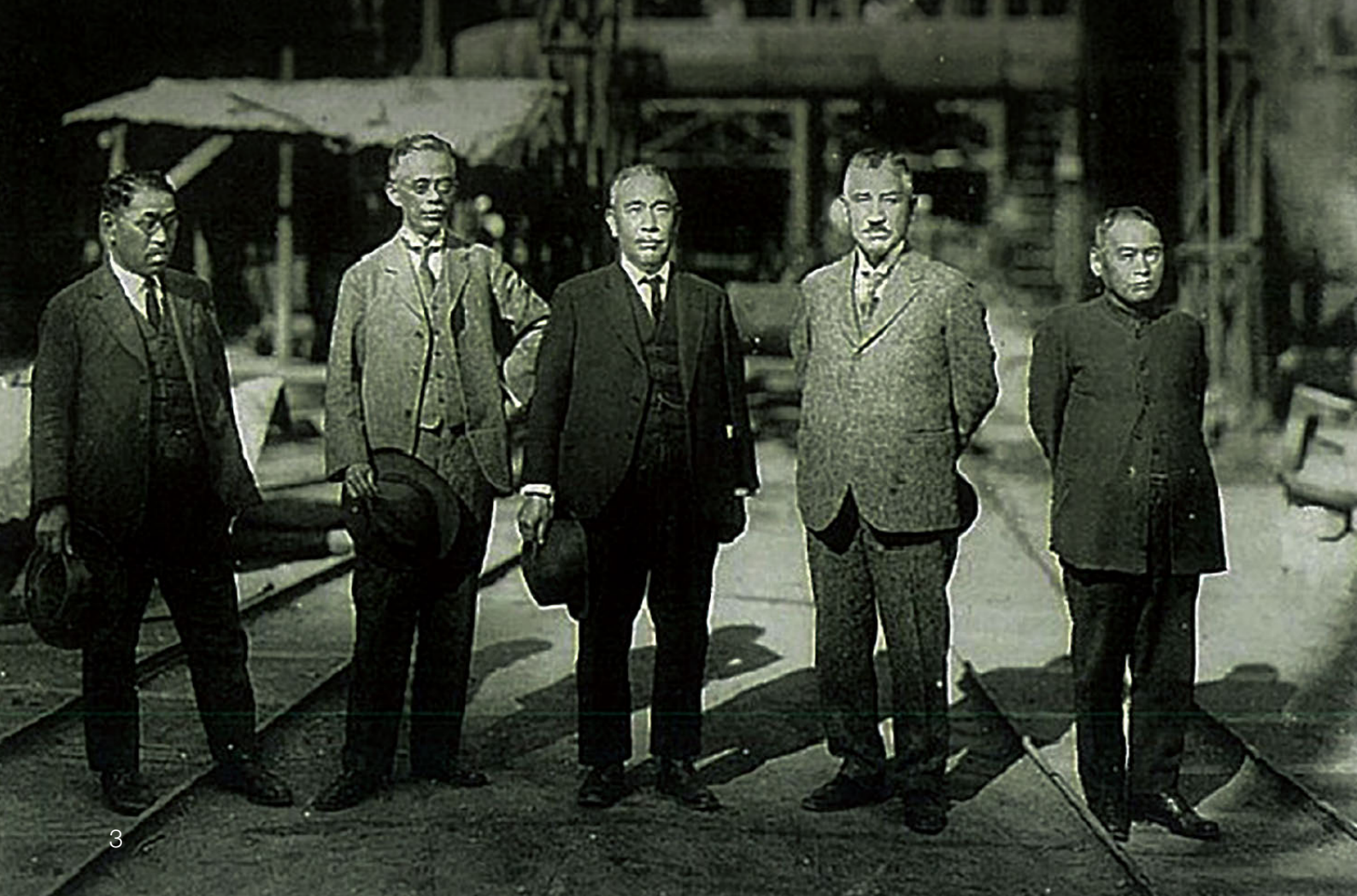
In 1890, Gonshiro Kubota, the founder of the Kubota Group, started his metal casting business at the age of 19. Inheriting the founder's beliefs to this day, 50,000 employees of the Kubota Group are promoting the company's businesses all over the world as part of their efforts to make the Kubota Group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

Kubota

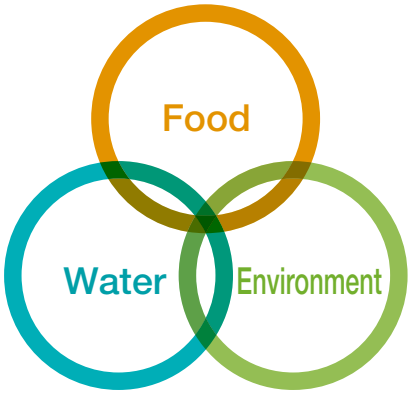
For Earth, For Life —
the Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

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, 2022)

Corporate name: Kubota Corporation
Established: 1890
Capital: ¥84.1 billion
Total number of shares issued: 1,191,006,846
Number of shareholders: 96,282
Revenue (consolidated): ¥2,678.8 billion
Employees (consolidated): 50,352
Global network: Over 120 countries
Overseas revenue ratio: 78%

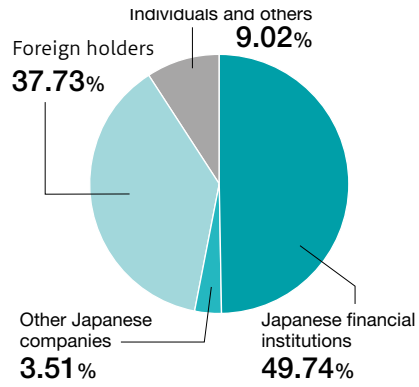
Head Office
2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan
Tel. +81-6-6648-2111
Tokyo Head Office
1-3, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8307 Japan
Tel. +81-3-3245-3111

Share & Shareholder Information (as of December 31, 2022)

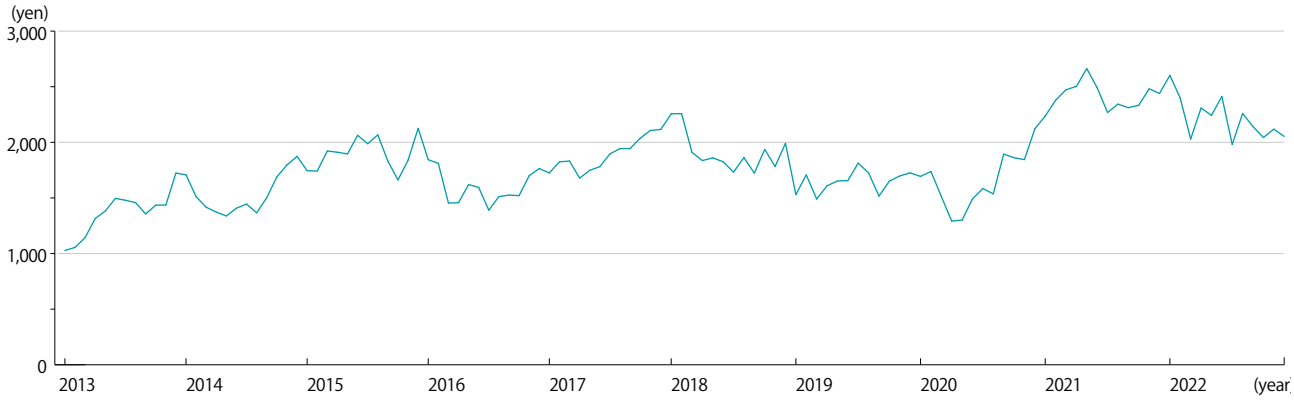
Basic share information

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, 2013–December 31, 2022)



10 Largest Shareholders

	Shareholders	Number of shares held (thousand)	Percentage of issued shares (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	193,258	16.23
2	Nippon Life Insurance Company	62,542	5.25
3	Meiji Yasuda Life Insurance Company	59,929	5.03
4	Custody Bank of Japan, Ltd. (Trust Account)	52,411	4.40
5	Sumitomo Mitsui Banking Corporation	36,006	3.02

	Shareholders	Number of shares held (thousand)	Percentage of issued shares (%)
6	Mizuho Bank, Ltd.	31,506	2.65
7	Moxley and Co LLC (standing proxy: Sumitomo Mitsui Banking Corporation)	27,998	2.35
8	SMBC Nikko Securities Inc.	23,596	1.98
9	Bnym Treaty Dtt 15	20,378	1.71
10	State Street Bank West Client – Treaty 505234	18,358	1.54

Global expansion

Founding
February 1890

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

Entry into an overseas market
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 overseas
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
26 projects
(announced since June 2019)

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
21,700+ sites in total
(as of December 2022)

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
23.6% decrease

We have set ourselves the target of cutting CO_2 emissions (in Scopes 1 & 2) by 50% by 2030, and by fiscal 2022 we have already achieved a reduction of 23.6%.

MSCI ESG rating
AAA

The Kubota Group was ranked as a "Leader" among 30 companies from the construction machinery, agricultural machinery, large-cargo-vehicle industries.

Dow Jones Sustainability Indices (DJSI) Asia Pacific Index
Selected 6 years in a row

In 2022, Kubota was once again selected for inclusion in the Asia Pacific section of the Dow Jones Sustainability Indices, a global ESG investment index, for the sixth consecutive year.

Total Tractor Production Volume
More than 5.4 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 3,700 models

European Emissions Regulations
Stage V compliant

Sales Volume of Mini Excavators
Global No. 1 for 21 consecutive years
Source: Off-Highway Research

Global Supply Record of Ductile Iron Pipes
Over 70 countries

Submerged Membrane Unit Deliveries
More than 7,000 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.

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.

Long-Term Vision "GMB2030"

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

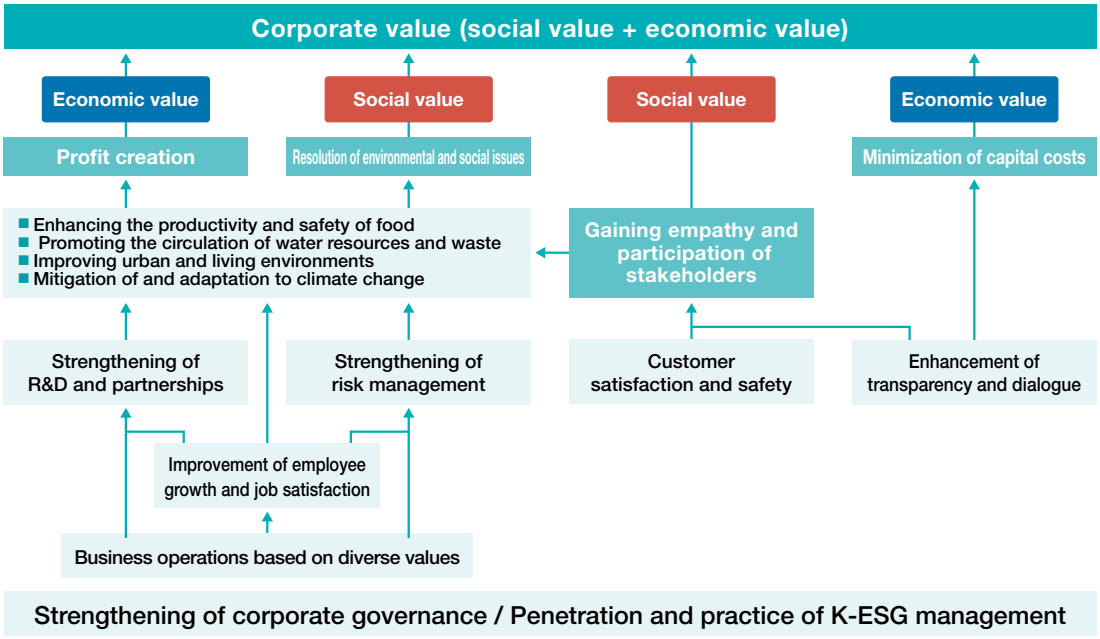
4 domains	12 items
Solving environmental and social problems through business	Enhancing the productivity and safety of food
	Promoting the circulation of water resources and waste
	Improving urban and living environments
	Mitigation of and adaptation to climate change (common to, and a prerequisite of, the three points above)
Driving/ supporting	
Accelerating innovation to solve problems	Business operations based on diverse values
	Strengthening of R&D and partnerships
Gaining empathy and participation of stakeholders	Improvement of employee growth and job satisfaction
	Customer satisfaction and safety
	Enhancement of transparency and dialogue
Building governance that increases sustainability	Strengthening of corporate governance
	Penetration and practice of K-ESG management
	Strengthening of risk management

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.

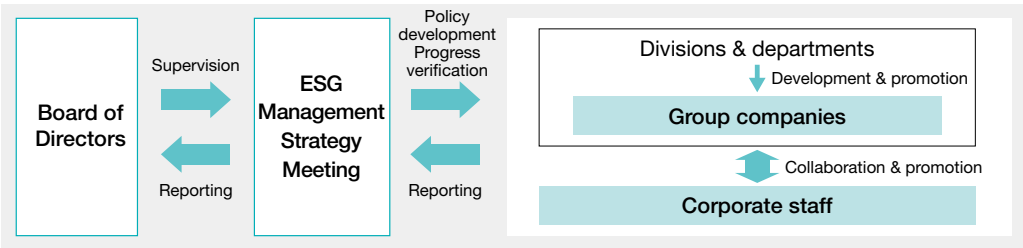
Interrelationship Between Areas of Materiality

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.



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.



Materiality Objectives and Indicators

Materiality	Reason for its importance	Ultimate objectives
Enhancing the productivity and safety of food	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.	An "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature
Promoting the circulation of water resources and waste		
Improving urban and living environments		
Mitigation of and adaptation to climate change		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.
Business operations based on diverse values	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.	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.
Strengthening of R&D and partnerships	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.	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.
Improvement of employee growth and job satisfaction	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.	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.
Customer satisfaction and safety	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.	We aim not only to satisfy all our customers through our products and services, but also to impress them by exceeding their expectations.
Enhancement of transparency and dialogue	Highly transparent dialogue 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.	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.
Strengthening of corporate governance	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.	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.
Penetration and practice of K-ESG management	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.	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.
Strengthening of risk management	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.	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.

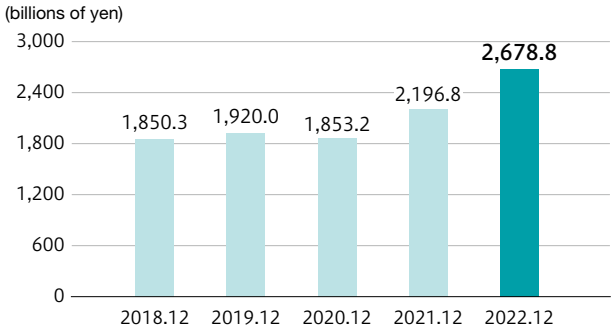
	Indicators	Medium- and long-term targets	FY2022 results/topics
	● Progress of smart agriculture and other new solutions	To be disclosed	To promote smart agriculture globally, we came up with the Smart Agriculture Grand Design, and we promoted the development of smart agricultural machinery adapted to the individual needs of different regions, as well as the construction of an agricultural information platform.
	● Progress of resource recovery and other new solutions	To be disclosed	We promoted solving technical issues related to deep recycling technology, and the melting technologies that lie at its heart. We also moved forward with the construction of a system to commercialize the technology.
	● Progress of water environment platform and other new solutions	To be disclosed	In order to develop urban infrastructure that is low-cost and requires little manpower, we pressed forward with the construction of a self-joining pipe system that uses construction machinery.
	● Emissions in Scopes 1, 2, and 3	Scopes 1 and 2: 50% reduction from 2014 levels Scope 3: To be disclosed (each to be achieved by 2030)	● Scopes 1 and 2: 23.6% reduction from 2014 levels ● Ratio of renewable energy usage: 8.3% (FY2021: 1.5%) ● Promotion of alternative fuels for furnaces, etc.
	● Progress on diversity among executive officers ● Proportion of female managers	● Proportion of foreign executive officers: 10% (by 2025) ● Proportion of female managers: 7% (by 2030)	● Proportion of foreign executive officers: 6% (as of January 1, 2023) ● Proportion of female managers: 4.3% (as of January 1, 2023) ● Implemented measures to raise psychological safety, such as by dropping hierarchical patterns of address
	● Progress on the R&D system ● R&D results	To be disclosed	● Opened the Kubota Global Institute of Technology in Japan and an R&D site in North America ● Invested in three AgriTech start-ups
	● Employee engagement score ● DX personnel	● Employee engagement score: 70 (by 2030) ● DX personnel: 1,000 (by 2024)	● Employee engagement score: 51 ● DX personnel: 638 ● Fostered a culture of taking on challenges and growth through 1-on-1 meetings with executives from business and indirect divisions ● Established the Kubota Data Ground Corporation
	● Customer satisfaction	To be disclosed	● Pressed ahead with improvement activities based on customer questionnaires, and maintained customer satisfaction evaluations (in Japan and North America)
	● External institution rating	● Acquire the highest possible rating from a major external ratings agency (by 2025)	● Selected for the sixth year in a row for the Asia Pacific section of the Dow Jones Sustainability Indices ● Acquired a AAA rating, the highest level, from MSCI ESG
	● Effectiveness of the Board of Directors	To be disclosed	● Incorporated ROIC and ESG-measure progress into evaluation indicators, and introduced a new executive remuneration plan that is strongly linked to medium- and long-term improvements to corporate value ● Received the Governor of Tokyo Award at the Corporate Governance of the Year® 2022 Awards
	● Penetration of the corporate principles and vision among employees	● Penetration score: 75 (by 2025)	● Penetration score: 52 ● Continuous dialogue about "GMB2030" and other topics through 1-on-1 meetings with the president or vice president (also held in North America in 2022)
	● Progress toward the creation of a risk management system	Construct a global risk management system and implement due diligence (by 2025)	● Established the Kubota Group Risk Management Committee ● We carried out risk assessments and started to attach priority levels to the risks we need to address

* Indicators for "Strengthening of R&D and partnerships," "Enhancement of transparency and dialogue," and "Strengthening of risk management" have been amended in line with a materiality review.

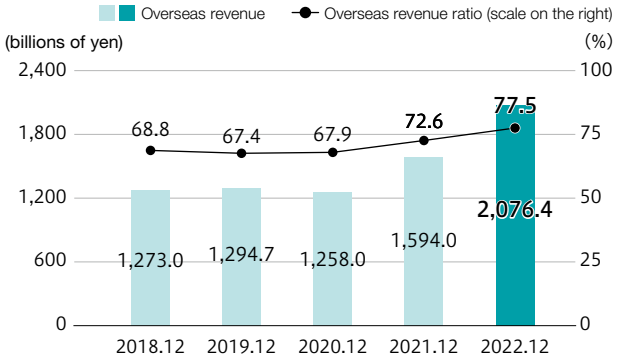
Financial Highlights

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

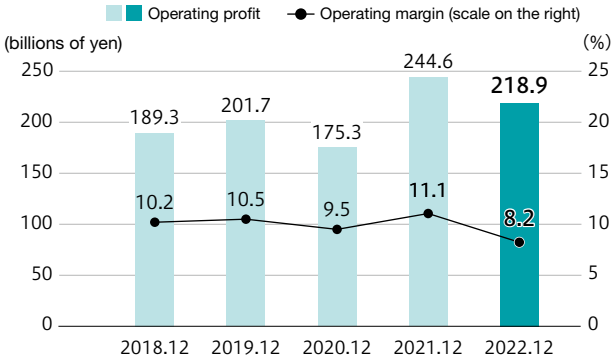
Revenue



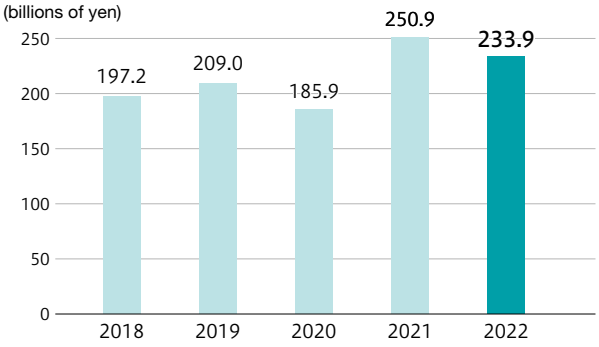
Overseas Revenue and Overseas Revenue Ratio



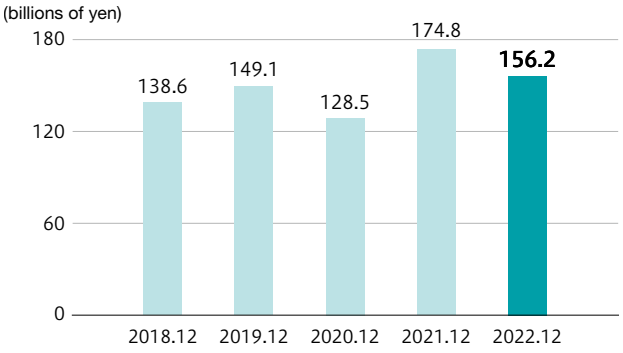
Operating Profit and Operating Margin



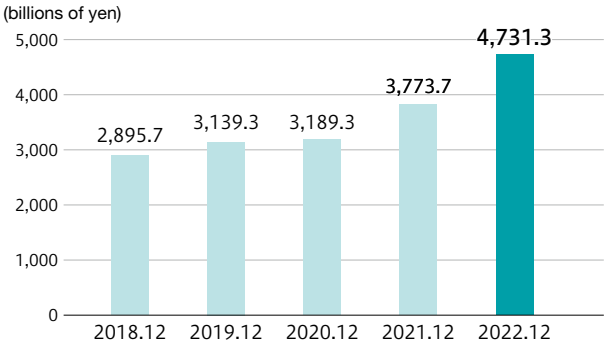
Profit before Income Taxes



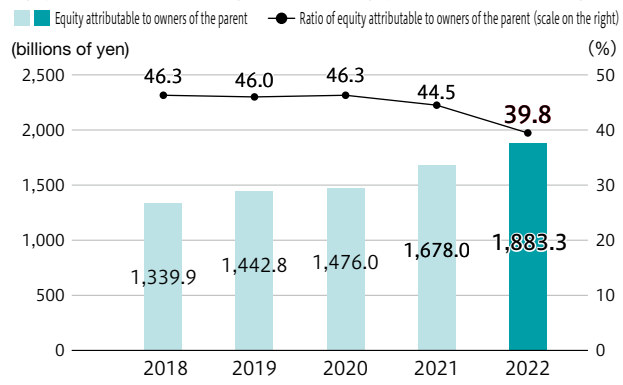
Profit attributable to owners of the parent



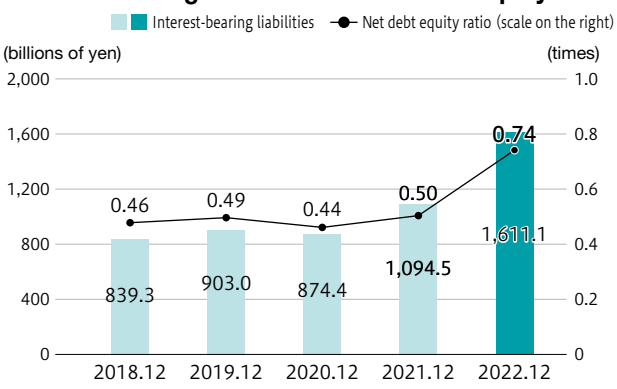
Total assets



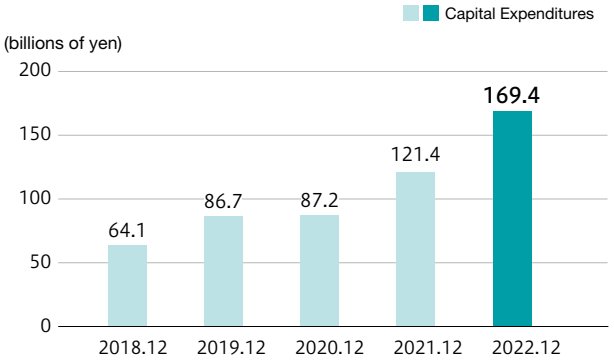
Equity attributable to owners of the parent and ratio of equity attributable to owners of the parent



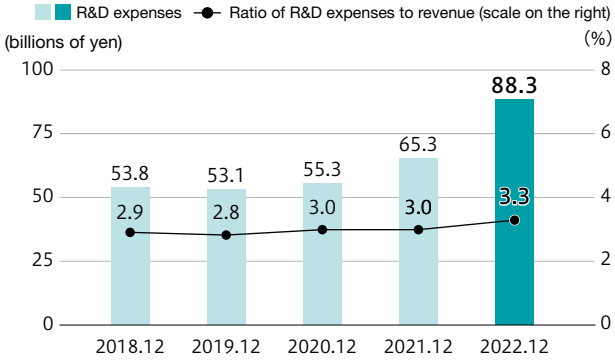
Interest-bearing liabilities and net debt equity ratio



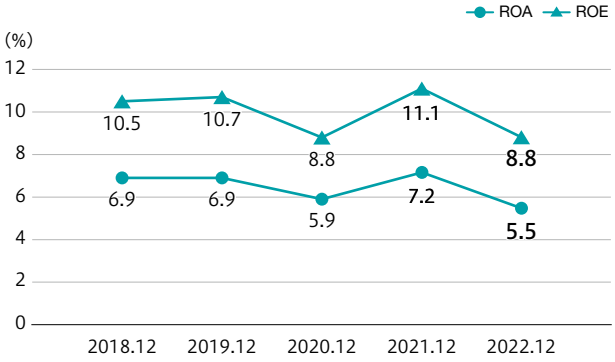
Capital Expenditures



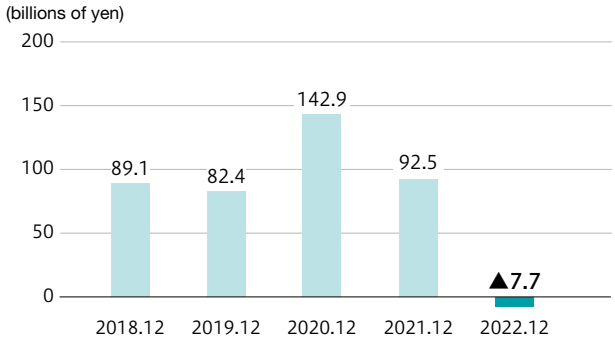
R&D Expenses and the Ratio of R&D Expenses to Revenue



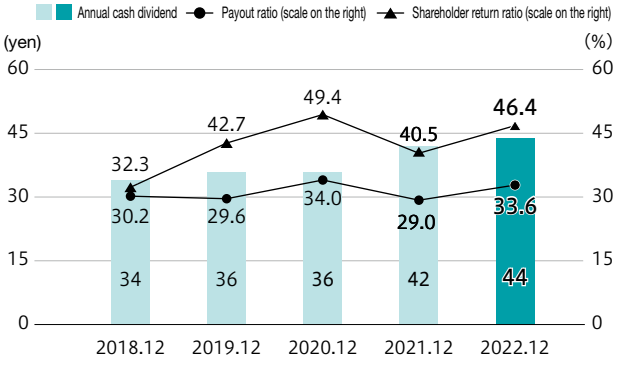
ROA and ROE



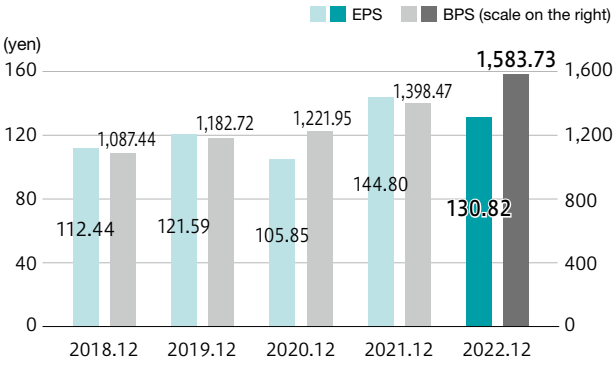
Net Cash Provided by Operating Activities



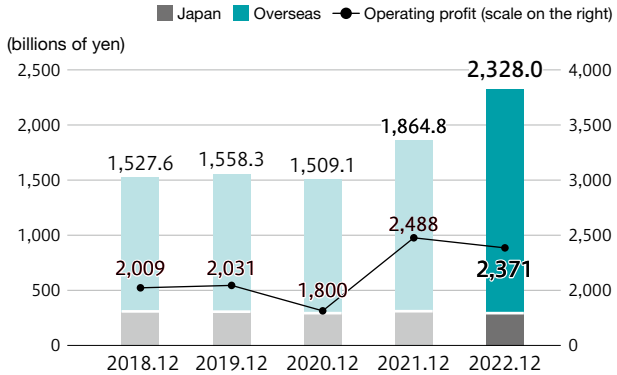
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio



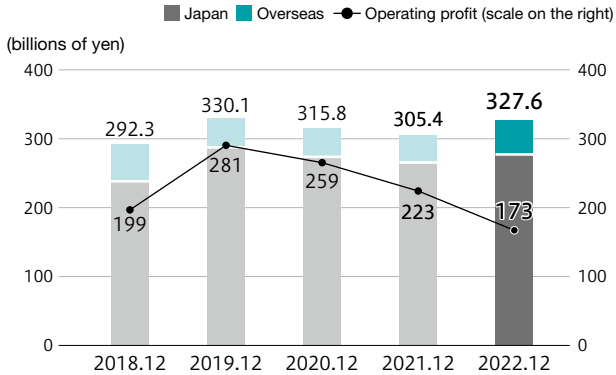
Basic earnings per share <EPS> and Equity attributable to owners of the parent per share <BPS>



[Farm & Industrial Machinery] Trends in revenue and operating profit



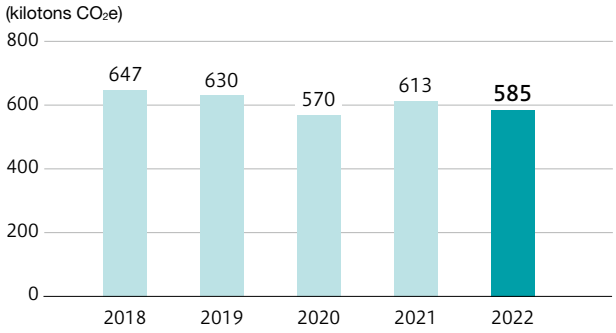
[Water & Environment] Trends in revenue and operating profit



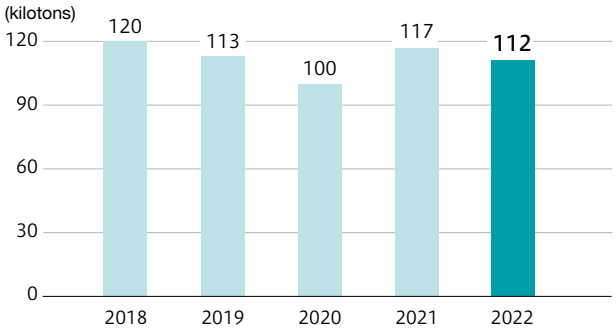
Non-financial Highlights

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

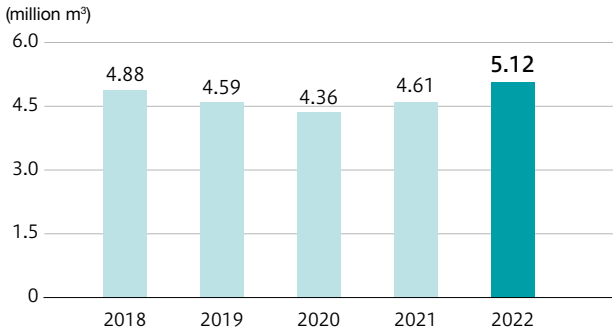
CO_2 Emissions*(Consolidated)



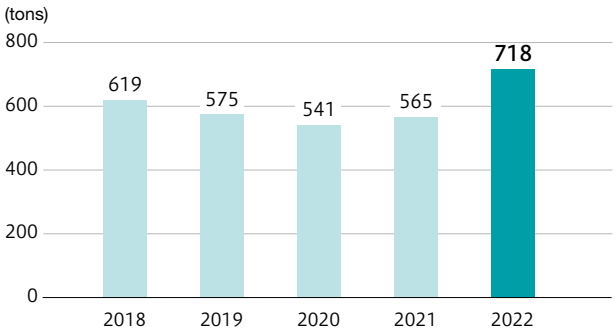
Waste Discharge*(Consolidated)



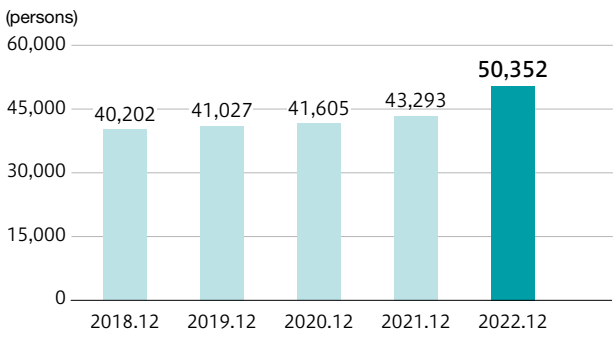
Water Withdrawal*(Consolidated)



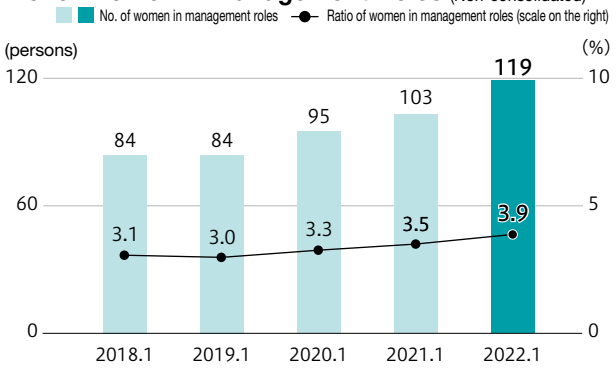
VOC (Volatile Organic Compound) Emissions*(Consolidated)



No. of Employees (Consolidated)

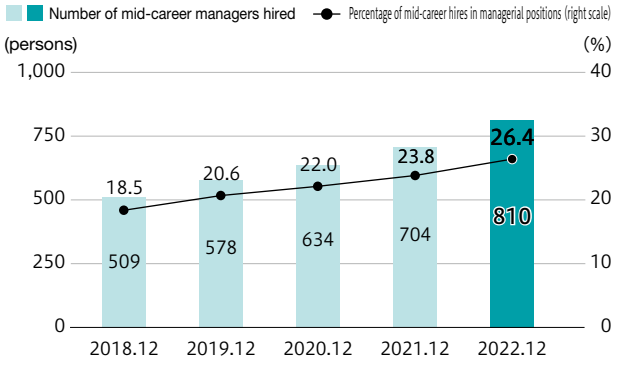


No. of Women in Management Roles (Non-consolidated)

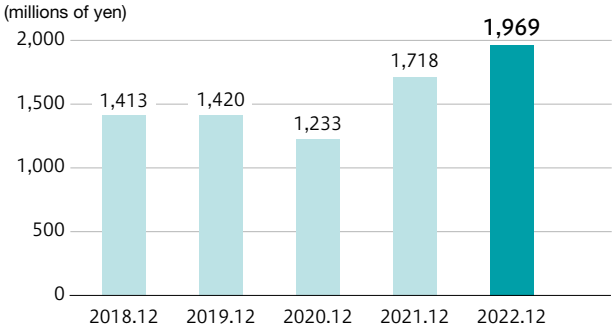


* For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p. 88).
URL: www.kubota.com/ir/financial/integrated

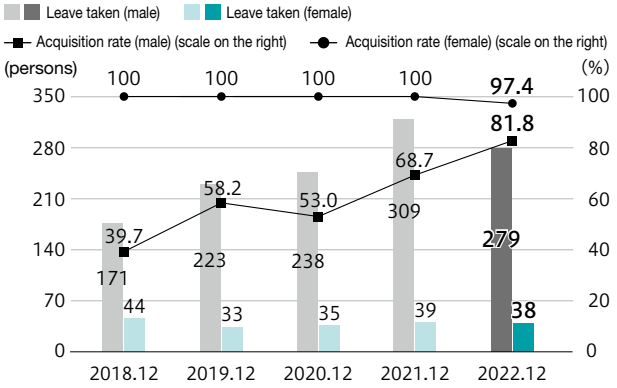
Number of mid-career managers hired (non-consolidated)



Human resource development expenses (non-consolidated)

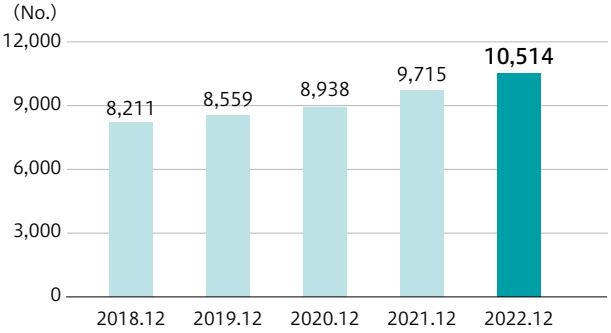


Number of employees taking childcare leave (non-consolidated)



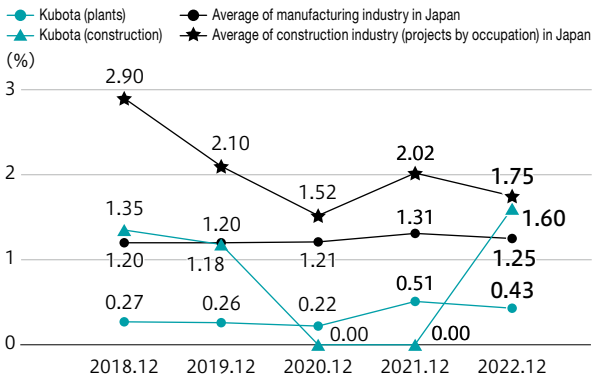
No. of Patents/New Utility Models Possessed

(Kubota Corporation and Group Companies in Japan)

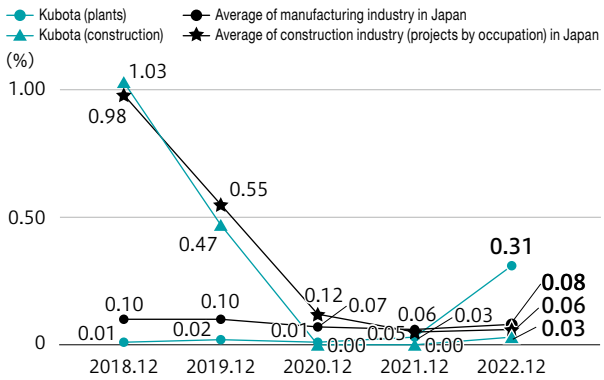


Lost time injury frequency rate

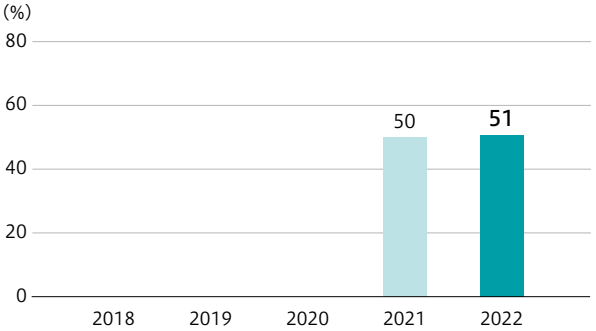
(non-consolidated and average in Japan)



Severity rate (non-consolidated and average in Japan)

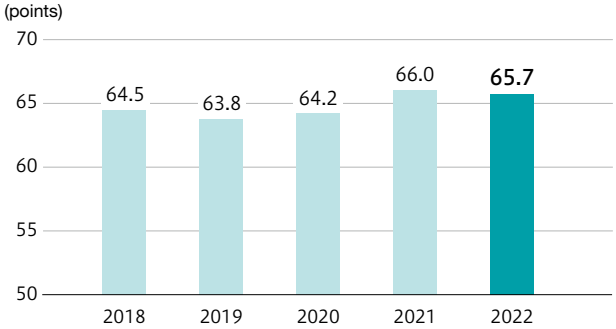


Engagement score (substance, office/engineering employees)



* The survey was begun from the FY2021. Please refer to “Engagement Survey” on the Page 131 for details.

Overall customer satisfaction with dealer where purchased (Farm machinery in Japan)



Chapter 2

E Environmental Report

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>

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.

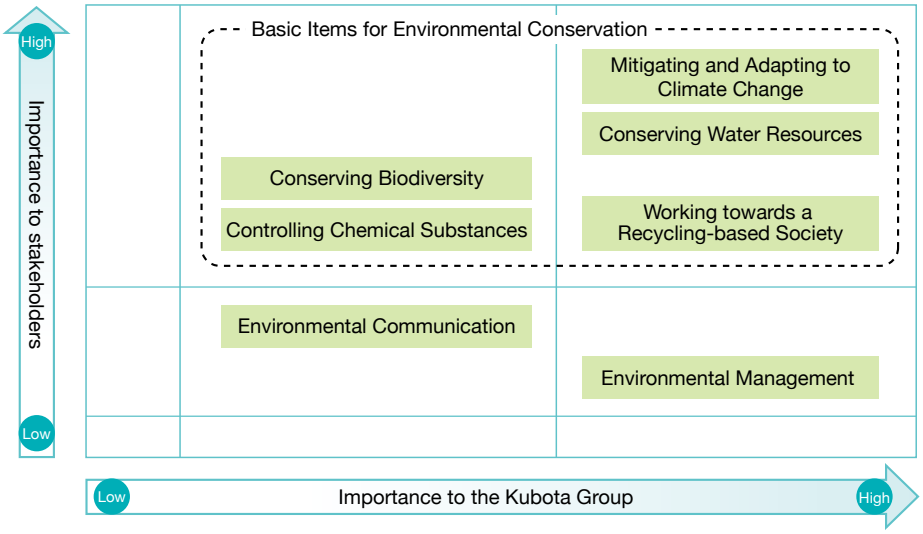
Materiality in Environmental Management

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

Materiality Matrix



Materiality Awareness

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

Risks and Opportunities

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

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

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

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

Key Measures

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

	Value chain of business (Expanding Environment-friendly Products and Services P66-73)		
	Design and development, procurement	Manufacturing and distribution	Use and disposal
Mitigating and Adapting to Climate Change (P36-50)	• Optimal regional procurement • Distributed procurement	• 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	• Lower fuel consumption • Shift to next-generation power • R&D for decarbonization of motive power • Improve efficiency and save labor for work and management • Conserve energy during construction
Working towards a Recycling-based Society (P51-54)	• Use recycled materials • Reduce the number of parts • Reduce packing material	• Conserve resources • Promote the 3Rs for waste and convert waste into functional materials • Reduce plastic • Reduce packing material • Ensure proper waste management • Strengthen waste management using systems	• Extend product life • Improve ease of maintenance • Promote product recycling • Ensure proper disposal
Conserving Water Resources (P55-57)	• Assess water risks • Optimal regional procurement • Distributed procurement	• Promote the 3Rs for water resources • Ensure proper wastewater management • Promote BCP measures	• Save water consumption • Promote purification or recycling of wastewater
Controlling Chemical Substances (P58-60)	• Reduce the use of substances of concern	• Reduce VOC emissions • Substitute for organic solvents • Ensure proper chemical substance management	• Make exhaust gas cleaner • Reduce environmental impacts on soil and water areas
Conserving Biodiversity (P61-65)	• Assess the impact on natural capital	• Promote environmental conservation activities and reduce the environmental impact • Beautification and greening of business sites and neighborhoods	• Conserve soil and water areas • Reduce noise and vibration
Environmental Management (P74-78)	• 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 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 (P79-81)	• Strengthen information dissemination through the environmental report and website • Promote environmental communication tailored to each target • Enhance two-way communication with stakeholders • Participate in regional environmental conservation activities		

Relationships Between Environmental Conservation Activities and the SDGs

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

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

Environmental Vision

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

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

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

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

Toward the Realization of the Environmental Vision

Challenge to Achieve Zero Environmental Impact

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

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

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

Toward the Realization of a Carbon-Neutral and Resilient Society

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

Greenhouse gas emissions from the food sector, including land use in the agricultural field, are said to account for about 24% of the world's total emissions. It is believed that without efficient food production, greenhouse gas emissions will increase. According to the IPCC's Sixth Assessment Report, atmospheric concentrations of methane and nitrous oxide, which are far more damaging greenhouse gases than CO_2, 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 CO_2, 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.

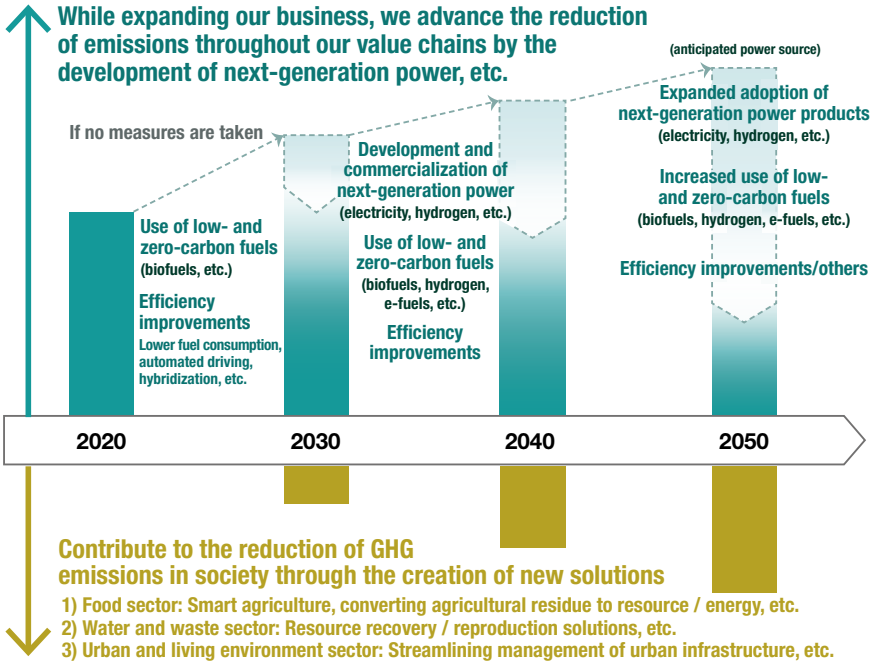
Taking on the Challenge of Carbon Neutrality

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

Toward the realization of a carbon-neutral society, we will 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 CO_2 emissions across the entire life cycle 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 CO_2 emissions by 2050, we intend to push ahead with initiatives to help us achieve it.

In-house CO_2 emission control



Contribution to reducing GHG emissions in society

Kubota's Initiatives

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

In-house CO_2 Emission Control

Reducing Scope 1 and 2*1 Emissions

The Kubota Group is continuing to implement energy-saving countermeasures and productivity improvement activities to reduce CO_2 emissions from its own sites, with a focus on production sites. While we will continue to focus on these efforts, we are currently transitioning to fuels that have low CO_2 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 3*2 Emissions

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

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 CO_2 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.

Full-scale model of the 130th anniversary concept tractor

Electric construction machinery and tractor

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

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

Environmental Contribution in the Field of Food

In the field of food, including agriculture, the Kubota Group is working to increase harvest yields per area and the quality of crops by further promoting smart agriculture. The goal is to increase crop yields to meet rising food demand without increasing cultivated area. 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 farm land 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.


Tractors hard at work in global markets

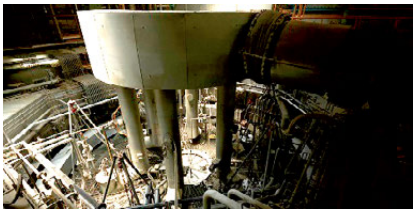

Control screen of Kubota Smart Agri System


Farm Water Management System WATARAS

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 helps lower CO_2 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.


Plastic crushing and sorting facility


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

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.


Agricultural and construction machinery fault diagnosis app

Background in establishing the Environmental Vision

World Around Kubota's Business in 2050

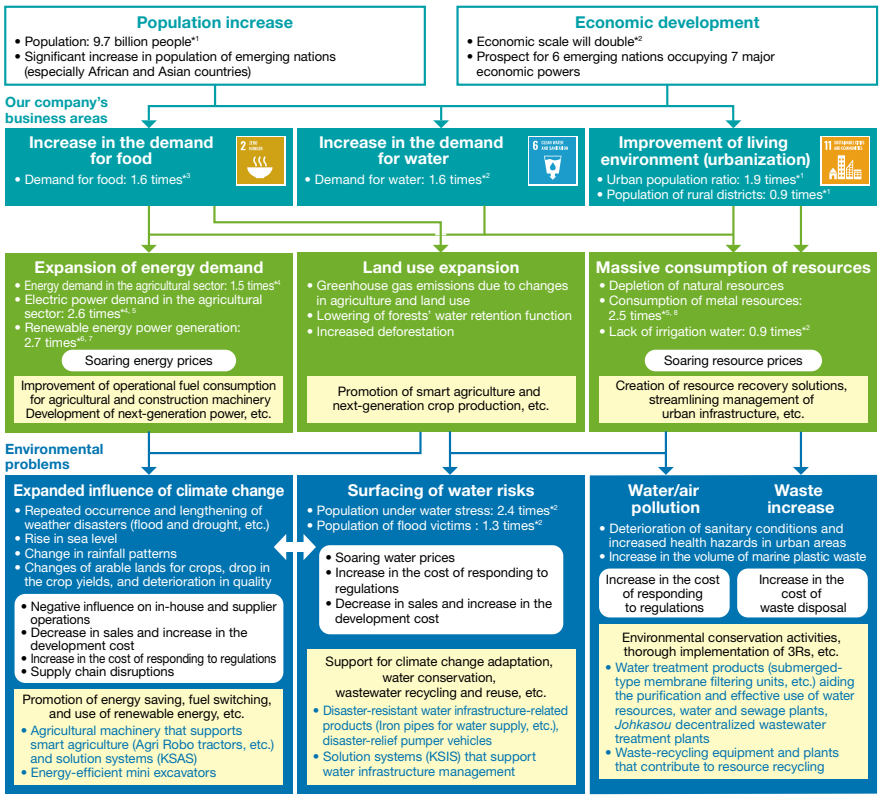
Based on the scenarios of the Intergovernmental Panel on Climate Change (IPCC) and the World Resources Institute (WRI), we analyzed a social image in 2050 when the temperature rises by 1.5°C/2°C and 4°C. Global environmental problems, including climate change and water risks, may not only have negative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



*1 "World Urbanization Prospects 2018" (United Nations)
*2 "Environmental Outlook to 2050" (OECD)
*3 "CREATING A SUSTAINABLE FOOD FUTURE" (WRI)
*4 "Energy Technology Perspectives 2017" (IEA)
*5 Forecast around 2060
*6 "World Energy Outlook 2018" (IEA)
*7 Forecast around 2040
*8 "Global Material Resources Outlook to 2060" (OECD)

● 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 CO_2 emissions, and strengthen related laws and regulations, which should result in a growing concern about climate change among markets and customers. This is why we have assumed that the needs for energy-saving, decarbonization, and electrification will be enhanced.

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

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

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

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

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

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

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

Expected Image of Society

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

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

Medium- and Long-Term Environmental Conservation Targets and Results

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

In order to promote environmental management in light of various recent social developments, such as SDGs and the Paris Agreement, as a sustainable company, the Kubota Group has 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

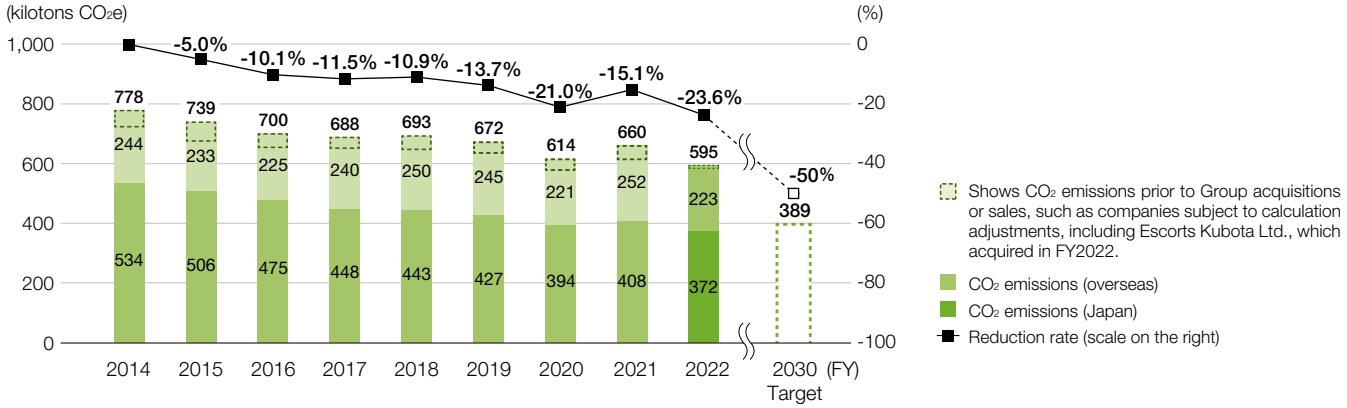
Mitigating and Adapting to Climate Change

The shift to a decarbonized society has been accelerated, with each country declaring substantially zero emissions of CO_2 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 CO_2 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 CO_2 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 FY2022, CO_2 emissions of the Kubota Group* were **reduced** by **23.6%** compared to the base year FY2014.

* CO_2 emissions refer to Scope 1 and 2 emissions from all Kubota Group sites (100%) and include greenhouse gases from non-energy sources

Kubota Group Scope 1 and 2 CO_2 Emissions (Progress on Long-Term Environmental Conservation Targets 2030)



* CO_2 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 CO_2 emissions before adjustments are 714 kilotons CO_2e in 2014, 674 kilotons CO_2e in 2015, and 647 kilotons CO_2e in 2016, 645 kilotons CO_2e in 2017, 647 kilotons CO_2e in 2018, 630 kilotons CO_2e in 2019, 570 kilotons CO_2e in 2020, and 613 kilotons CO_2e in 2021, 585 kilotons CO_2e in 2022.

Revision of Targets (2022)

	Before revision	After revision
Target sites	Group sites in Japan	Global group sites
Target value	30% reduction	50% reduction
Base FY	2014	2014
Target CO_2 emissions volume	Scopes 1, 2 534 kilotons CO_2e	Scopes 1, 2 778 kilotons CO_2e
Coverage ratio	68.6%	100%

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

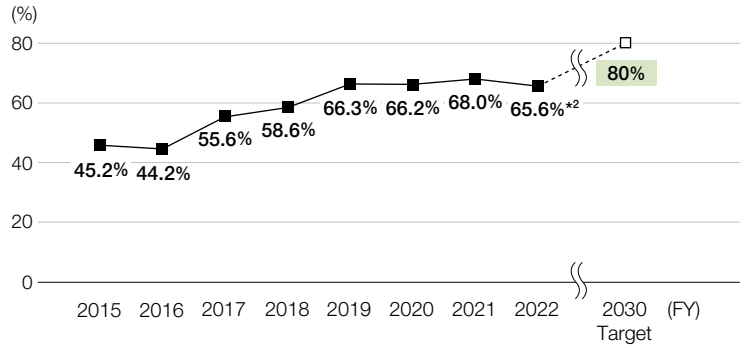
The environmental information provided in the Kubota Group ESG Report 2023 has received the third-party assurance by Deloitte Tohmatsu Sustainability Co., Ltd. The indicators subject to assurance are marked with the "" symbols.

Efforts to Develop Environment-friendly Products

In FY2022, we designated 56 new Eco-Products, bringing the sales ratio to 65.6%.

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 **65.6%** in FY2022.

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 The sales ratio comes to 69.7% when excluding Escorts Kubota Ltd., a Group company acquired in FY2022

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Products Certified as Eco-Products in FY2022 (excerpt)

Tractor
Slugger
Special manual transmission model
SL54HSP

[Key certification point]

Compliant with exhaust gas regulations

Mini excavator
KX019-4 LPG (Europe)

[Key certification point]

Compliant with exhaust gas regulations

Diesel engine
D902-K series
D902-K-E4-BB-1
(North America, Europe, China)

[Key certification point]

Compliant with exhaust gas regulations

For other products certified as Eco-Products, please refer to page 68 or follow the link below.

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

Medium-Term Environmental Conservation Targets and Results

Since FY2021 we have been undertaking initiatives with the aim of achieving our Medium-Term Environmental Conservation Targets 2025. We have revised the 2025 targets for indicators that we achieved in 2022. And so that we can continuously make improvements going forward, we established a new 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*4	Base FY	Target for FY2025*11		New Target for FY2030*11	FY2022 Result
					Old	New		
Global Production Sites*1	Mitigating and Adapting to Climate Change	Reduce CO_2*2	CO_2 emissions per unit of production (Scopes 1, 2)	2014	▲25%	▲45%	▲60%	▲38.9%
			Ratio of renewable energy usage*5	—	1% or more	20% or more	60% or more	8.3%
		Save energy	Energy consumption per unit of production	2014	▲18%	▲35%	▲40%	▲32.5%
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲33%	▲45%	▲50%	▲39.7%
			Hazardous waste discharge per unit of production*6	2019	▲3%	▲17%	—	▲15.5%
			Recycling ratio (Japan) *7	—	Maintain 99.5% or more		—	99.2%
			Recycling ratio (Overseas) *7	—	Maintain 90.0% or more		—	94.6%
	Conserving Water Resources	Conserve water resources	Water withdrawal per unit of production	2014	▲23%	▲35%	▲40%	▲31.6%
	Controlling Chemical Substances	Reduce VOCs*3	VOC emissions per unit of production	2014	▲42%		—	▲37.6%
Products	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products*8, 9	—	70% or more		—	65.6%
		Promote recycling	Usage ratio of recycled materials*9, 10	—	Maintain 70% or more		—	70.4%

Reporting Boundary	Issue	Action item	Management indicator	Result of FY2022
Global Production Sites	Working towards a Recycling-based Society	Improve resource efficiency	• Reduce disposable plastics at business sites	See p.54
			• 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.56
	Conserving Biodiversity	Conserve biodiversity at business sites	• Promote the protection of the natural environment by greening our establishments and creating biotopes	See p.64
		Promote social contribution activities	• Promote conservation of the local natural environment and biodiversity as social contribution activities	See p.65
Products	Improving Products' Environmental Performance	Promote recycling	• Display the material of new parts and provide material information*12	Currently in progress*14
		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*13 • Launch the vehicles that comply with the latest emissions regulations onto the market	See p.32

*1 The global production sites subject to the Medium-Term Environmental Conservation Targets are as follows.

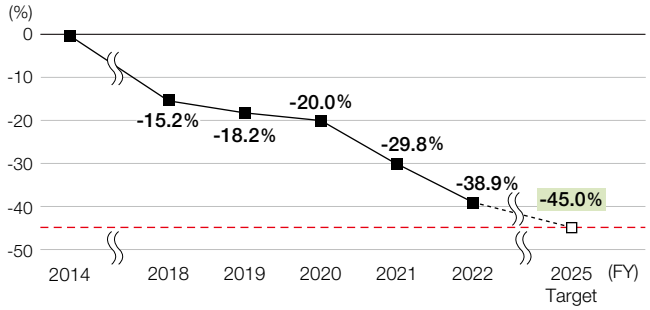
No. of Sites	Total
70 sites (27 in Japan, 3 in China, 14 in other Asia, 12 in North America, 14 in Europe)	70 sites (100%)

*2 CO_2 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 CO_2 emissions from energy sources.
*3 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.
*4 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.
*5 The applicable boundary is global sites.
*6 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.
*7 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.
*8 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
*9 Not subject to the third-party assurance
*10 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.))
*11 ▲ indicates a negative figure.
*12 In accordance with internal standards, we provide information on materials through material labeling and specification sheets for plastic components.
*13 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
*14 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 since 2023.

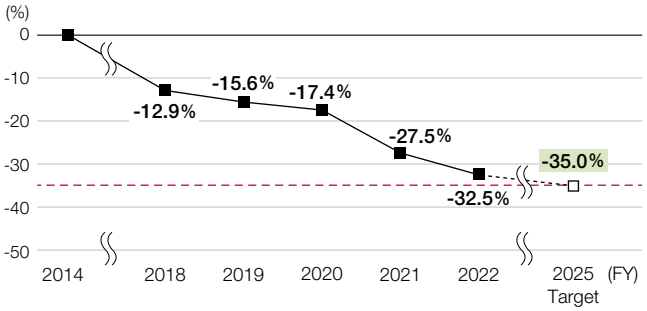
For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

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

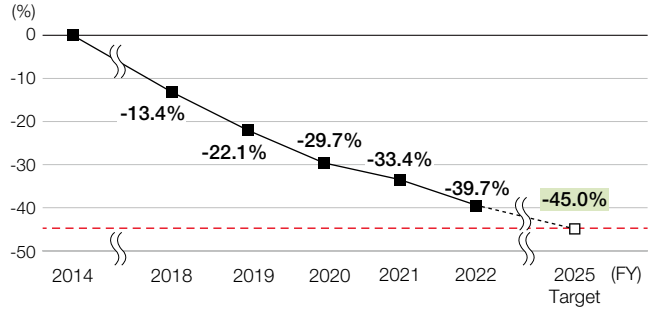
Trends in Reduction Ratio of CO_2 Emissions per Unit of Production*1



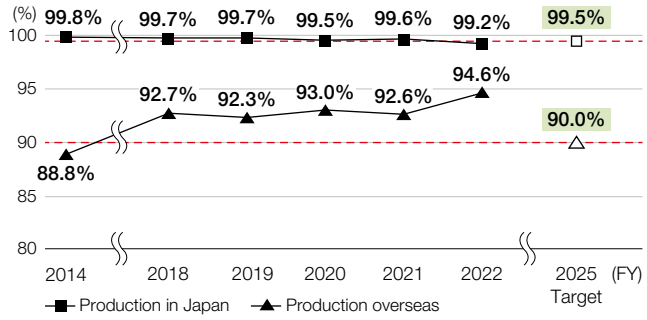
Trends in Reduction Ratio of Energy Use per Unit of Production*1



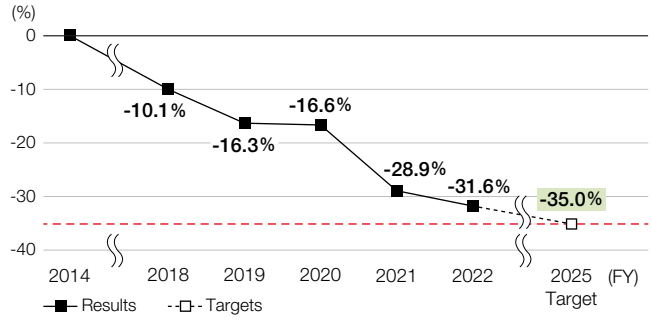
Trends in Reduction Ratio of Waste Discharge per Unit of Production*1



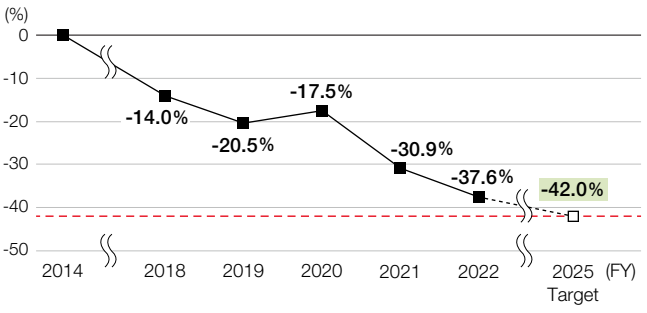
Trends in Recycling Ratio*1



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



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



*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.

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

Target for FY2025	• Development of industrial diesel engines that comply with the latest emissions regulations (Stage V), and launch onto the market of products with such engines • Launch the vehicles that comply with the latest emissions regulations onto the market
Result	Kubota launched the following products equipped with the engines that comply with the emissions regulations. Examples of Products Launched onto Markets in 2022 Combine harvester ZR7130K (Korea) • Compliant with South Korea stage V emission standards for agricultural machinery (56 kW and above, lower than 130 kW) Tractor M6 series M6-141 (North America) • Compliant with North America EPA emission standards (56kW and above, lower than 130kW; Tier 4)

Combine harvester ZR7130K (Korea)

Tractor M6 series M6-141 (North America)

As an “Eco-First Company”

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

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

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

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 CSR management and continue the following efforts.

1. We will focus our efforts on building a decarbonized society.
(1) The Kubota Group has a target, of controlling greenhouse gas emissions and net 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.
(2) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing CO_2 emissions per production money amount by 25% or more compared to the base year 2014.
(3) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing energy consumption per production money amount by 18% or more compared to the base year 2014.
(4) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of increasing the recyclable energy availability of electric consumption to 1% or more.
(5) The Kubota Group in Japan has a long-term target, for 2030, of reducing CO_2 emissions from the business sites by 30% compared to the base year 2014.
(6) To achieve the above targets, the Kubota Group fully utilizes available cutting edge technologies as follows: improve the efficiency of facilities such as production equipment, HVAC, and lighting devices; replace fuel for production equipment; improve the insulation efficiency of buildings and facilities; visualize energy and reduce unnecessary use of energy; recover waste heat; and use photovoltaic power generation and green electricity.
(7) The Kubota Group will quantitatively identify the reduction effect of greenhouse gas emissions and actively provide the information on the reduction effects to clients in Japan and other countries to enlighten them in order to promote the reduction of greenhouse gas emissions through the dissemination of decarbonized products, services and technologies. We will improve the working fuel efficiency of agricultural and construction machinery, and promote smart agriculture by using robots and ICT. We will also pursue research and development for decarbonization of power, such as electrification, hybridization and fuel cell application.
(8) The Kubota Group supports the TCFD recommendations and actively discloses information related to climate change.

2. We will work towards recycling-based society in a positive manner.
(1) Production plants of the Kubota Group in Japan and other countries will promote the “3R (Reduce, Reuse, Recycle) of Waste” by reducing the amount of slag generated and concentrating waste liquid to achieve the target, for 2025, of reducing the waste discharge per production money amount by 33% or more compared to the base year 2014. We will 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.
(2) The Kubota Group will promote the recycling of wastes and achieve 99.5% or more recycling ratio* of wastes generated by production plants in Japan and 90% or more in overseas production plants in 2025.
* Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.
(3) Production plants of the Kubota Group in Japan and other countries will promote the “3R (Reduce, Reuse, Recycle) of Water” to achieve the target, for 2025, of reducing the water consumption per production money amount by 23% or more compared to the base year 2014.
(4) We will work on the following 3 points to promote the effective use of resources.
1) Reduce disposable plastics at business sites
2) Work with our suppliers to conserve packaging resources and make them returnable
3) Implement paperless operation by individual employees and promotion of computerization at business sites
(5) In order to collect the scattered garbage that causes marine plastic pollution, we will conduct beautification activities on the roads around the production plants of the Kubota Group in Japan at least once a year.
(6) The Kubota Group will make efforts to effectively use resources and reduce waste through the business value chains in order to control plastic emissions. For example, we will promote the elimination of single-use plastics at the cafeteria in the business sites and to label the materials used in our products.

3. We will work toward reducing emissions into the atmosphere.
(1) Production plants of the Kubota Group in Japan and other countries have a target, for 2025, of reducing the amount of VOCs* emission per production money amount by 42% or more compared to the base year 2014.
* VOCs comprise the six VOCs that are most prevalent in emissions from the Kubota Group, namely xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene.
(2) Production plants of the Kubota Group in Japan and other countries will take necessary measures to control the emission or spread of VOCs from our business activities.

4. We will develop highly environmentally friendly products.
(1) The Kubota Group will improve environmental performances in the product development phase and reduce environmental impacts throughout the life cycle of products. We will increase the sales ratio of Eco-Products certified products* to 70% or more in 2025. In addition, we will increase the sales ratio of Eco-Products certified products* to 80% in 2030. We also aim to put all new products which are certified as Eco-Products on the market in 2030 and later.
We quantitatively identify the effect of saving energy consumption by supplying low-carbon products and services. We will actively provide the information to our clients.
* The sales ratio of the products which have fulfilled the internal requirements in our own Eco-Products Certification System.
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100
(2) The Kubota Group will maintain the usage ratio of recycled materials* among casting products and their parts as more than 70%.
* Usage ratio of recycled materials (%): materials used in the cast metal products and parts (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))
(3) We will display the materials for new parts and provide material information.
(4) The Kubota Group will develop industrial diesel engines that comply with the latest emission regulations of Japan, the US and Europe and put on the market of the engine-based products*.
* Targeting the tractors and combine harvesters (output range: 56 kW≤P<560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage V) level, shipped to Europe, North America, Japan, and Korea.

5. We will promote activities friendly to the natural environment and biodiversity.
(1) Based on our activity guideline on the conservation of biodiversity, the Kubota Group will appropriately manage environmental impacts and risks accompanying business activities. Also, we will promote the protection of natural environment by greening our establishments and creating biotopes.
(2) We will promote conservation of the local natural environment and biodiversity as social contribution

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

Yuichi Kitao
Representative Director and President
Kubota Corporation

For Earth, For Life
Kubota

Eco-First Commitment of the Kubota Group

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

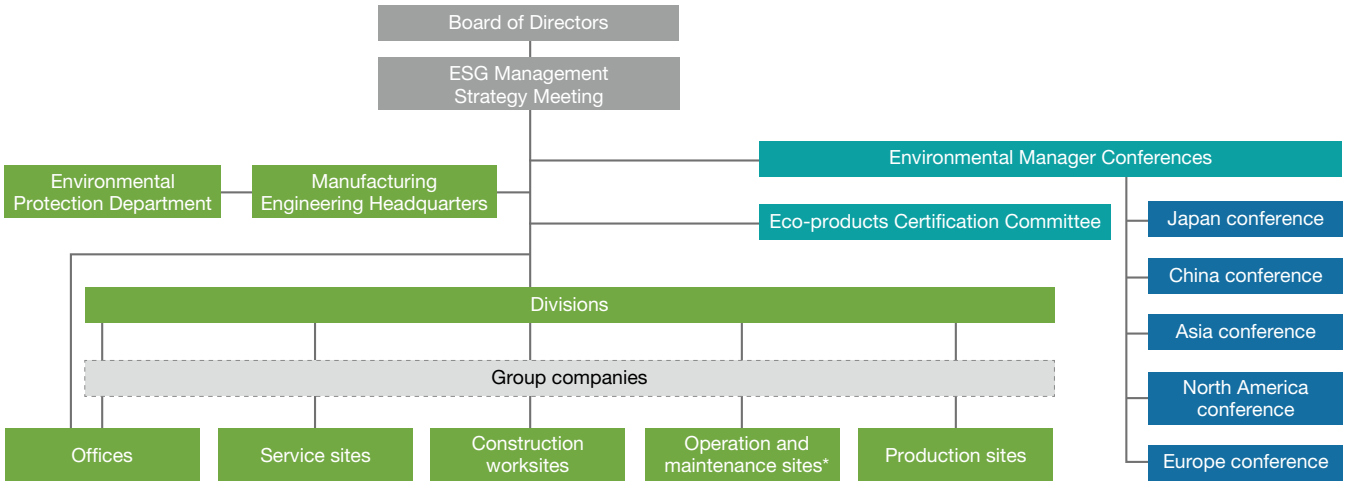
Environmental Management Promotion System

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 is held four times a year, in principle, to provide an opportunity for management to discuss the Kubota Group's issues and response strategies from an ESG perspective. The discussion covers the medium- and long-term direction of the Kubota Group's environmental management, such as medium- and long-term targets and key measures in light of global environmental issues such as climate change and the business environment, and the meeting determines priority items and plans. Environmental issues were discussed on four occasions in 2022 at meetings in March, June, August and December.


ESG Management Strategy Meeting

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.

Please refer to page 153 (Corporate Governance) for the ESG Management Strategy Meeting

Environmental Manager Conferences

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

To realize the Environmental Vision, it will become necessary to accelerate the further reduction of environmental impacts globally. Moreover, as production has increased in overseas areas, it is necessary to thoroughly implement environmental risk reduction measures. We revised the method of holding the conferences, which were held every second year up until 2019, making use of the online format to stimulate sharing of information such as policies and exchanges of examples within regions. In 2022, we held conferences for the regions of China, Asia, North America, Europe, and Japan. Local company presidents, environmental managers, and staff members participated in the overseas conferences, while the Japan conference brought together environmental managers and staff members from 24 sites across Japan, including Group companies. The focus of the conferences was on communicating the Kubota Group's policies and initiatives, as well as sharing progress on the Medium-Term Environmental Conservation Targets. Participants also presented case studies on mainly energy-saving measures and environment risk countermeasures.

As for conferences held in overseas regions, since 2017 the Kubota Group has 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.

China Conference held online


Asia Conference held online

Please refer to page 74 (Environmental Management) for information about business operations based on our environmental management system.

Mitigating and Adapting to Climate Change

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) states that "it is unequivocal that human influence has warmed the atmosphere, ocean and land," and that "widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred." Moreover, a new phase of the Paris Agreement—an international framework—kicked off in 2020. With countries declaring their intentions to achieve net-zero CO_2 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.

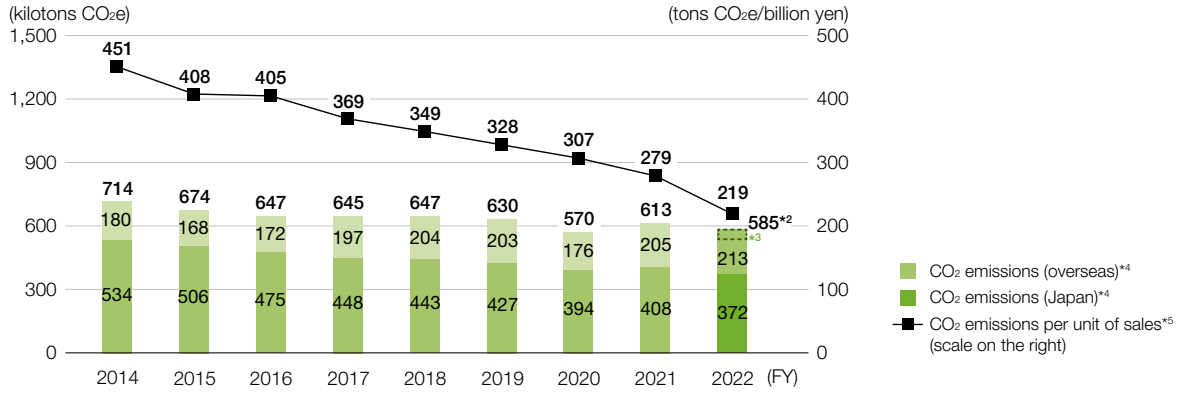
Mitigation of Climate Change

CO_2 Emissions (Scope 1 and Scope 2)

In FY2022, CO_2 emissions were 585 kilotons CO_2e, a decrease of 4.4% compared to the previous year. On the other hand, CO_2 emissions per unit of sales improved by 21.6% compared to the previous year.

Despite an increase in machinery production sites overseas, mainly as a result of the acquisition of Escorts Kubota Ltd., CO_2 emissions decreased due to the increased use of renewable energy, a drop in production at casting production sites, and an improvement in the emissions coefficient for electricity consumption. Emissions per unit of sales were improved as a result of not only an increase in consolidated net sales, but efforts to lower CO_2 emissions by promoting reduction measures, such as switching fuels, promoting ways to save energy, and the installation of energy-efficient equipment.

Trends in CO_2 Emissions*1 and Emissions per Unit of Sales



*1 The CO_2 emissions for companies acquired or sold that have a significant impact on the Group's overall CO_2 emissions have been retroactively adjusted to before the acquisition or sale. The adjusted values are: 778 kilotons CO_2e in FY2014, 739 kilotons CO_2e in FY2015, 700 kilotons CO_2e in FY2016, 688 kilotons CO_2e in FY2017, 693 kilotons CO_2e in FY2018, 672 kilotons CO_2e in FY2019, 614 kilotons CO_2e in FY2020, 660 kilotons CO_2e in FY2021, and 595 kilotons CO_2e in FY2022.
*2 CO_2 emissions (585 kilotons CO_2e) include portions of CO_2 that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (15 kilotons CO_2e).
*3 Increase from fossil fuels due to FY2022 acquisition of overseas companies (38 kilotons CO_2e)
*4 CO_2 emissions refer to Scope 1 and 2 emissions from all Kubota Group sites (100%) and include greenhouse gases from non-energy sources.
*5 CO_2 emissions per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.

Measures to Reduce CO_2 Emissions

The Kubota Group has established the Medium- and Long-Term Environmental Conservation Targets (p.28-32) and is devoting efforts to reducing CO_2 emissions and energy use associated with its business activities.

We have also established medium-term reduction measure implementation plans, which are reviewed every year by each production site. When we review the plans, we have introduced Internal Carbon Pricing* to calculate their effect on reducing CO_2 emissions and energy consumption, as well as the investment cost for the amount of CO_2 reduced, in the capital expenditure plans. The effectiveness and economical rationality of each project are identified from an environmental standpoint and used as information for making investment decisions.

We have implemented some of the specific reduction measures that include eliminating loss in energy consumption through a switch to equipment with higher energy efficiency and proper operation management, and promoting the visualization of power consumption in each process. At the same time, we have expanded the use of LED lighting at all our global sites—as of end-FY2022 the ratio of LEDs as a percentage of all lights at production sites had increased to 79.8%. In FY2022, we worked on energy-saving measures for compressed air as well.

We are also accelerating the introduction of renewable energy. In FY2022, new solar power generation systems came online at the Kubota Global Institute of Technology (Japan), Kubota Seiki Co., Ltd. (Japan), and Kubota Precision Machinery (Thailand) Co., Ltd. This brought the renewable energy consumption of the entire Group to 68,183 MWh (roughly equivalent to a 41,831-ton reduction in CO_2 emissions). We have raised the FY2025 target for the ratio of renewable energy usage to 25% or more. The result in FY2022 was 8.3%.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for CO_2 reduction, global production sites achieved a reduction of 7.1 kilotons CO_2e in FY2022 compared with the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 180 million yen compared to the previous year. CO_2 emissions per unit of production in FY2022 improved by 38.9% 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

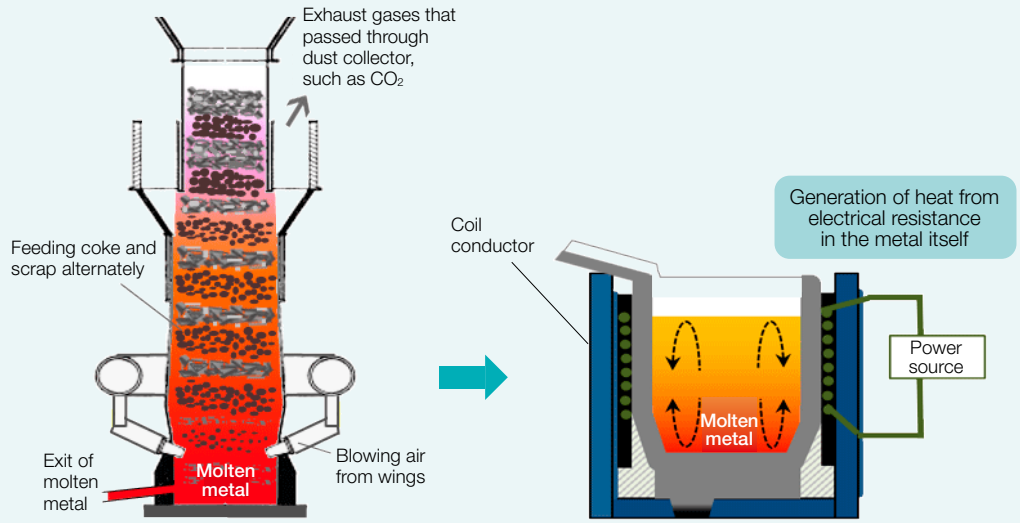
At the Kubota Hanshin Plant (Japan), the feedstock melting equipment used to manufacture cast iron pipes for water supply systems and other applications will be upgraded through to the end of 2023. The plant currently uses a cupola melting furnace that requires coal-derived coke as a fuel source, one of the major sources of CO_2 emissions. By replacing a cupola furnace with three electric furnaces, we aim to decarbonize the plant's operations. The introduction of electric furnaces is expected to reduce the plant's CO_2 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 CO_2 emissions.

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

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

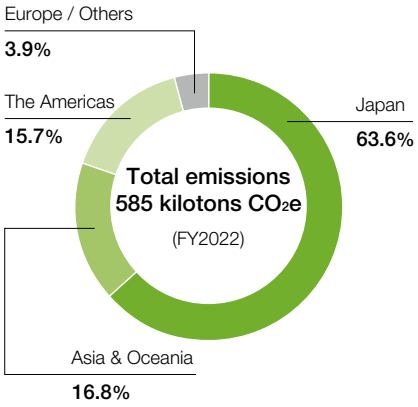
In our Environmental Vision we have outlined our commitment to work towards achieving carbon neutrality by 2050, which is why we are focusing on reducing CO_2 emissions at the production stage. The shift away from cupola to electric is one part of this initiative.



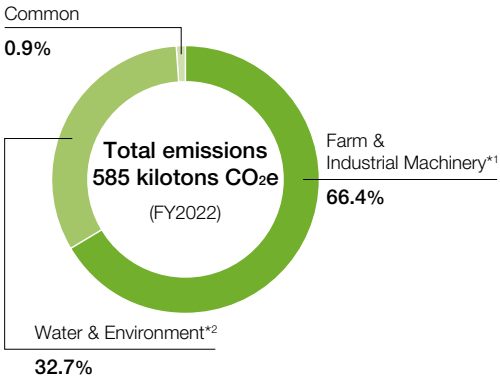
Structure of cupola

Structure of induction crucible furnace

CO_2 Emissions by Region



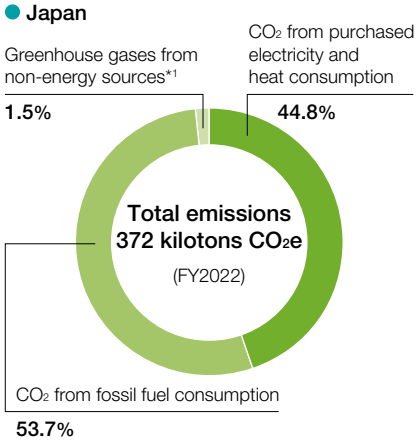
CO_2 Emissions by Business



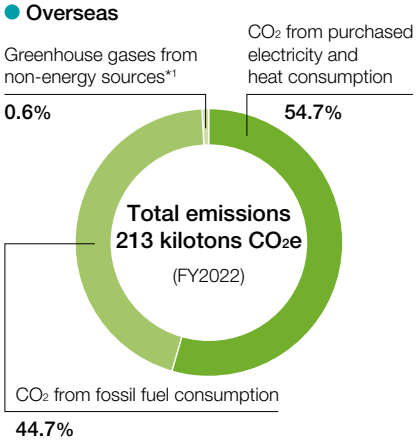
*1 CO_2 emissions generated from the production of products such as agricultural machinery, construction machinery, and engines.
*2 CO_2 emissions generated from the production of products such as ductile iron pipes and cast steel.

CO_2 Emissions by Emission Source

Japan

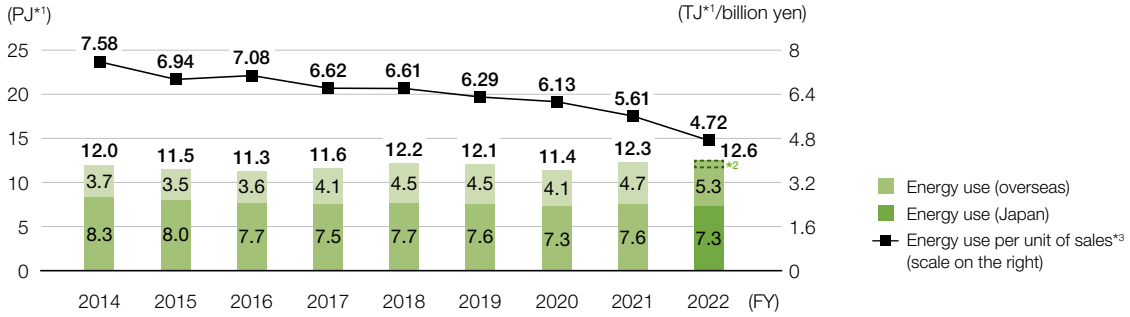


Overseas



*1 Greenhouse gases from non-energy sources include the following: CO_2 4.3 kilotons CO_2e, CH_4 0.9 kilotons CO_2e, N_2O 0.4 kilotons CO_2e, HFC 1.3 kilotons CO_2e, PFC 0 kilotons CO_2e, SF_6 0.02 kilotons CO_2e, and NF_3 0 kilotons CO_2e

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



*1 PJ = 10^{15}J, TJ = 10^{12}J
*2 Increase from fossil fuels due to FY2022 acquisition of overseas companies (0.6 PJ)
*3 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.88).

CO_2 Emissions throughout the Value Chain

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

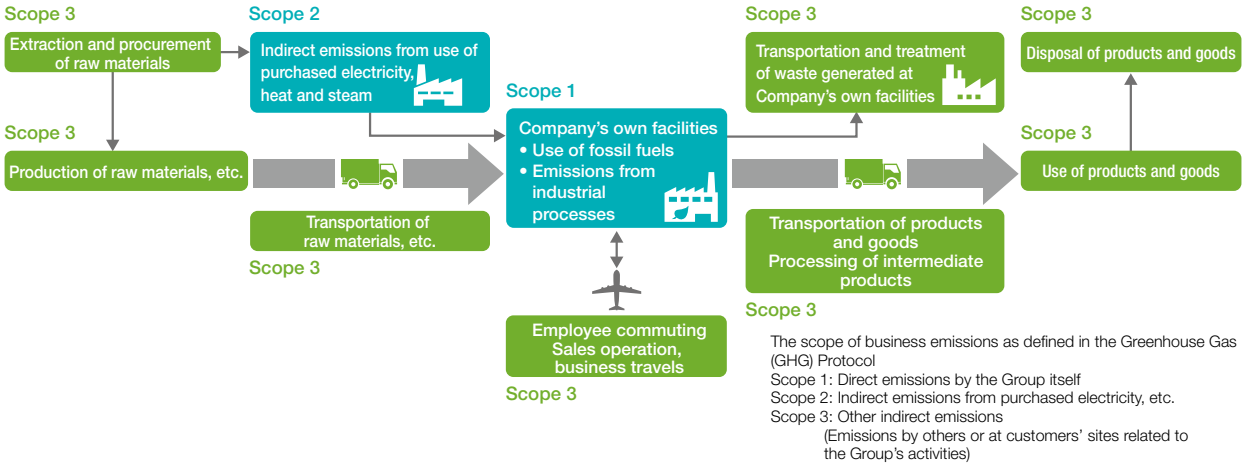
* Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry

CO_2 Emissions in Each Stage of Value Chain

Classification				Scope of calculation	CO_2 emissions (kilotons CO_2e)*4		
					2020	2021	2022
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1)*1			Use of fossil fuels	285	303	295
				Non-energy-derived greenhouse gas emissions	6	6	7
	Indirect emissions (Scope 2)*1			Purchased electricity and heat use	279	304	283
Upstream and Downstream emissions	Other indirect emissions (Scope 3)	Category	1	Resource extraction, manufacturing and transportation related to purchased goods/services*2, 3	3,046	3,732	4,104
			2	Manufacturing and transportation of capital goods such as purchased equipment	292	406	567
			3	Resource extraction, manufacturing and transportation related to purchased fuels/energy	105	112	111
			4	Upstream transportation and distribution	199	285	282
			5	Disposal of wastes discharged from business sites	28	31	31
			6	Employee business travels	11	11	19
			7	Employee commuting	10	10	10
			8	Operation of assets leased to the Kubota Group	Not applicable*5	Not applicable*5	Not applicable*5
			9	Downstream transportation and distribution	0	0	0
			10	Processing of intermediate products	90	117	141
			11	Use of sold products*2, 3	21,957	28,409	37,156
			12	End-of-life treatment of sold products*2, 3	49	61	68
			13	Operation of assets leased to other entities	Not applicable*5	Not applicable*5	Not applicable*5
			14	Operation of franchises	Not applicable*5	Not applicable*5	Not applicable*5
			15	Investments	Not applicable*5	Not applicable*5	Not applicable*5
		Total of Scope 3			25,787	33,174	42,489
Total of Scopes 1, 2, and 3					26,357	33,787	43,074

*1 CO_2 emissions refers to emissions from all Kubota Group sites (100%).
*2 From FY2022 the boundary of products subject to calculations was changed. This change has been retroactively applied to prior years.
*3 CO_2 emissions per unit of sales for each product have been adjusted in order to improve accuracy. This change has been retroactively applied to prior years.
*4 Totals shown may differ from the simple sum of values shown due to rounding.
*5 CO_2 emissions shown as "not applicable" correspond to zero.

Example Activities of Each Scope



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Adaptation to Climate Change

Measures to Adapt to Climate Change

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

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

● Initiatives on Products and Services

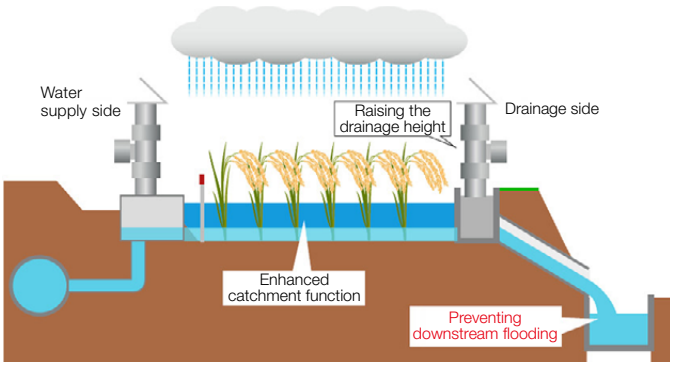
Category		Major initiatives
Food		• Provision of tractors that are capable of deep plowing necessary for growing rice in abnormally high temperatures without lowering the quality/yield, and the provision of information useful for soil cultivation, such as the proper distribution of fertilizers appropriate for high-temperature conditions • Provision of the Kubota Smart Agri System (KSAS), which uses ICT and robot technology, and high-performance machinery that lightens the workload in fields such as agriculture, where workers often labor in scorching heat • Provision of information for farmers on changes in temperature, precipitation, and the amount of solar radiation, as well as the impact thereof on crops
Water	Flooding	• As a measure for floods or other disasters caused by abnormal climate, provision of disaster-relief pumper vehicles, ultra-light, emergency sump pump units, rainwater storage and filtration products, and piping systems for manhole toilets, and so on • Provision of ductile iron pipes with tough tube body and excellent joint performance, which are highly effective during disasters such as typhoons and torrential rainfall
	Drought	• To address water shortage, the provision of management systems using IoT, which contribute to the efficient operation of water supply and sewage treatment systems and treatment plants • Provision of tank-submerged-type ceramic membrane filtering equipment and submerged membranes that purify wastewater for reuse
	Management systems	• Provision of the Kubota Smart Infrastructure System (KSIS) that leverages IoT technology to manage a variety of facilities, from dams to drainage locations, using weather information in collaboration with the NTT Group • Provision of the farm water management system (WATARAS) that allows accurate water management for remote rice paddies
Living environment		• Provision of diesel engines for use as generators for emergency power supply during disasters and power outages • Provision of construction machinery to contribute to disaster prevention, as well as recovery and reconstruction • Provision of highly efficient air-conditioning equipment that creates a clean and comfortable indoor environment, even amid abnormal weather conditions

Provision of Farm Water Management System WATARAS

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

So-called “smart rice paddy dam” demonstrations are underway in which rice paddies are temporarily 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.

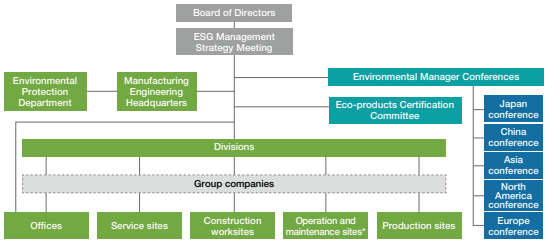
The status of the Group's disclosures related to the TCFD recommendations is as follows.

Disclosure Items in the TCFD Recommendations	Relevant Section	Page
Governance		
a. Describe the board's oversight of climate-related risks and opportunities.	Environmental Management Promotion System, Corporate Governance Structure	P34 P153
b. Describe management's role in assessing and managing risks and opportunities.	Environmental Management Promotion System, Remuneration	P34 P160
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-friendly Products and Services	P22 P36 P66
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-friendly Products and Services, Internal Control—Internal Control System, Internal Control—Internal Control System Operation Activities (Risk Management Activities)	P19 P34 P66 P166 P166
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Environmental Management Promotion System, Corporate Governance Structure, Internal Control—Internal Control System	P34 P153 P166
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	P28 P36 P160
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	P39 P82
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	P28

Governance

In 2014 the Kubota Group established the Environmental Management Strategy Committee to deliberate on medium- and long-term targets and key measures relating to environmental conservation, as well as an environmental vision, in light of climate change and other global environmental problems and the Group's business environment. In 2021, with the objective of realizing 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.

Environmental Management Promotion System



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

ESG Management Strategy Meeting

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-friendly products. The results of the meetings are reported to the Board of Directors and the Executive Officers' Meeting, and are distributed throughout the Group. It also promotes management based on the plan-do-check-action (PDCA) cycle by assessing and analyzing the progress of the entire Group's environmental conservation activities and reflecting the results when formulating new plans and policies. The ESG Management Strategy Meeting was convened four times in FY2022 to discuss environmental issues.

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

Moreover, the Group has set out environmental conservation targets taking medium-term (five-year activity period) and long-term (15-year activity period) perspectives, based on social trends and regulations in each country related to the environmental issues. 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.

● Initiatives to Date

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

2020	2021	2022	2023
• Supporting the recommendations of the TCFD • Examining scenario analysis results before formulating an environmental vision • Formulation of Medium-Term Environmental Conservation Targets 2025	• Formulation of the Environmental Vision toward 2050 • Launch of the ESG Management Strategy Meeting • Examining business domain risk and opportunity analysis results	• Revisions to Long-Term Environmental Conservation Targets 2030 • Disclosure of climate change strategies for the agricultural machinery and water-related businesses • Reflection of ESG evaluation in the executive remuneration system	• Disclosure of scenario analysis results for all businesses • Expanded disclosure of financial impacts • Development of a transition plan • Revisions to Medium-Term Environmental Conservation Targets

Related pages "Environmental Management Promotion System" (p.34), "Corporate Governance Structure" (p.153), "Remuneration" (p.160)

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 CO_2 emissions at our production sites, but also represents our commitment to help solve various social issues in the fields of food, water, and the environment through the provision of environmentally friendly products and solutions and to help bring about a carbon-neutral and resilient society. In order to achieve the Environmental Vision, we need to take into account how our business activities are impacted by regulatory developments, technological advancements, and changes in the market. We also need to focus on the physical changes brought on by the acceleration of climate change. That is why we analyzed and evaluated the impacts of climate change on our business domains in light of the anticipated future changes in the market and business environment with the use of 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.

Related page "Environmental Vision" (p.22)

❶ Scenario Analysis

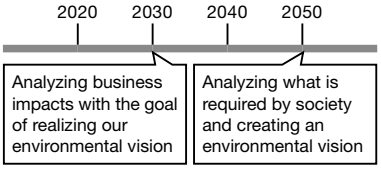
The scenario analysis in the TCFD recommendations will be used to examine the financial impact on business due to highly uncertain climate change problems and the impact on future business strategy. In our scenario analysis of the impacts of climate change, we conducted an assessment of the anticipated impacts on business in the year 2030 with the use of the publicly available 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.

❷ Scenario Analysis Process

Step 1: Selecting target business fields and climate scenario

For the Environmental Vision we formulated in 2021, we projected what society might look like in 2050 and set goals for contributing to the realization of carbon neutrality within that timeframe. Moreover, in order to construct an image of the environmental businesses thought to be necessary in the future, we conducted an analysis of anticipated business lines in the year 2030. The Kubota Group operates businesses in the areas of food, water, and the environment, but of those three fields, 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 (revenue, etc.) 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 taking into account the anticipated changes in around 2050 as a result of climate change

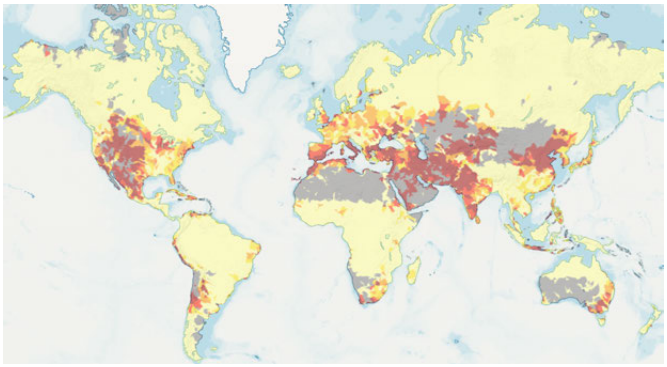
Setting scenario		Reference scenario
Transition aspect	1.5°C/2°C scenario	The IEA's Net Zero Emissions by 2050 Scenario (NZE 2050)*1, Sustainable Development Scenario (SDS)*1, 2, and the FAO's Towards Sustainability Scenario (TSS)*3
	4°C scenario	The IEA's Stated Policies Scenario (STEPS)*1, 2 The FAO's 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 2020" *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"

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. 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. This will likely include construction machinery used in works projects and lawnmowers used to maintain public parks. In India, the uptake of natural gas infrastructure is gaining traction and the supply-demand situation for low- and zero-carbon energy currently differs depending on the region. In Japan, the announcement of strategies geared towards sustainable agriculture points to the growing need to curb greenhouse gases derived from agricultural practices. 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. We do expect to see the increased use of electric machinery and low- and zero-carbon fuels over the long run, but their uptake for applications in agricultural and construction machinery fields is still unclear. 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. At the same time, we can expect to see demand for next-generation sustainable farming methods and a reduction in greenhouse gases emitted by agricultural machinery designed to operate under such methods. Furthermore, changing weather conditions will likely affect the amount of precipitation and water resources, which in turn will probably transform crop-growing environments, so adapting to these changes will be imperative.

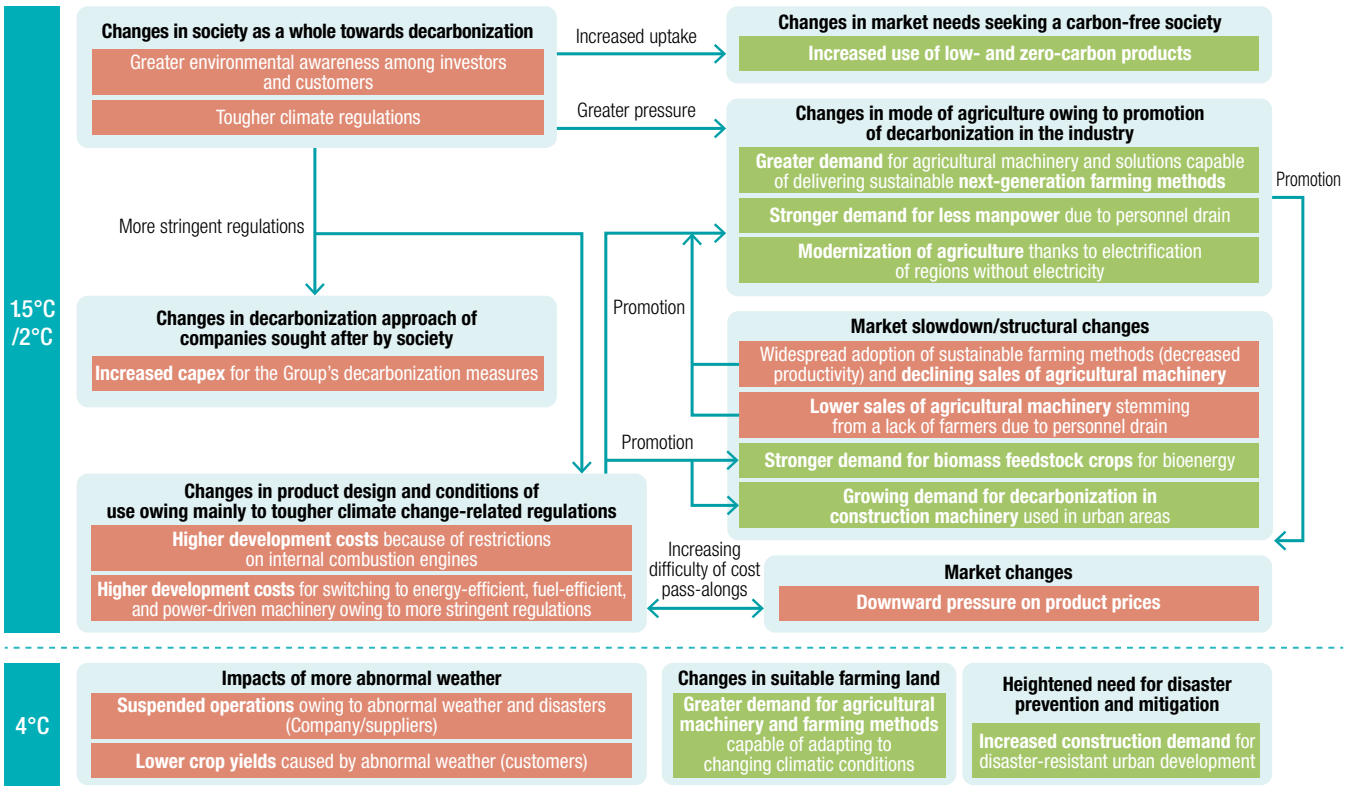
As for the future pertaining to our Water & Environment business, we expect impacts to materialize in procurement, manufacturing, and other parts of the value chain owing to the decarbonization of production methods and a higher carbon tax for iron, a key raw material in many products. We also forecast 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 salification of groundwater caused by rising sea levels and increased turbidity of rivers stemming from torrential rain. All of this likely means that water resources will have to be managed even more rigorously. In addition, we expect impacts on water for agriculture and domestic use to materialize as a result of heightened water stress in Japan and other parts of Asia, North America, and Europe (shown in the image to the right). Also, torrential rain will likely become more frequent and cause greater damage in the middle latitudes, the tropics, and monsoon regions and we expect this phenomena to have a significantly negative impact on people's lives.



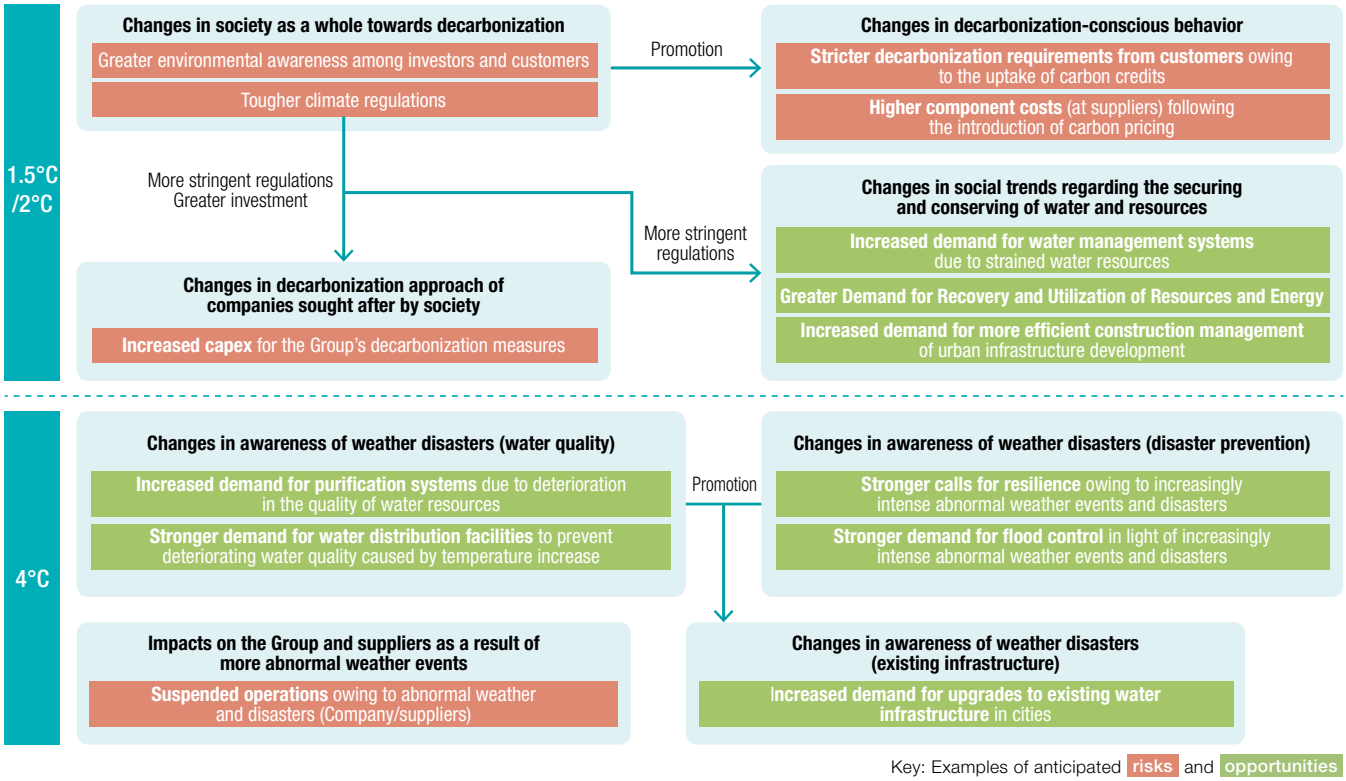
Regions of water stress in 2030 under a 4°C temperature increase scenario (taken from the Aqueduct water risk assessment tool)

The world in 2030 in anticipation of climate change impacts

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



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



Key: Examples of anticipated risks and opportunities

Step 3: Identification of changes that bear watching

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

Step 4: Scenario analysis

For each change that bears watching, we assessed the impacts (risks and opportunities) on business from the perspectives of Farm & Industrial Machinery and Water & Environment businesses and then formulated strategies to deal with those impacts.

❸ Results of Climate Change Scenario Analysis of Each Business Field

<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>

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] / Opportunities [Products]	**Changes in product design and conditions of use owing mainly to tougher climate change-related regulations** • 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. • New regulations will be applied to products that use internal combustion engines, like agricultural and construction machinery and utility vehicles, and that the need to reduce CO_2 emissions will grow stronger and demand for electrification, fuel cells, 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.	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
			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** • Market demand will increase for new value nonexistent in construction machinery, lawnmower, and utility vehicle products with internal combustion engines. For example, reduced noise pollution, 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 UVs, lawnmower, and construction machinery and the like	Low to medium
	Opportunities [Markets]	**Changes in mode of agriculture owing to promotion of decarbonization in the industry** • Crop yields will increase as farming technology advances and the effective use of farming land is further encouraged to mitigate the impacts of climate change. • 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 farming land (changes in demand for agricultural machinery and farming methods)** • Climate change will affect the relocation of suitable farming land 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 CO_2 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
- Expand our lineup of products that can help bring about carbon neutrality, in keeping with the needs of the market
- 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 and changing weather conditions; for example, recycling of local biomass resources and carbon storage
- Expand and popularize agricultural machinery and services that make smart farming (automated machinery, precision agriculture, etc.) possible so as to contribute to more efficient farming that requires less manpower
- 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

* 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 CO_2 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)

<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 decarbonization approach of companies sought after by society	○	○	○	○	
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>

Scenario	Summary of scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts* (2030)
1.5°C/2°C	Risks [Regulations & Technology]	**Changes in decarbonization approach of companies sought after by society** • Calls will grow stronger for decarbonization across a product's life cycle worldwide, including the introduction of carbon pricing schemes and carbon border adjustment mechanisms. • Customers will demand low- or zero-carbon manufacturing processes.	Investment in carbon-free and energy-saving equipment will increase	Low
	Opportunities [Markets]	**Changes in social trends regarding the securing and conserving of water and resources** • 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** • 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** • 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 and sewage 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
- Recover useful metals from waste sent to final disposal sites and further the development of deep recycling technology to extract energy when melting incinerated ash
- 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 and drainage pump trucks that can meaningfully contribute to disaster recovery efforts
- Expand applications for the Kubota Smart Infrastructure System (KSIS) to support water treatment plant operations and the remote monitoring, diagnosis, and control of equipment

We will endeavor to reduce the CO_2 emissions generated by our business activities.
- Promote initiatives aimed at conserving energy use, installing energy-efficient equipment, switching fuels, installing LED lighting, and expanding the use of renewable energy at production sites

* 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

<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>

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** • Regulations and measures geared towards decarbonization will gather momentum and the rollout of a carbon tax scheme and impetus for the use of renewable energy will accelerate, thus driving up energy prices. • Taxes on fossil fuels and CO_2 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.	Manufacturing costs will rise, driven by higher energy and raw material prices	Medium
			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. ¥2.5bn*2)
4°C	Risks [Physical]	**Impacts on the Group and suppliers as a result of more abnormal weather events** • 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.	Disaster-related losses may arise as a result of weather disasters	Medium (Approx. ¥3.0–6.0bn*3)
			Costs associated with BCP measures for avoiding the adverse impacts of weather disasters could increase	Medium

Countermeasure strategies

We intend to contribute to the reduction in CO_2 emissions generated by business activities.

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

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

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

*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.

❹ 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.160)
	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 on mainly data currently available for analysis
Metrics and targets	Metrics, targets, dates	See p.28 to 32, 50
	Methodology	For Scope 1 and 2, both total emissions and per-unit emissions have been set as metrics. The total emissions metric is based on the target level (halved by 2030 and carbon neutral by 2050) required under the 1.5°C temperature increase scenario. The rate of renewable energy utilization has also been added as a metric. Results assured by a third party for each fiscal year are disclosed on our website.
	GHG emissions reductions	For Scope 1 and 2, we will reduce emissions by 50% by 2030 compared to 2014 levels. See p.36-37 for 2022 emissions. Scope 3 emission reductions currently being examined

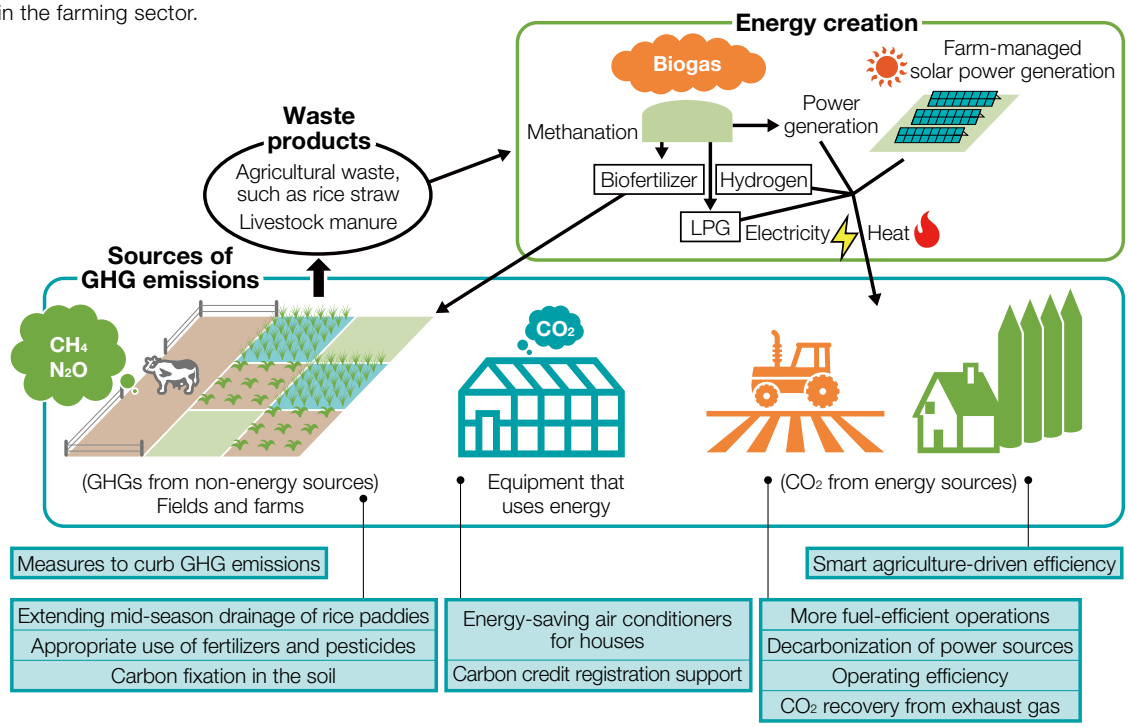
Transition plan

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-tcfd.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.



<Roadmap to Carbon Neutrality>

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

Emission reduction at sites

Promotion of energy-saving, fuel conversion, and expansion of renewable energy usage

- Improving equipment efficiency
- Switching melting furnace (cupola) to electric furnace
- 2030 target: 50% reduction in Scope 1, 2 CO_2 emissions
- Fuel conversion
- Expansion of renewable energy usage
- Improving productivity and improving operations

Transition to next-generation power

Agricultural and construction machinery: Develop and put battery-powered products (EVs) on the market

- Launch of compact electric tractor in European markets from 2023*1
- Electric construction machinery

Agricultural and construction machinery: Develop and put fuel cell products (FCVs) on the market

- Continued development towards practical application of medium- and large-size fuel cell tractors

Use of low- and zero-carbon fuels

Engines and products with engines: Develop and put low- and zero-carbon fuel products and technologies on the market

- Sale of engines that can run on LPG, natural gas, or biofuels

- Ongoing development of technology to capture CO_2 from exhaust gas
- Ongoing development of hydrogen engines*2
- Engines that can run on synthetic fuels

Efficiency improvements

Agricultural, construction machinery, and engines: Continual improvements in efficiency

- Launch of micro hybrid engines in the market*3
- Lower fuel consumption
- Expansion of hybrid engine solutions
- Sale of smart agricultural machinery

Reducing GHG emissions in society

Develop and put solutions that contribute to carbon neutrality on the market

- Provision of agricultural solutions that make farm work more efficient and enables the saving of energy and resources*4
- Provision of water management systems and solutions that can help lower methane emissions from rice paddies*5
- Provision of equipment for non-tilled cropping to reduce GHG emissions from fields
- Continued development of technology for methanation from agricultural waste and biogas power generation*6
- Support for adoption of a credit scheme to recognize CO_2 reduction efforts of farmers*7
- Continued development of technology to sequester fixed carbon with biochar produced from agricultural waste
- Provision of smart water pipe installations that contribute to shorter lead times and enable the saving of energy and resources*8
- Provision of water related infrastructure solutions to support efficient management*9
- Provision of waste power generation technology
- Continued development of technology to separate and capture CO_2 emitted from waste incinerators and other plant equipment

2020 — 2030 — 2040 — 2050

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.

*1) Compact electric tractors: www.kubota.com/news/2022/20220905.html
*2) Hydrogen engines: www.kubota.com/news/2022/20221003.html
*3) Micro hybrid engines: global.engine.kubota.co.jp/en/technology/microhybrid/
*4) Agricultural solutions: www.kubota.com/innovation/smartagri/
*5) Farm water management systems: agriculture.kubota.co.jp/product/kanren/wataras/ (only in Japanese)
*6) Systems for recycling local resources using agricultural biomass: www.kubota.co.jp/news/2022/management-20220405.html (only in Japanese)
*7) J-Credit Scheme certification for CO_2 reduction projects: www.kubota.co.jp/news/2022/management-20221226.html (only in Japanese)
*8) Smart water pipe installation: www.kubota.co.jp/product/ironpipe/products/technology/innovation/ (only in Japanese)
*9) IoT solutions for water related plants and equipment: www.kubota.co.jp/product/ksis/ (only in Japanese)

Kubota Smart Village concept

The Kubota Group has formulated a long-term vision called GMB2030 to which it aspires to achieve by the year 2030. We unveiled the Kubota Smart Village concept for a world in which we have fulfilled our ideal role as a provider of platforms that support people's lives as part of our commitment to achieving a prosperous society and the cycle of nature. The Kubota Smart Village concept envisions a future world in which we leverage AI, IoT, and other technologies to provide hardware, software, and solutions to realize carbon neutrality and the recycling of resources.

Please visit the website below for more information.
https://www.kubota.com/smartvillage/

Risk Management

Risk management in environmental conservation activities

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.

❶ Process for identifying risks and opportunities

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

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

❷ Process for addressing and evaluating risks and opportunities

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

Related pages "Environmental Management Approach" (p.18), "Environmental Management Promotion System" (p.34)

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 CO_2 emissions (Scope 1 and 2) at the Group's global sites (production and non-production sites) and CO_2 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. 2014) 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-friendly products and services globally.

● Climate Change-related Targets and FY2022 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%	▲23.6%
	CO_2 emissions per unit of production*2	2014	▲45%	▲60%	▲38.9%
	Ratio of renewable energy usage*1	—	20% or more	60% or more	8.3%
Save energy	Energy consumption per unit of production*2	2014	▲35%	▲40%	▲32.5%
Expand Eco-Products	Sales ratio of Eco-Products	—	70% or more	80% or more	65.6%

*1 Global business sites *2 Global production sites *3 ▲ indicates a negative figure.

Related pages "Medium- and Long-Term Environmental Conservation Targets and Results" (p.28), "Mitigating and Adapting to Climate Change" (p.36), "Environmental Data" (p.82), "Remuneration" (p.160)

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.

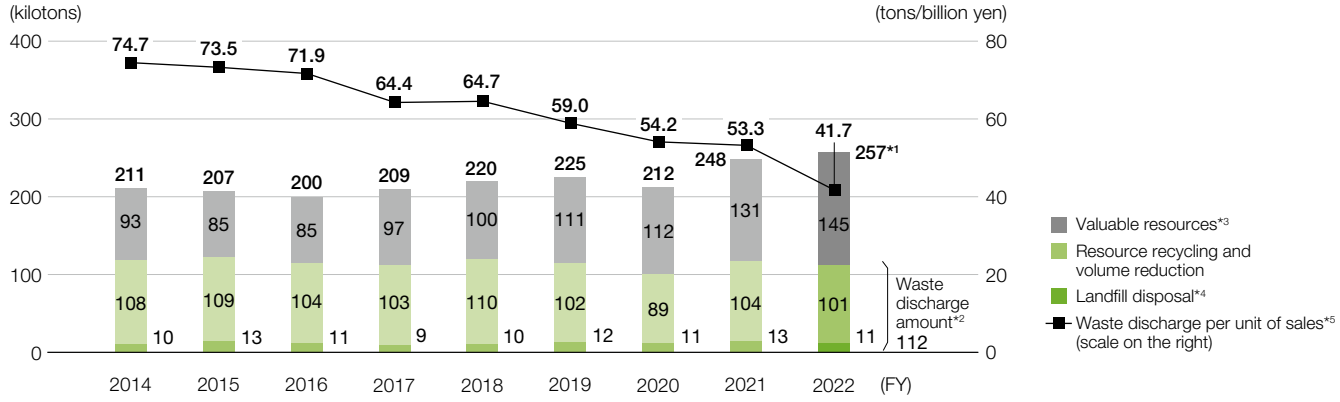
The Kubota Group sees working towards a recycling-based society as one of its materiality, and has been advancing initiatives to promote "reduce" (reducing the amount generated), "reuse" (internal recycling and reuse), and "recycle" (improving the recycling ratio) of waste, in addition to initiatives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

Waste, etc. from Business Sites

In FY2022, the waste discharge amount was 112 kilotons, a decrease of 4.3% compared to the previous year. Also, waste discharge per unit of sales improved by 21.8% year on year. The amount of waste discharge decreased due to less slag being produced as a result of a decline in production volume at casting production sites. Waste discharge per unit of sales improved as consolidated net sales increased (up 21.9% from the previous year), in addition to less discharge overall.

Of the waste discharge amount in FY2022, the amount of hazardous waste discharge was 6.3 kilotons, up 0.4% from the previous year.

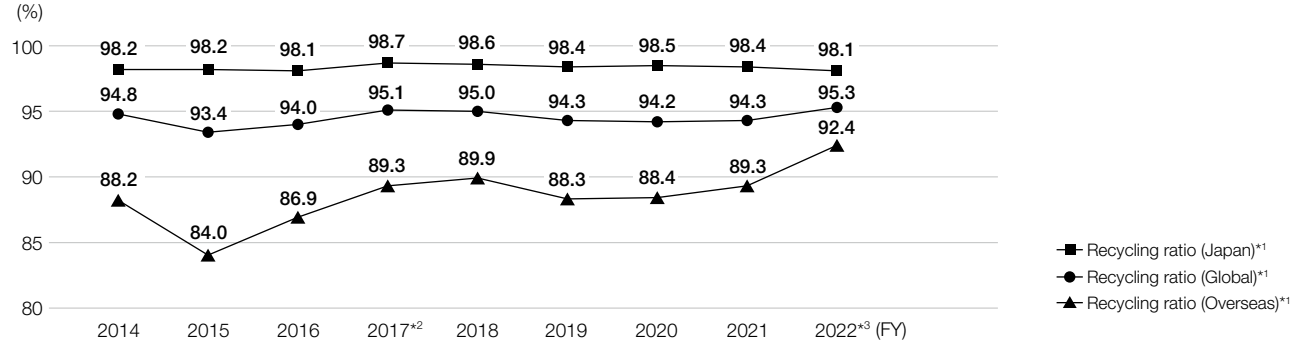
Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



*1 Includes waste discharge and the like (12 kilotons) from overseas companies acquired in FY2022
*2 Waste discharge = Resource recycling and Volume reduction + Landfill disposal
*3 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.
*4 Landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment
*5 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 FY2022 was 98.1% in Japan decreased 0.3 points from the previous year, but overseas improved by 3.1 points to 92.4%, and globally improved 1.0 point to 95.3%. 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
*2 Values were corrected to improve accuracy.
*3 The recycling ratio includes data for overseas companies acquired in FY2022.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

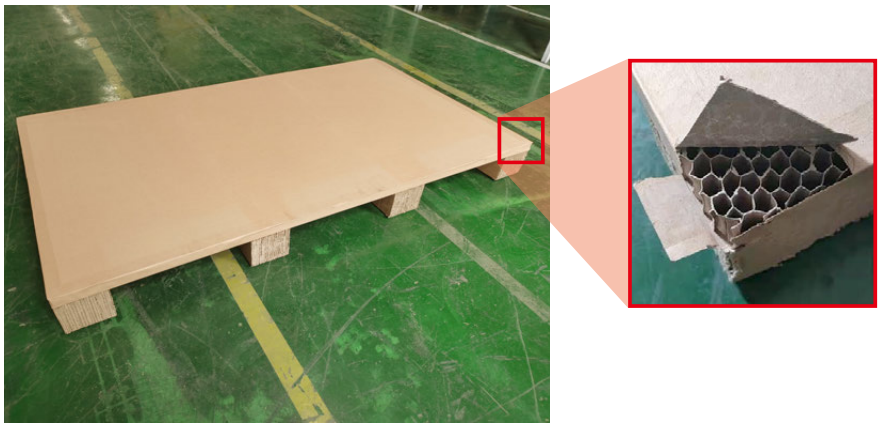
Measures to Reduce Waste

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.28-32) and is working to reduce the emissions of waste and hazardous waste and increase the resource recycling ratio at production sites. The Group has been promoting various measures, such as the thorough separation of waste according to the type and disposal method of waste, the introduction of returnable packaging materials, and shared waste recycling between sites. The Group is continuing to promote reductions in the volume of sludge, waste oil, and oily wastewater generated at painting booths, and to reduce the volume of waste plastic emitted from plastic molding processes. Meanwhile, as measures to reduce disposable plastics, we introduced initiatives at certain worksites to withdraw the use of disposable tableware in the employee cafeteria and reduce the issue of plastic shopping bags in on-site stores.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for waste reduction, global production sites achieved a reduction of 3,200 tons of waste in FY2022 compared with the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 52 million yen. Waste discharge per unit of production in FY2022 improved by 39.7% compared to the base year (FY2014). The recycling ratio was 99.2% at production sites in Japan and 94.6% at production sites overseas.

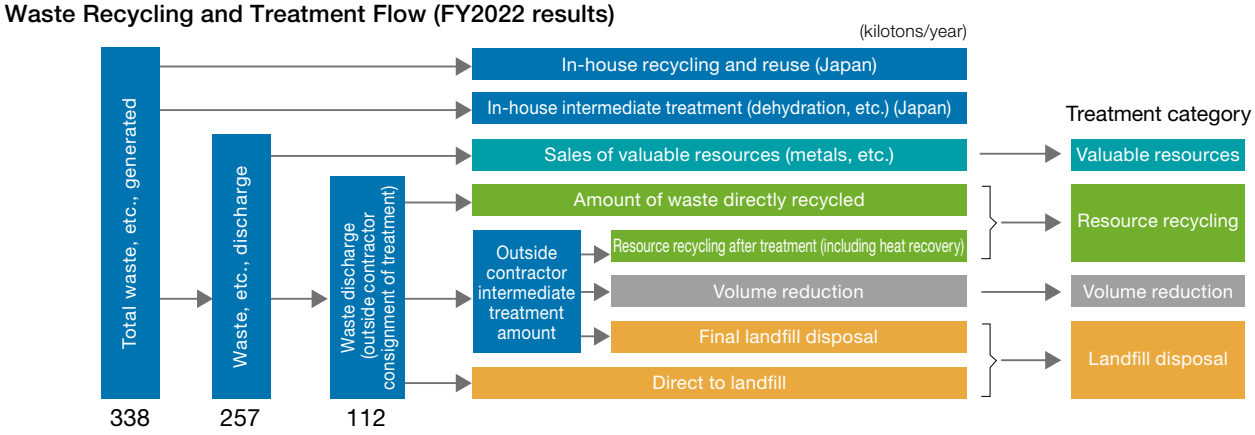
Moreover, production sites in Japan have raised the utilization rate of electronic manifests to 97.7%, enabling real-time assessment of the reduction effects. We will continue to promote the reduction of waste through encouraging sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

Cardboard Pallets

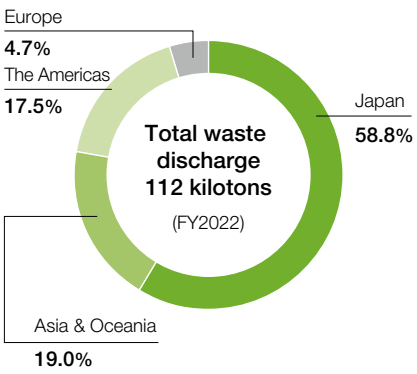


At the Kubota Sakai Plant (Japan), some of the wooden boxes and pallets used for test components imported from our Group company in China have been swapped for reinforced cardboard, helping to reduce wood scraps. Furthermore, we are taking steps to introduce reusable plastic pallets and to make wooden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

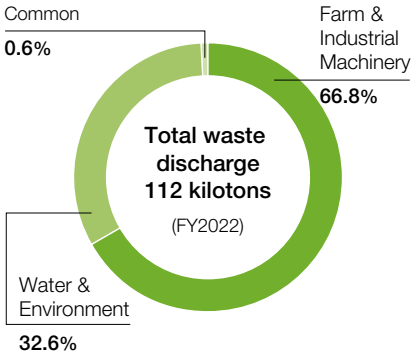
Waste Recycling and Treatment Flow (FY2022 results)



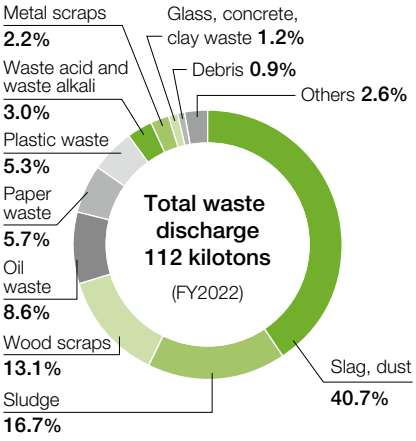
Waste Discharge by Region



Waste Discharge by Business

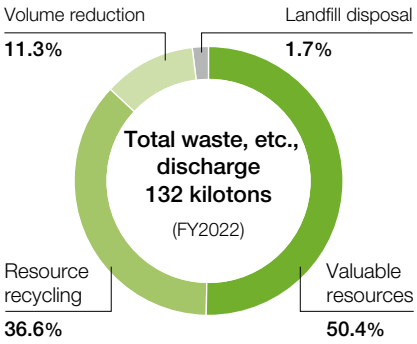


Waste Discharge by Type

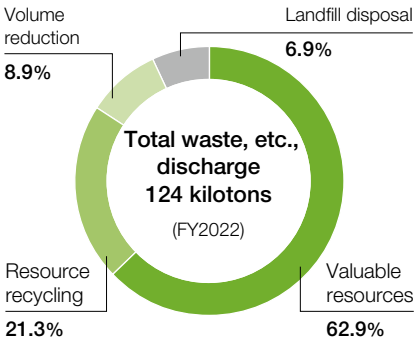


Waste, Etc., Discharge by Treatment Category

● Japan



● Overseas



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

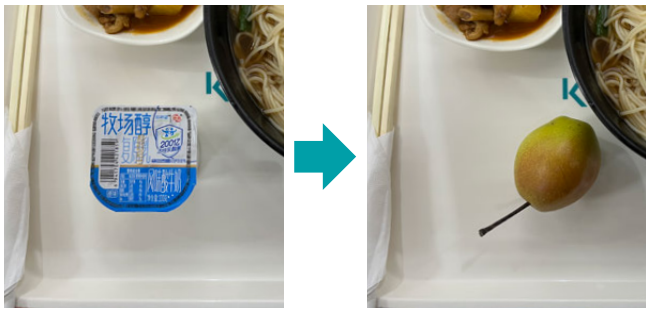
Improvement of Resource Efficiency

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

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

● Reducing Plastic Waste

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



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

● Reducing Resource Usage in Packaging and Adopting Returnable Packaging

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

At Kubota Precision Machinery (Thailand) Co., Ltd., we 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 shift from office work to telework (working from home) due to the COVID-19 pandemic, we promoted adoption of electronic systems for internal request approvals and determinations, and a reduction in documents stored in paper format. Moreover, we were also promoting effective use of office space and online meetings, enabling us to reduce the use of paper printouts. At our production sites, we have also made progress on switching to electronic check sheets and forms.

Handling and Storage of Equipment Containing PCB (in Japan)

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

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

Conserving Water Resources

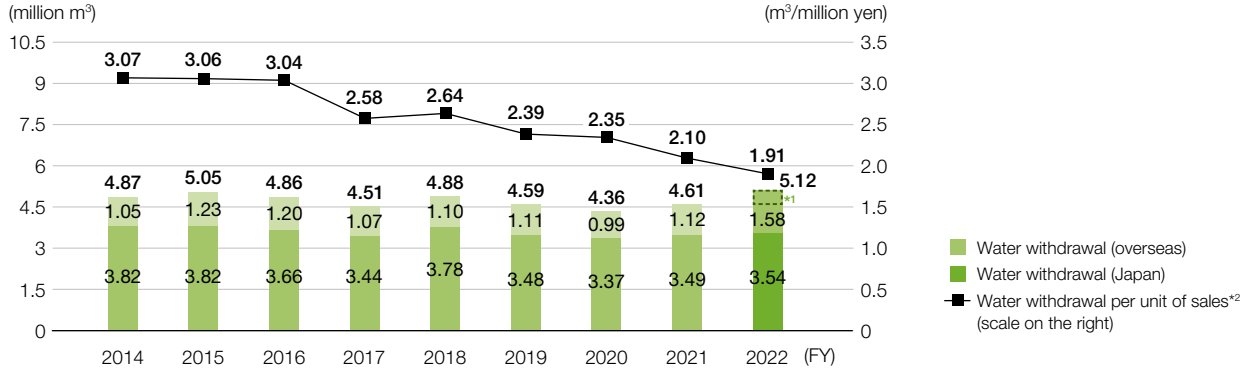
The OECD's 2012 report entitled Environmental Outlook to 2050 states that during the period between 2000 and 2050, global demand for water will increase by approximately 55% owing to economic development and population increase, while more than 40% of the world's population will be living in river basins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

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

Water Withdrawal

In FY2022, water withdrawal was 5.12 million m^3, an increase of 11.1% compared to the previous year. On the other hand, water withdrawal per unit of sales improved by 8.9% compared to the previous year. Even though water withdrawal decreased at casting production sites, it increased overall in FY2022 mainly due to an increase in new machinery production sites overseas. Water withdrawal per unit of sales improved as consolidated net sales increased (up 21.9% from the previous year), while the Group made progress on measures such as switching to the use of drying booths in the painting process, making greater use of recycled water, and increasing control precision over the amount of cooling water used.

Trends in Total Water Withdrawal and Withdrawal per Unit of Sales



*1 Increase (0.47 million m^3) due to FY2022 acquisition of overseas companies
*2 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.28-32) 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.

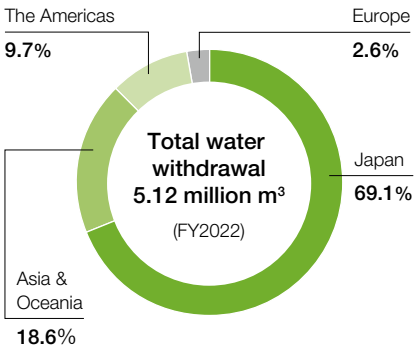
In FY2022, in addition to routine activities such as raising employee awareness of water conservation and conducting patrols to check for water leakage, the Kubota Group improved watering methods for green areas, etc. We reduced water withdrawal in the production process by more accurately controlling the amount of cooling water used. As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for water withdrawal reduction, global production sites achieved a reduction of approximately 9,800 m^3 in FY2022 compared to the case where countermeasures were not implemented from the previous year. The economic effects of these measures reached 1.5 million yen compared to the previous year. Water withdrawal per unit of production in FY2022 improved by 31.6% compared to the base year (FY2014).

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.

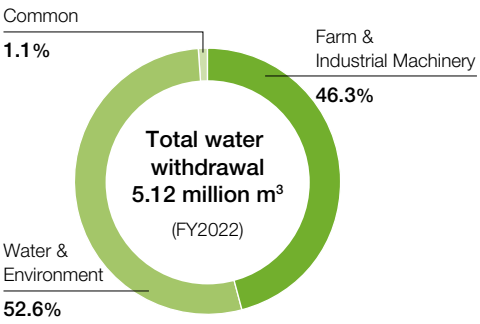
We will continue to promote the reduction of water withdrawal through initiatives to promote the 3Rs of water, such as conducting water-saving activities and promoting water recycling by using the Kubota Group's technologies.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Water Withdrawal by Region

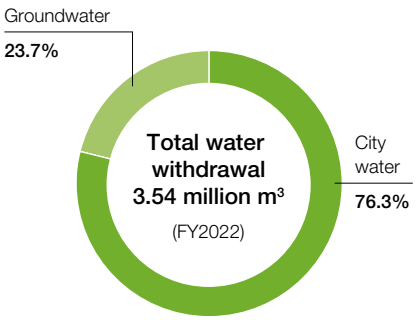


Water Withdrawal by Business

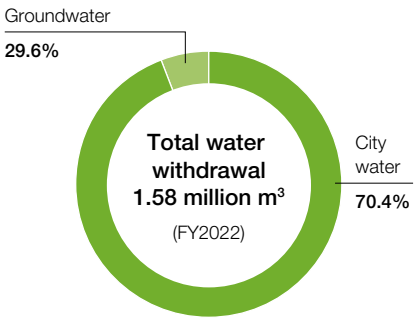


Water Withdrawal by Type

● Japan



● Overseas



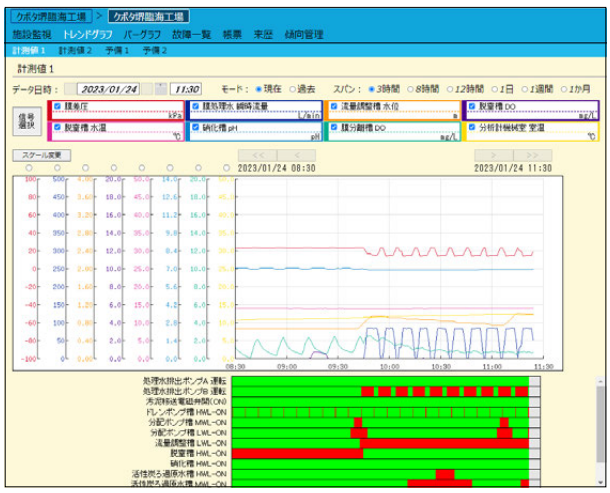
Controlling Water Discharge

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 FY2022 was 5.01 million m³ (1.10 million m³ into surface water, 1.93 million m³ into seawater, and 1.98 million m³ into sewage) due to mainly an increase in water withdrawal, an increase of 2.6% 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 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.



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

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Survey on Regional Water Stress

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

The results of a survey on water stress level of a total of 66 sites in 17 countries using Aqueduct (water risk assessment tool developed by the World Resource Institute (WRI)) are as follows:

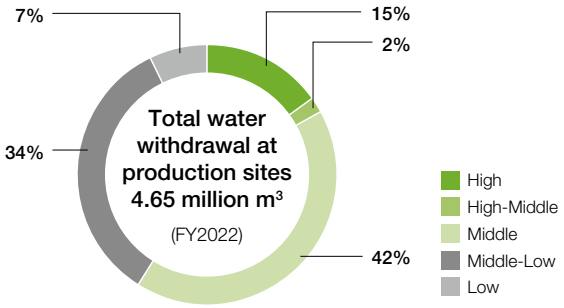
* Water stress refers to the state where the annual water availability per capita is less than 1,700 tons and people feel inconvenience in their daily life. Water stress in this survey is the water stress for each river basin, which is calculated based on the ratio of water intake to the amount of available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

Results of the Survey on Water Stress of Production Sites (FY2022)

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	1,726 〈8〉	1,533 〈13〉	20 〈2〉
	China	0	79 〈1〉	0	0	20 〈2〉
	Indonesia	0	0	10 〈1〉	0	0
	Thailand	232 〈3〉	27 〈1〉	7 〈1〉	0	0
	Saudi Arabia	17 〈1〉	0	0	0	0
	India	437 〈7〉	0	0	0	0
Europe	Russia	0	0.4 〈1〉	0	0	0
	Norway	0	0	0	0	21 〈1〉
	Denmark	0	0	37 〈1〉	0	0
	Netherlands	0	0	0	0	32 〈1〉
	Germany	0	0	10 〈1〉	0	3 〈2〉
	France	0	0	5 〈1〉	0	1 〈1〉
	Spain	0	0	0	1 〈1〉	0
	Poland	0	0	0	0	0.4 〈1〉
	Italy	14 〈2〉	0	0	0	0.4 〈1〉
North America	Canada	0	0	0	0	240 〈2〉
	United States	0	0	150 〈2〉	22 〈8〉	0
Total*1		701 〈13〉	107 〈3〉	1,944 〈15〉	1,556 〈22〉	338 〈13〉

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

Water Withdrawal by Water Stress Level



The survey results showed that “High” or “High-Middle” levels of water stress applied to 16 production sites, located in the Chinese cities of Suzhou, central Thailand, Saudi Arabia, India, Russia and Italy, which account for approximately 17% of the Group’s total water withdrawal. In the next “Middle” level category were 15 production sites situated in Japan’s Kanto region and Aichi Prefecture, Indonesia, coastal regions of Thailand, the southeast United States and a number of locations in Europe, which together account for approximately 42% of total water withdrawal. Production sites in the “Middle-Low” and “Low” categories accounted for approximately 41% of total water withdrawal.

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

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

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.

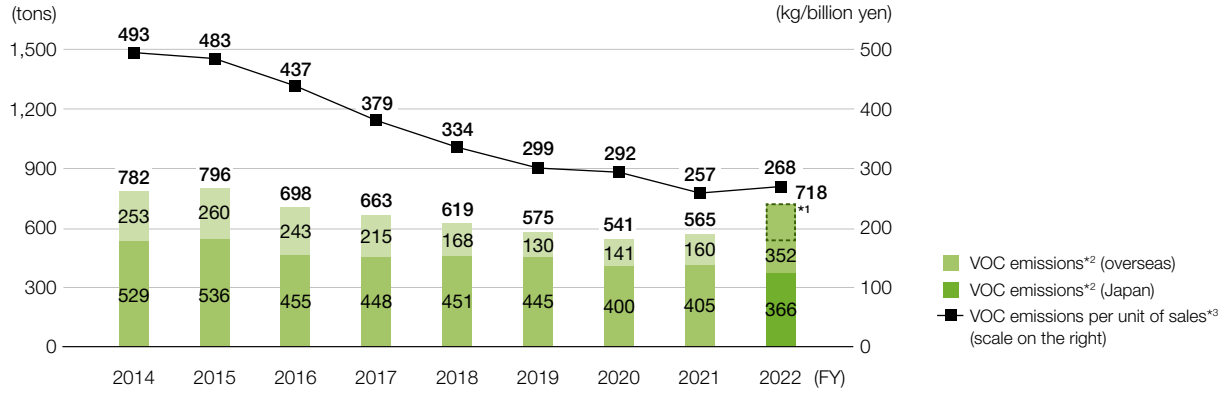
The Kubota Group sees controlling chemical substances as one of its materiality issues, and has been advancing initiatives toward reducing the burden on the environment from chemical substances, including the reduction of VOCs (volatile organic compounds) generated in coating processes at production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

VOC Emissions

In FY2022, VOC emissions were 718 tons, an increase of 27% compared to the previous year. VOC emissions per unit of sales were worsened by 4.2% year on year.

In Japan, VOC emissions were decreased by 39 tons owing to a drop in production volume at casting production sites and by virtue of measures aimed at improving painting processes at machinery production sites. Even though steps were taken to reduce VOC emissions mainly by switching to VOC-free paint, overseas emissions were increased by 192 tons due to the addition of new sites to the Group. VOC emissions per unit of sales were worsened because the volume of emissions outweighed the increase in consolidated revenue.

Trends in VOC Emissions and Emissions per Unit of Sales



*1 Includes emissions (221 t) from overseas companies acquired in FY2022
*2 VOCs comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
*3 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.

Measures to Reduce VOCs

The Kubota Group has established the Medium-Term Environmental Conservation Targets (p.28-32) and is working to reduce the emissions of VOC at production sites. The Group has been promoting the risk management of the chemical substances we handle and the reduction of VOC-containing materials, such as paint and thinner at production sites. Additionally, by promoting the introduction of paint robots, the Group achieved not only a reduction in VOC, but also improved productivity.

In FY2022, we worked to switch to VOC-free paints and expand the use of VOC removal devices.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2025 for VOC reduction, global production sites achieved a reduction of 16 tons in FY2022 compared to the case where countermeasures were not implemented from the previous year.

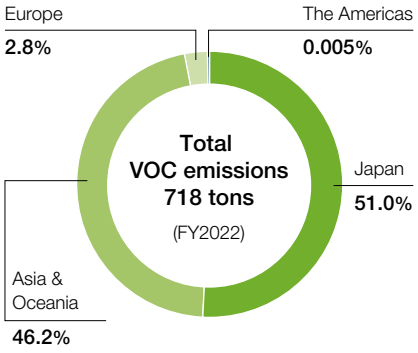

Kubota Engine (WUXI) Co., Ltd. (China) has installed a regenerative thermal oxidizer (RTO) and is working to reduce its VOC emissions.

The economic effects of these measures reached 40 million yen compared to the previous year. VOC emissions per unit of production in FY2022 improved by 37.6% compared to the base year (FY2014).

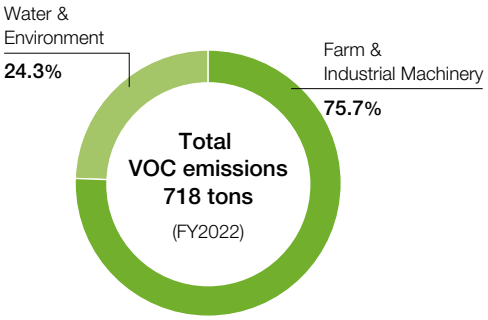
We will continue to promote the reduction of VOC emissions by introducing exhaust treatment equipment that is conscious of compliance with laws and the reduction of impacts on neighborhoods, in addition to the efforts to stop the use of VOC-containing paint and thinner or replace them with substitutes.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

VOC Emissions by Region

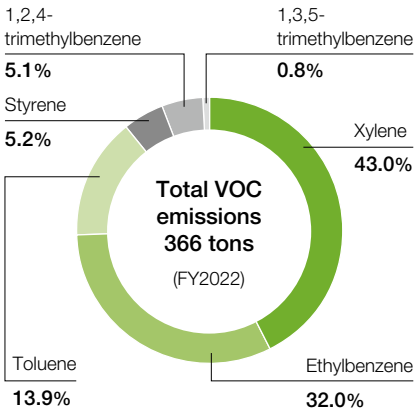


VOC Emissions by Business

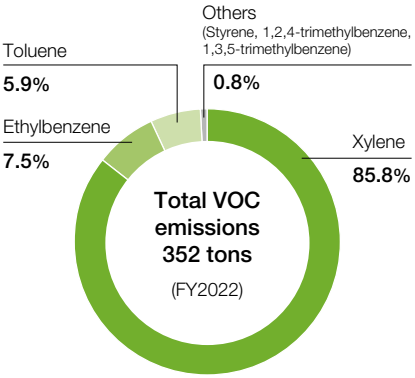


VOC Emissions by Substance

● Japan



● Overseas

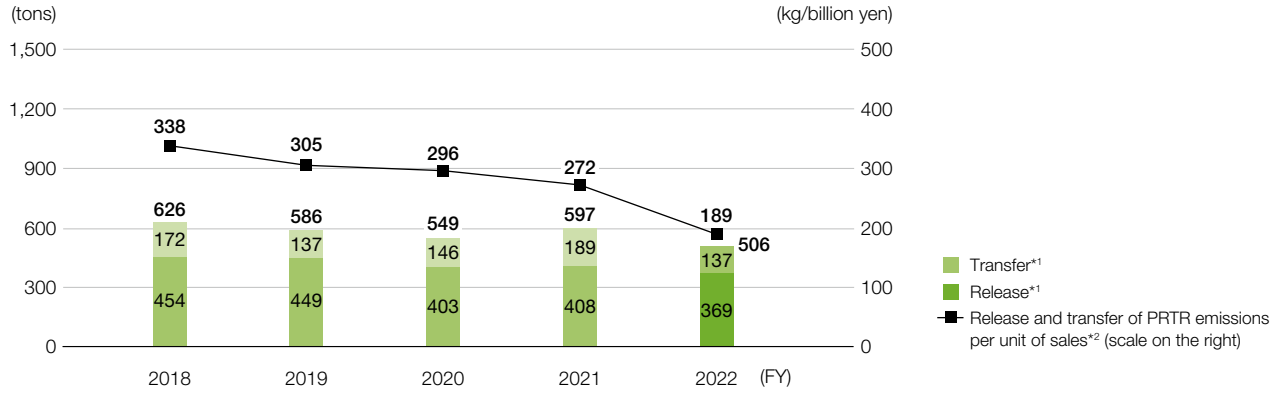


Release and Transfer of PRTR-designated Substances

In FY2022, a total of 506 tons of substances stipulated in the PRTR Law* were released and transferred, a decrease of 15.3% compared to the previous year. Additionally, the release and transfer per unit of sales improved by 30.5% compared to the previous year. Similar to reduction of VOC emissions, the Group is promoting the ongoing measures to reduce the PRTR-designated substances.

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

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



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

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

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 FY2022 were 5.3* tons for SOx (up 86.2% from the previous year), 65.3 tons for NOx (up 16.5%), and 37.2 tons for soot and dust (up 93.6%). The increases mainly owe to the addition of Escorts Kubota Ltd., a new Group company acquired in FY2022. We will continue to reduce emissions of air pollutants through initiatives such as controlling sources by fuel conversion and maintaining dust-collecting equipment.

* At a site in Japan, sulfur emissions are calculated, not from actual measurements of exhaust gas concentrations and amounts, but by making estimates based on the sulfur weights of raw materials, materials produced, and waste.
(Atmospheric emissions = coal input - iron produced - waste slag - waste dust)
If sulfur contained in the slag managed onsite at end of FY2022 (December 31, 2022) by the site was included, SOx emissions for FY2022 amounted to 4.9 tons.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

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 (FY2022)

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

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

[Major Initiatives]

1. Corporate activities
   1) At the design and development stage, we conduct product environmental assessments to evaluate the impact on natural capital.
   2) At the procurement stage, we present our Green Procurement Guidelines to our suppliers and require them to give consideration for biodiversity.
   3) At the production and logistics stages, we strive to reduce the environmental loads and environmental risks associated with operations at our sites and transport of materials.
   4) As part of our environmental management, we conduct environmental education and awareness-raising for employees to foster their recognition of the value of biodiversity and the importance of conservation activities.
   5) Our environmental communication initiatives include efforts to disseminate information about our biodiversity conservation activities.
2. Provision of products and services
   1) By providing products and services with less environmental loads through fuel efficiency and exhaust gas purification, for example, we are striving to lessen our impact on biodiversity.
   2) By providing water environment solutions such as wastewater treatment and waste treatment, we contribute to improving the ecosystems and nurturing environment for plants and animals.
   3) By providing products and services that contribute to urban infrastructure development that considers smart agriculture and the environment, we contribute to sustainable use of ecosystem services.
3. Social contribution activities
   1) Through our social contribution activity the Kubota e-Project supporting reclamation of abandoned farmland and conservation activities in rural and forest areas, we are promoting protection of the natural environment.
   2) We are promoting the beautification and greening of business sites and neighborhoods as well as protection of plants and animals.

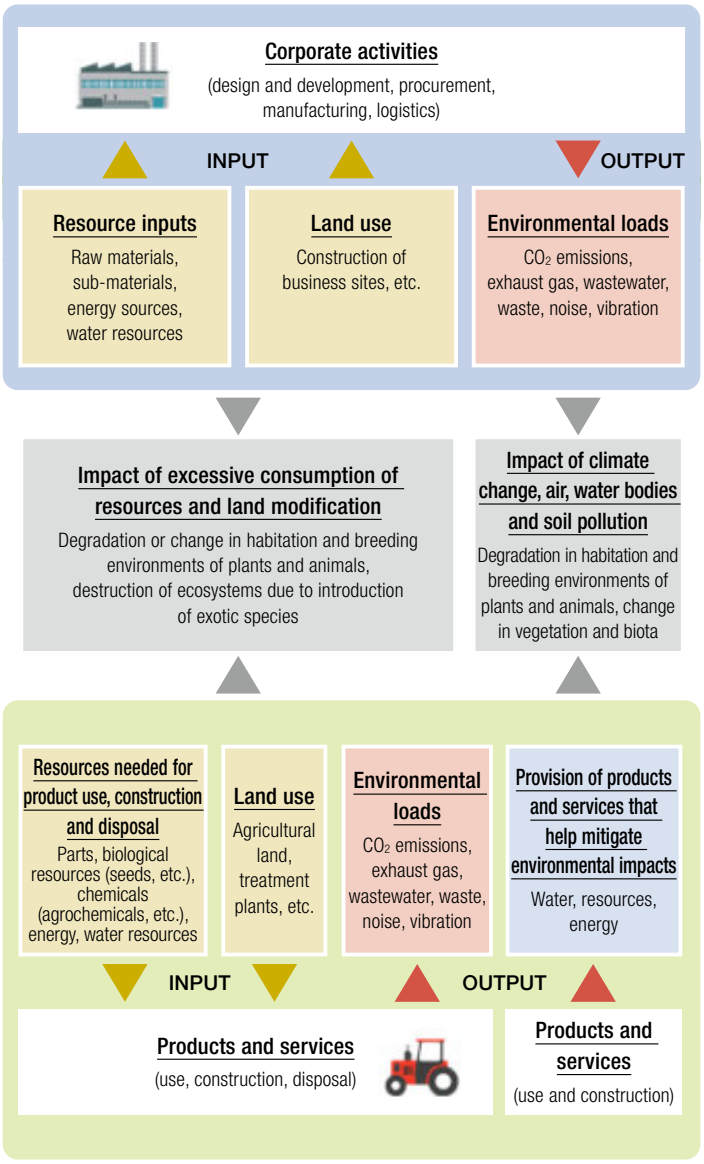
Evaluating our Relationship with Biodiversity

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 TNFD proposes that companies identify the scope of their corporate activities, evaluate what kind of biodiversity and natural capital their business activities are dependent upon in each region, as well as the impacts of their activities, analyzing how these impacts represent risks and opportunities for the company's initiatives. This analytical methodology is called the LEAP approach.

The chart below shows an overall picture of how the Kubota Group's corporate and social contribution activities are related to biodiversity. The assessment results for agriculture and water environment—the two fields thought to be important in terms of the relationship with biodiversity—are shown on the next page.

Relationship between the Kubota Group's activities and biodiversity



Management and reduction of environmental loads involved with corporate activities

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

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

Contributions through social contribution initiatives

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

- **Kubota e-Project** (supporting reclamation of abandoned farmland, Kubota Forest, nature experiences for elementary school students, etc.)
- **Kubota e-Day** (environmental beautification volunteers)
- **Greening our establishments, inside and outside and establishing a biotope**
- **Promoting conservation of the local natural environment and conservation of biodiversity**
- **Clean-up activities around business sites**

Impact reduction and environmental contributions through products and services

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

[Impact reduction]

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

[Contributions]

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

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/

LEAP Approach Assessment Results

Impact on Biodiversity in the Agricultural Field and Kubota's Contributions

By the year 2050 the world's population will be close to 10 billion, a large percentage of which will be in developing countries. Accordingly, demand for food is expected to increase. Guaranteeing agricultural crop yields will be key to solving this food crisis. However, the clearing of new farming land and the excessive use of pesticides and fertilizer to ensure sufficient crop yields have an adverse impact on biodiversity. Also, the relocation of suitable farming land owing to droughts, warmer temperatures, fluctuations in rainfall, and other weather events caused by climate change is leading to the clearing of new farming land and may encroach on the habitats of animals and plants. We therefore conducted an assessment based on the LEAP framework to take stock of the relationship between the Kubota Group's business activities and biodiversity in the field of agriculture.

Assessment of business in rice farming regions

Locate	Rice farming is prevalent in Japan and other parts of Asia and agricultural machinery and related products and services are widely used.
Evaluate	Pesticides and fertilizer: Pesticides and chemical fertilizers are used to boost yields. Excessive use leads to soil contamination and deterioration in water quality. Land: Clearing and deforestation could be carried out to expand farming land.
Assess	We operate a business in rice farming regions to provide agricultural machinery and related products and services. Risks: The possibility of farmers quitting the industry because of unsustainable agriculture and customer attrition owing to the provision of products with a low environmental performance. Opportunities: Expectations on Kubota to help protect biodiversity and drive revenue higher by providing machinery that contributes to productivity improvements in agriculture and solutions that realize sustainable farming practices.
Prepare	Minimize the negative impacts on ecosystems and habitats by providing products that contribute to greater crop yields and more appropriate rates of fertilizer application.
	Examples of our initiatives: • Our KSAS, smart agricultural machinery, and other products can contribute to improved farming productivity by way of precision agriculture and boost yields per unit area.

Assessment of business in dry farming and orcharding regions

Locate	Agricultural machinery and farm work implements are widely used in dry farming and fruit growing regions of Europe.
Evaluate	Pesticides and fertilizer: Excessive use leads to soil contamination and deterioration in water quality. Also, more stringent regulations on limiting the use of pesticides are currently being debated in the EU.
Assess	We operate a business in dry farming and orcharding regions to provide agricultural machinery and farm work implements. Risks: The possibility of farmers quitting the industry because of unsustainable agriculture and customer attrition owing to the provision of products with a low environmental performance. Opportunities: Expectations on Kubota to help protect biodiversity and drive revenue higher by providing machinery that contributes to productivity improvements in agriculture and solutions that realize sustainable farming practices.
Prepare	Minimize the negative impacts on ecosystems by providing products that restrict excessive pesticides and fertilizer application rates.
	Examples of our initiatives: • Our sprayers and drones can prevent excessive use and promote more appropriate application rates of pesticides and fertilizer.

Impact on Biodiversity in the Water Environment Field and Kubota's Contributions

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. When there is a drought, both humans and living creatures have a hard time getting the water they need to ensure their survival. In addition, the destruction of nature and pollution of the environment caused by the mining of natural resources can also have a negative impact on ecosystems. We therefore conducted an assessment based on the LEAP framework to take stock of the relationship between the Kubota Group's business activities and biodiversity in the water environment field.

Assessment of water-related business

Locate	In Asia there are regions that lack access to safe drinking water and regions without infrastructure to treat contaminated water.
Evaluate	There are many regions where water stress occurs locally, threatening the habitats of living things mainly as a result of a deterioration in water quality or lakes drying up.
Assess	We operate a business that contributes to the development, maintenance, and management of water infrastructure. Opportunities: Demand will increase for infrastructure and facilities to purify and effectively utilize water resources and contaminated water.
Prepare	Contribute to water infrastructure development and water recycling primarily by providing water supply and sewerage pipes and engineering for water treatment plants. This can help protect waterway environments and biodiversity.
	Examples of our initiatives: • By providing submerged membrane units, we can enable the removal of suspended solids or organic matter and the reuse of treated water for non-potable applications.

Assessment of resources-related business

Locate	Japan is dependent on overseas imports of phosphorus, metals, and other natural resources for use in fertilizers.
Evaluate	The mining of resources destroys much of the natural environment, deprives living things of their habitat, and can also lead to biodiversity loss.
Assess	We operate a business that promotes the recycling of resources. Opportunities: Demand for the recovery and recycling of resources will grow stronger because of the limitations placed on the mining of resources that adversely impact the natural environment.
Prepare	Help bring about a circular economy by providing recycling plants, such as facilities that pulverize and sort waste to recover metals, plastics, and other resources, and melting furnaces to extract materials that can be used as the source of chemical fertilizer from sewage sludge.
	Examples of our initiatives: • By providing crushing machines, we can help realize a recycling-oriented society by crushing waste to "produce" useful metals. • Through the use of sludge melting process technology, we can reduce the volume of waste and enable the sophisticated recovery of resources.

Conservation of Biodiversity around Business Sites

In FY2022, 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

At Kubota Engine (Thailand) Co., Ltd., we worked together with the local government to plant mangroves along the coast. Mangroves help protect biodiversity by preventing coastal erosion.

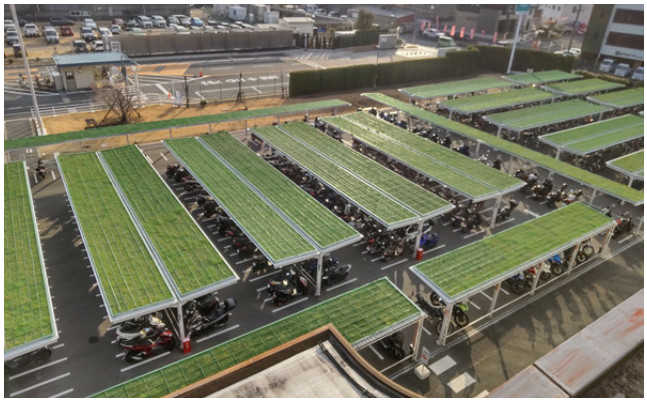
Beekeeping

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.

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.

Clean-Up Activities around Sites

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

At Kyushu Kubota Kasei Co., Ltd. (Japan), an assigned team conducts beautification activities around the plant every second month.

At Kubota Industrial Equipment Corporation (USA), we undertook cleanup activities on the public roads and car parks around the factory.

At Siam Kubota Corporation Co., Ltd. (Thailand), instead of the usual cleanups that were cancelled because of COVID-19, we made donations to an NPO that supports the activities of Buddhist temples.

Promoting Continuous Conservation Activities

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

We report to the Executive Officers' Meeting on energy consumption and emissions of CO_2, 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.

Expanding Environment-friendly Products and Services

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

Environmental Considerations in the Product Life Cycle

Major Initiatives to Ensure Environment-friendliness

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

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

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

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

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

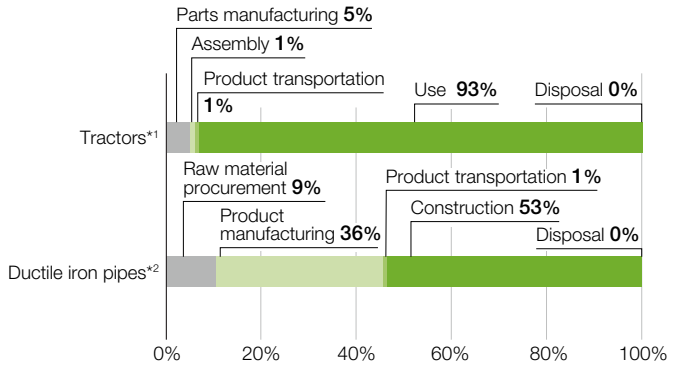
Use
- Reduction of fuel consumption
- Improving efficiency, saving labor for work and management
- Improving ease of maintenance, extending product life
- Reduction of exhaust gas
- Reduction of noise, vibration
- Next-generation power such as electrification

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

Analysis of Greenhouse Gas Emissions in the Product Life Cycle

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

Results of LCA: Proportions of Greenhouse Gases



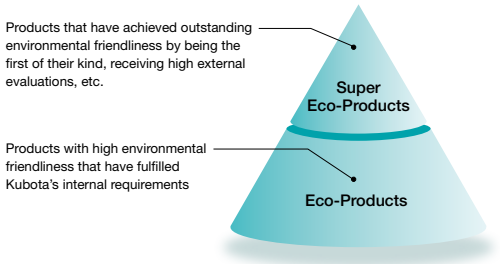
*1 LCA results for tractors were calculated based on the assumption of towing and transporting work for 5,000 hours by the M9540DTHQ-EC agricultural tractor in France.
*2 LCA results for ductile iron pipes were calculated based on the data reported in the "Study on Piping Technologies for Sustainable Water Supply Service" (Japan Water Research Center). The proportions of raw material procurement, manufacturing, and product transportation were determined according to Kubota's CO_2 emissions data.

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

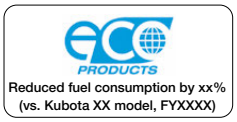
Internal Certification System for Eco-Products

Regarding the Internal Certification System for Eco-Products

The Kubota Group's internal certification system for Eco-Products was introduced to internally certify products with exceptional environmental friendliness. We evaluate products in accordance with matters related to the five basic items for environmental conservation in the Kubota Group's environmental management, namely, "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.



Example of an Eco-Product label

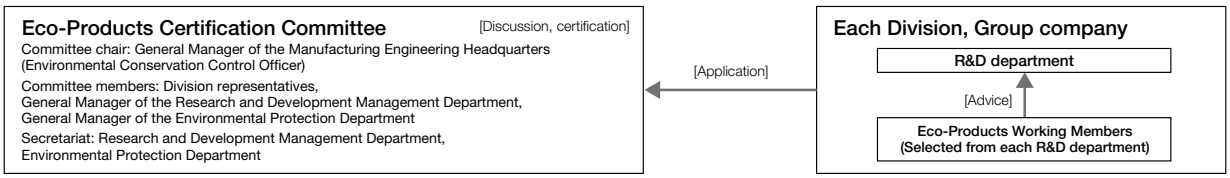


Eco-Products feature a label that shows their certification as Eco-Products.

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

Eco-Products Certification Committee

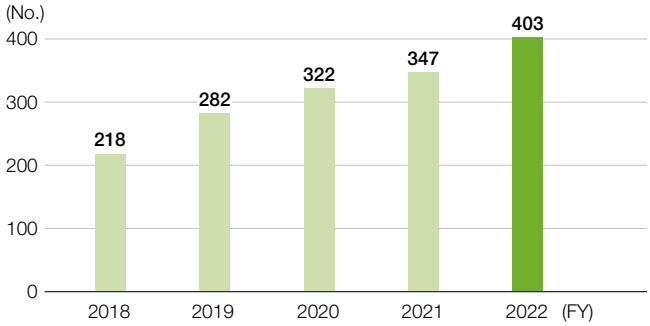
The Eco-Products Certification Committee, chaired by the General Manager of the Manufacturing Engineering Headquarters, consists of the committee members elected from each Division, as well as the Research and Development Management Department and the Environmental Protection Department. Upon receiving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



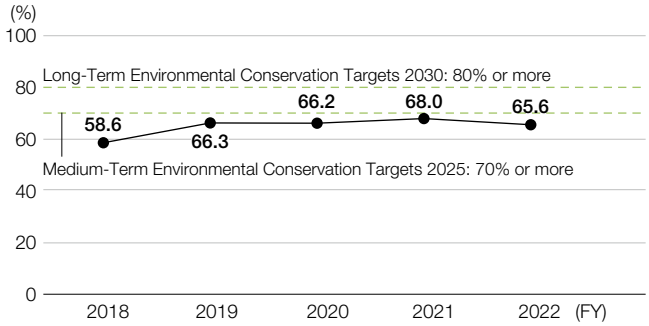
The Pathway to Expanding Certified Eco-Products

Based on our internal certification system established for Eco-Products, the Kubota Group certified an additional 56 products in FY2022, bringing the total number of certified Eco-Products to 403. The sales ratio of Eco-Products was 65.6% versus the Medium-Term Environmental Conservation Targets 2025 of 70% or higher. The sales ratio of Eco-Products comes to 69.7% when excluding Escorts Kubota Ltd., which was acquired in FY2022. Going forward, we will expand our Eco-Products lineup by continuing to promote the development of environment-friendly products demanded by our customers and society, including products that are energy-saving, lightweight, miniaturized, long-lived, easy maintenance, and compliant with environmental regulations.

Trends in Numbers of Eco-Product Certifications (Total)



Trends in Sales Ratio of Eco-Products*



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

Products Certified as Eco-Products in FY2022 (excerpt)

Agri Robo tractor
MR1000AH-A
(Unmanned vehicle)

[Key certification point]
Compliant with exhaust gas regulations

Tractor
MU series
MU5502 (India)

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

Corn combine harvesters
4YZB-4 (PRO1408Y-4) (G4) (China)

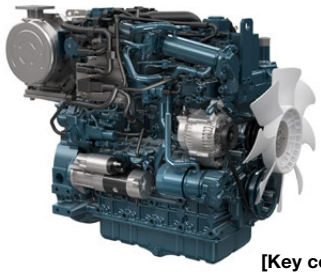
[Key certification point]
Compliant with exhaust gas regulations

Ride-on rice transplanter
SPV series
SPV-6CMD (ASEAN, India, etc.)

[Key certification point]
Conserving resources

Construction machinery
Mini excavator
KX060-5 (Korea)

[Key certification point]
Compliant with exhaust gas regulations



Diesel engine
07-E5 series
V3307-TE5A-BB2 (China)

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

Weighing Equipment
Micro flow rate NX feeder
NX-T12E-MP

[Key certification point]
Saving energy
Conserving resources

Devices for wastewater treatment facilities
MBR scouring air flow control system
MasPredict

[Key certification point]
Saving energy

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

Major Initiatives to Ensure Environment-friendliness by Product Group

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

Farm & Industrial Machinery

Product group	Major initiatives to ensure environment-friendliness	Life cycle				
		Procurement production	Distribution	Construction	Use	Disposal
Tractors	Reducing the number of parts	R				
	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing energy-saving and precision operation modes				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Rice transplanters	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing energy-saving and precision operation modes or multiple-function capacity to perform simultaneous operations				C	
	Reducing seedling cultivation-related materials by sparse planting or dense-sown seedling transplantation, and a straight-line maintenance function				R	
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Combine harvesters	Reducing the number of parts and weight	R				
	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing energy-saving and precision operation modes				C	
	Reducing fuel consumption with improved reaping accuracy by horizontal control of the vehicle body				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
KSAS (Kubota Smart Agri System)	Reducing fuel consumption per unit yield of agricultural machinery by improving farm work efficiency and increasing yield				C	
	Proper fertilizer application to prevent excessive fertilizers from flowing downstream				W	
	Facilitating self-maintenance and reducing mechanical problems by monitoring the operation status of agricultural machinery				R	
Cultivators	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing CO_2 emissions by electrification				C	
	Achieving zero CO_2 emissions by electrification				Ch	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Riding mowers	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing a unique mowing method to alleviate power load				C	
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Utility vehicles	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
	Reducing RoHS-designated substances					Ch
Agriculture-related products (color sorter, rice-milling machine, etc.)	Reducing the number of parts and weight		C			
	Reducing air consumption necessary for sorting of defective rice by improving the air injection accuracy of color sorters				C	
	Reducing power consumption of electronic circuits				C	
	Reducing power consumption of improved thermal insulation efficiency of low-temperature brown rice storage containers				C	
	Reducing electric power consumption during waiting time for fruit selector measurement				C	
	Reducing the noise of rice-milling machines				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
	Reducing RoHS-designated substances					Ch
Engines	Reducing fuel consumption by improving combustion efficiency and reducing losses				C	
	Accepting bio diesel/gasoline				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Reducing RoHS-designated substances					Ch
Construction machinery	Reducing environmentally hazardous substances contained in paint, electronic components, etc.	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by designing regulation-compliant on-board engines and introducing an energy-saving mode				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
	Reducing RoHS-designated substances					Ch
Precision machinery (Measuring instruments)	Reducing the number of parts and weight	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption of electronic circuits				C	
	Reducing electric power consumption of peripheral equipment during waiting time for truck scale measurement				C	
	Reducing the number of waste batteries by introducing energy-saving measuring instruments					R
	Reducing RoHS-designated substances					Ch

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

Water & Environment

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

Introduction of Examples of Initiatives to Ensure Environment-friendliness

Mini cultivator

Environmental performance through electrification

- Zero exhaust emissions
- Reduced CO_2 emissions
- Reduced noise

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

Riding diesel mower

Environmental performance through operational improvement

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

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

Humidity control outdoor-air processing unit

Environmental performance through more compact size

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

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

Plastic ribbed pipe

Environmental performance through change in shape

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

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

Combine harvester

Environmental performance through resource conservation

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

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

Johkasou, Decentralized wastewater treatment plant

Environmental performance through achieving a more compact size

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

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

Evolution and History of Environmentally Friendly Products and Services

Evolution and History of Iron Pipe

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

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

Evolution and History of Engines

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

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

Evolution and History of Scales

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

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

Evolution and History of Tractors

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

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

Evolution and History of Rice Transplanters

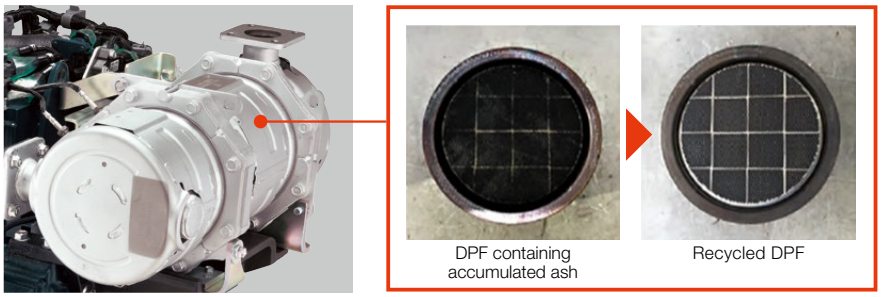
The Kubota Group developed the world's first walk-behind rice transplanter using seedling mats in 1968 with the aim of reducing the burden of planting rice. In order to meet demand for labor-saving measures precipitated by the subsequent decline in the number of farmers and the aging of Japan's population,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

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

Managing Used Products

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

DPF muffler



Provision of recycled products under the DPF Eco Program

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

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

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

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

Environmental Management

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

Compliance with Environmental Laws and Regulations

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

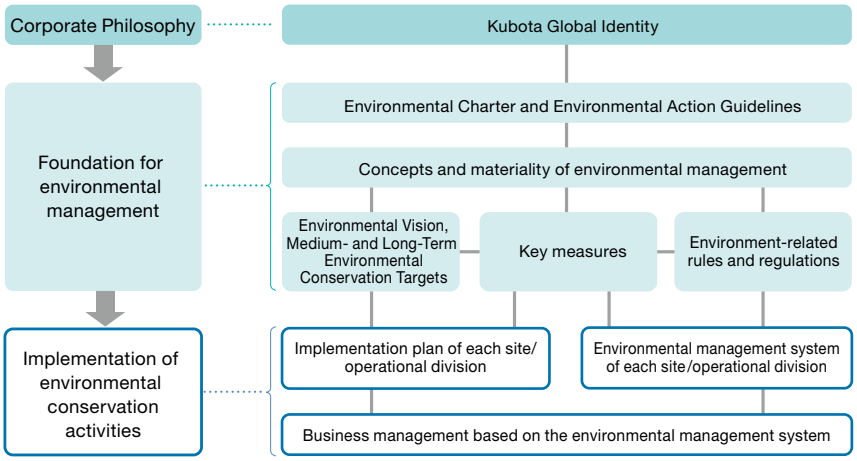
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance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

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

Despite these efforts, however, in FY2022 in Japan we had two cases of inappropriate disposal of equipment that uses chlorofluorocarbons (CFCs) and three cases of wastewater exceeding regulation levels. 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

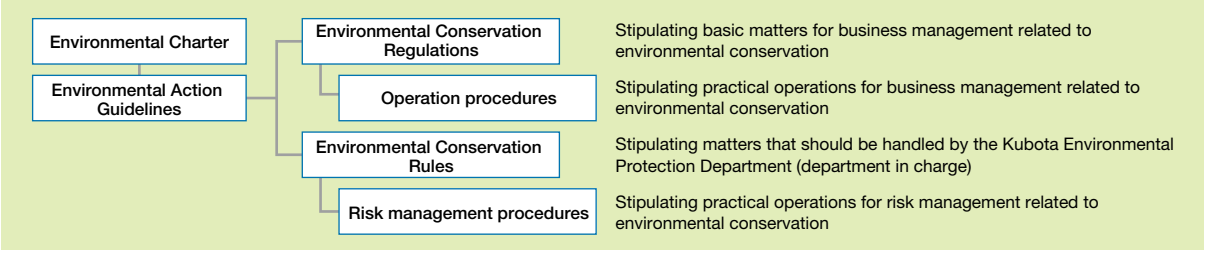
The diagram below shows the structure of the environmental management system of the Kubota Group.



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

Environmental Auditing

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

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

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

FY2022 Environmental audit
Kubota Itami Office (Japan)

* The FY2022 environmental audit involved both on-site and remote audits.

FY2022 Environmental Audit Implementation Status

- Number of sites: 294 (281 sites and 13 agricultural machinery sales companies)
- Number of audit items: 28 (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

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	90	13 companies*1	85	46	8	267
	Number of audit items	44	42	53	54	39	29	
Overseas group companies	Number of sites audited	27	—	—	—	—	—	27
	Number of audit items	28						

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

Environmental Risk Assessment

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

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

Environmental risk assessment
Kubota Tsukuba Plant (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. As far as industrial waste where there are large numbers of treatment contractors, the Kubota Group conducted investigations using its own on-site investigation appointing system that is run by its production sites, offices, sales companies, and other companies.

In FY2022, due to the COVID-19 pandemic, on-site investigations were conducted only at sites where on-site checking was required due to local government ordinances and so forth. At other sites, we conducted investigations based on published information of treatment contractors and so forth. Looking ahead, we will continue to conduct investigations that increase validity to promote appropriate treatment.

Green Procurement

Green Procurement Guidelines

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

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

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

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

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

Award System for Green Procurement

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

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

In 2022, of the 123 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.

FY2022 Awarding ceremony (January 2023)

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.

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 2022

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

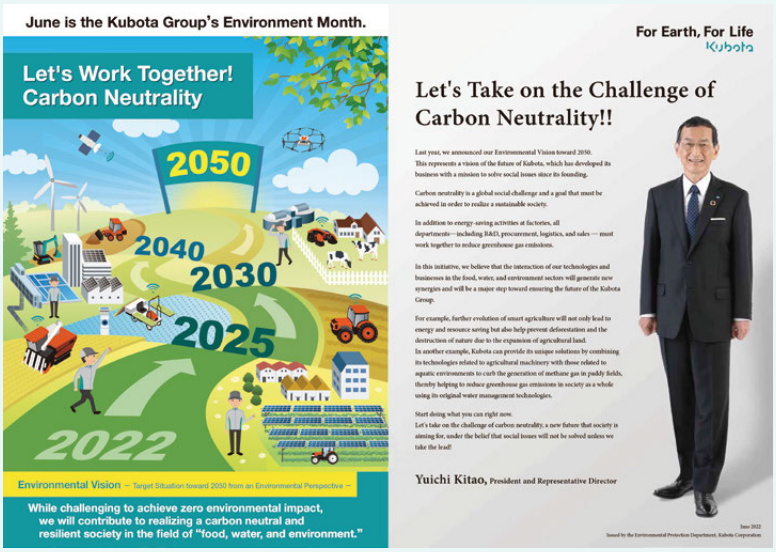
Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	ESG Forum for executive management	1	240	Lecture entitled "The Yanagi Model—Relationships Between ESG and Corporate Value" delivered by Dr. Ryohei Yanagi (PhD in Economics), Visiting Professor at the Graduate School of Accountancy, Waseda University, Executive Advisor at Abeam Consulting Ltd., and former CFO at Eisai Co., Ltd.
	Training for new employees in staff positions	1	225	Global and local environmental issues and the Kubota Group's environmental conservation activities
	Training for newly appointed foremen	1	14	The Kubota Group's environmental management and efforts as foremen
	Training for newly appointed supervisors	2	44	The Kubota Group's environmental management and efforts as supervisors
Professional education by subject	Basics of environmental management	1	16	Basic knowledge of environmental legal systems, environmental risk, and environmental conservation
	Waste management (Basic)	2	31	Waste Management and Public Cleansing Law and waste management
	Waste management (Advanced)	1	8	Waste management and resource recycling related laws and waste management and reduction
	Environment-related facility management	1	5	Pollution prevention-related laws and pollution prevention technologies
	Education to train ISO 14001 environmental auditors	2	59	The ISO 14001 standard, environment-related laws, audit techniques
e-learning	Environmental management in offices	1	502	Key points of environmental management in offices
	Enhancing sensitivity to environmental risks	1	3,378	Training on enhancing sensitivity to environmental risks at production sites
Total		14	4,522	

Environment Month Report

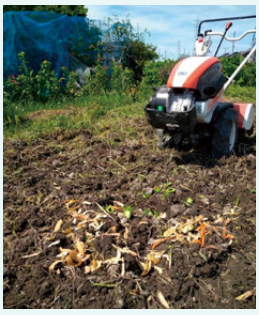
Raising Environmental Awareness of Employees and Families through the Kubota Eco-Challenge

The Kubota Group designates June of each year as “Environment Month” and promotes various programs to raise awareness among its employees. In 2022, we implemented activities with the theme of “Let’s Work Together! 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 (2022)



Compost recycling

Coastline cleanups

Tree planting

Participation in electric vehicle rallies

Environmental Achievement Awards

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

In FY2022, environmental conservation activities were evaluated in five categories: production, non-production, products, education and awareness-raising, and social contributions. Twenty-two activities were recognized with an award for achievements in energy-saving, waste reduction, VOC reduction, development of environmentally friendly products, and contributions to education and awareness. 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 activating environmental conservation activities.

Environmental Achievement Award Excellent Prize in 2022

Category	Company, department	Theme
Production	Siam Kubota Corporation Co., Ltd.	Zero emission activities spearheaded by inter-departmental collaboration
	Siam Kubota Metal Technology Co., Ltd.	Energy savings from improved compressor room heat dissipation

Environmental Achievement Awards in 2022 by categories

Category	Classification, No. of winners
Production	Excellent Prize: 2, Encouragement Award: 13
Non-production	Encouragement Award: 1

Category	Classification, No. of winners
Product	Encouragement Award: 5
Education and awareness-raising	Education and Awareness-Raising Award: 1

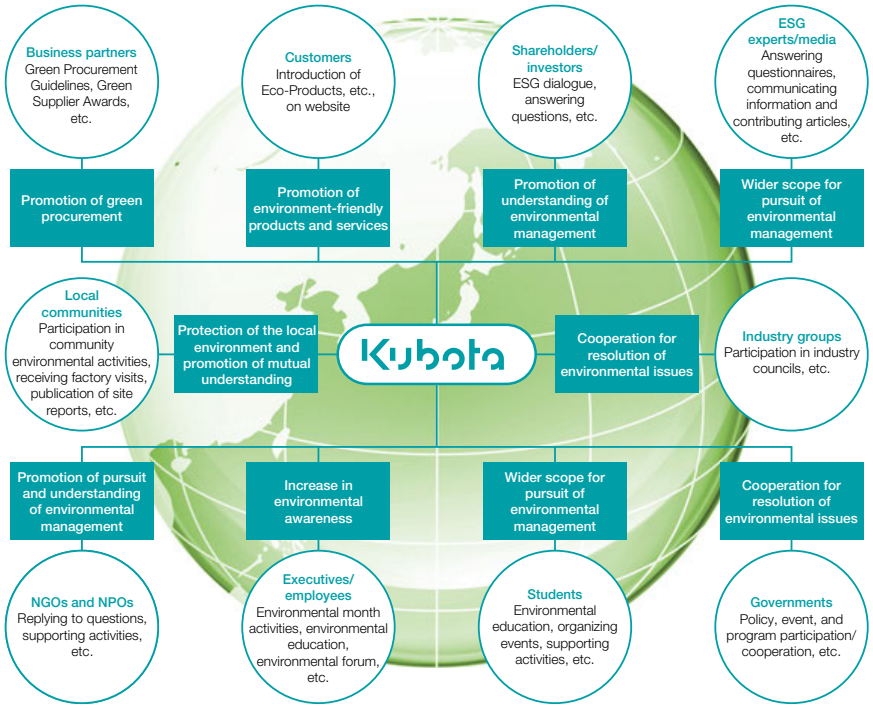
Environmental Communication

Since it published its first Environmental Report in FY1999, the Kubota Group has continued to disclose 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 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 participates in the "Fun to Share" campaign by the Ministry of the Environment to tackle climate change toward the realization of a low-carbon society, the "Cool Choice" national movement to encourage smart choices contributing to measures against global warming, and the Water Project to raise awareness concerning water circulation and conservation of the water environment. In addition, the Group was also selected as a "Zero-Emissions Challenge" company in the Ministry of Economy, Trade and Industry's project for promoting innovation to realize a decarbonized society.

Zero-Emissions Challenge logo

Participating in Industry Groups

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

- **Major participating groups**

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

Support for the TCFD Recommendations

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

Participation in JCI activities

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

Dialogue and Collaboration with Local Governments

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

- **Major collaborating groups/partners**

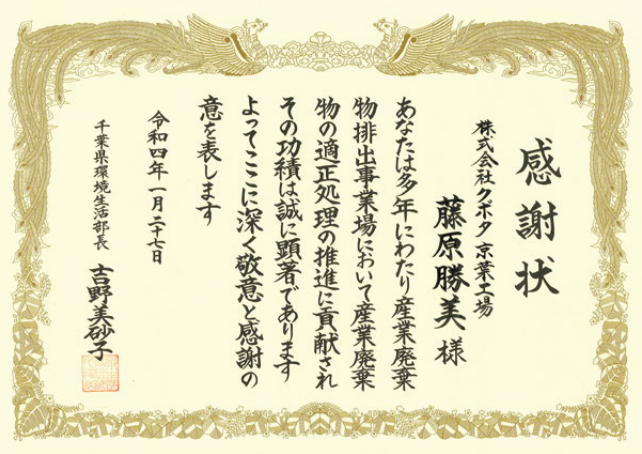
Gifu Prefecture "Consortium for Forest Technology Development and Promotion," Osaka City "Environmental Management Promotion Council," sponsored flowerbeds in front of the Kyuhoji Green Space in Osaka Prefecture, and so on.

Receiving Environmental Awards

Employee at Kubota Keiyo Plant Receives Certificate of Appreciation from Chiba Prefecture

Katsumi Fujiwara, an employee at the Kubota Keiyo Plant (Japan) in charge of environment and safety for many years, was presented with a certificate of appreciation from Chiba Prefecture for his contributions to promoting the appropriate treatment of industrial waste.

The certificate is awarded to people who have worked for many years as a technical manager, as prescribed in Article 21 of the Waste Management and Public Cleansing Act, and played a major role in the appropriate treatment of industrial waste at business sites that discharge industrial waste.


感謝状

株式会社クボタ 京葉工場
藤原勝美 様

あなたは多年にわたり産業廃棄物排出事業場において産業廃棄物の適正処理の推進に貢献されその功績は誠に顕著であります
よってここに深く敬意と感謝の意を表します

令和四年一月二十七日

千葉県環境生活部長 吉野美砂子

Certificate of appreciation from Chiba Prefecture (Japan)

Siam Kubota Corporation Co., Ltd. (Amata City Plant) Receives Amata Best Waste Management Platinum Award for 9th Consecutive Year

The Amata Best Waste Management award held by Amata Facility Service Company of Thailand was inaugurated in 2014. Held every year since then, the award is presented to plants that properly manage their industrial waste. It aims to promote the 3Rs (Reduce-Reuse-Recycle) and conduct appropriate and efficient industrial waste management processes at plants in Chonburi Industrial Estate and Rayong Industrial Estate, Amata City. In 2022, Siam Kubota Corporation Co., Ltd. (Amata City Plant) received the platinum award, (in the three tier evaluation comprised of silver, gold and platinum awards), for the 9th consecutive year since the award was inaugurated.


AMATA
FACILITY SERVICES
Platinum
บริษัท อมตะ ฟาซิลิตี้ เซอร์วิส จำกัด
ขอประกาศเกียรติคุณเพื่อแสดงว่า
บริษัท สยามคูโบต้าคอร์ปอเรชั่น จำกัด
เป็นโรงงานอุตสาหกรรมที่มีการจัดการกากอุตสาหกรรมและมูลฝอยอย่างมีประสิทธิภาพ
ภายใต้โครงการ "การจัดการกากอุตสาหกรรมและมูลฝอยในโรงงาน
นิคมอุตสาหกรรมอมตะซิตี้ ชลบุรี และ ระยอง ประจำปี 2565"
(AMATA BEST WASTE MANAGEMENT AWARDS 2022)
ผ่านการประเมินระดับ : Platinum Con. (Excellence)
นายอัครเรศร์ ภูช่วย
กรรมการผู้จัดการ
บริษัท อมตะ ฟาซิลิตี้ เซอร์วิส จำกัด
ให้ไว้ ณ วันที่ 8 ธันวาคม 2565

Platinum Award certificate

Kubota Manufacturing of America Corporation Receives Environmental Responsibility Award

The Greater Hall Chamber of Commerce in the U.S. state of Georgia held its 14th Industry of the Year Awards ceremony at Lanier Technical College. The awards are presented to outstanding local manufacturers and processing firms in the fields of HR development, safety, corporate responsibility, and environmental responsibility. Kubota Manufacturing of America Corporation took home the environmental responsibility award in the large employer category (200+ employees).

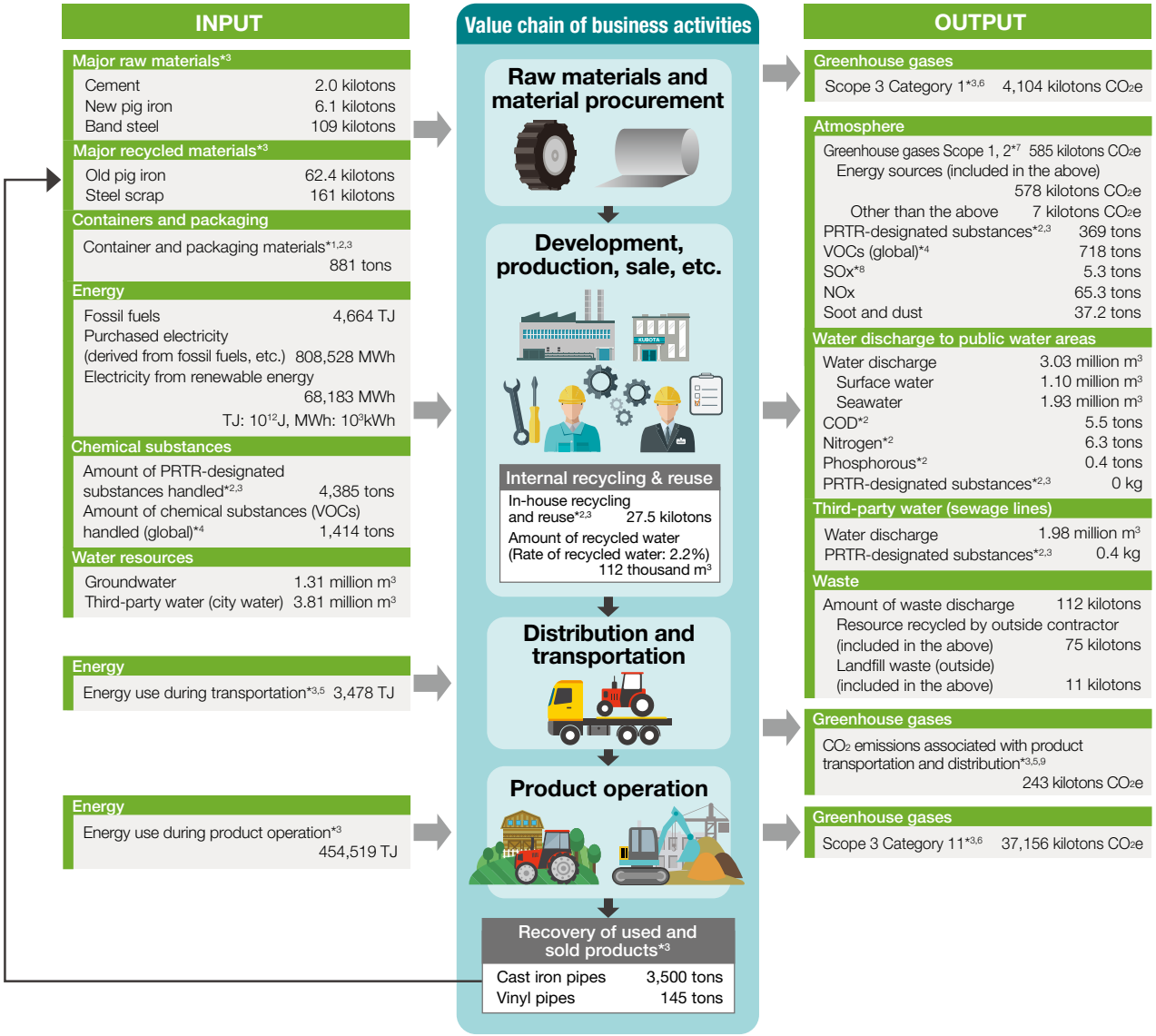
Employees that played a part in winning the award

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 FY2022. 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 FY2022)



*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 Not subject to the third-party assurance
*4 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
*5 Data for Japan and data associated with the overseas shipping of certain products from Japan, excluding procurement and transportation
*6 For Greenhouse gases Scope 3, only part of the categories are presented. For more details, see the CO_2 Emissions throughout the Value Chain (p.39).
*7 CO_2 emissions refers to emissions from all Kubota Group sites (100%).
*8 If sulfur contained in the slag managed onsite at end of year (December 31, 2022) by some sites in Japan is included, SOx emissions for FY2022 amounted to 4.9 tons.
*9 CO_2 emissions excluding procurement and transportation from Scope 3 Category 4

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Trends in Major Environmental Indicators

Energy

Environmental indicators			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy	Amount of fossil fuel consumption		TJ	4,687	4,641	4,400	4,732	4,664
		Natural gas included in the above*1	TJ	2,501	2,561	2,450	2,690	2,696
	Amount of electricity consumption derived from fossil fuels	Amount of purchased electricity (derived from fossil fuels, etc.)	MWh	767,255	756,013	708,209	770,262	808,528
		Amount of electricity from cogeneration*1	MWh	1,805	2,274	2,398	2,597	2,326
	Amount of electricity consumption from renewable energy	Amount of solar power generation (generated and consumed on site)	MWh	2,412	2,604	5,683	6,244	10,179
		Amount of purchased electricity (from renewable energy)	MWh	0	0	0	5,184	58,005

Environmental indicators		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy	Energy consumption	TJ	12,234	12,075	11,362	12,319	12,642

CO_2 Emissions

Environmental indicators			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Greenhouse gases	Scope 1, 2*2		kilotons CO_2e	647	630	570	613	585
		Energy sources	kilotons CO_2e	640	623	564	607	578
		Other than the above	kilotons CO_2e	7	7	6	6	7

Resources and Materials*1

Environmental indicators		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Major raw materials	Cement	kilotons	4.9	3.4	2.8	2.4	2.0
	New pig iron	kilotons	9.7	8.8	6.4	7.8	6.1
	Band steel	kilotons	121	112	100	114	109
Major recycled materials	Old pig iron	kilotons	71.8	74.2	69.2	77.0	62.4
	Steel scrap	kilotons	193	183	172	177	161
Containers and packaging	Container and packaging materials (Japan)*3	tons	922	973	879	1,005	881

Waste

Environmental indicators			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Waste, others	Amount of waste discharge*4		kilotons	120	113	100	117	112
	Hazardous/non-hazardous waste	Hazardous waste	kilotons	5.3	5.5	6.1	6.3	6.3
		Non-hazardous waste*5	kilotons	114	108	94	111	105
	By treatment category	Resource recycled by outside contractor	kilotons	92	79	66	79	75
		Landfill waste (outside)	kilotons	10	12	11	13	11

*1 Not subject to the third-party assurance
*2 CO_2 emissions refers to emissions from all Kubota Group sites (100%).
*3 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, Japan
*4 Totals shown may differ from the simple sum of values shown due to rounding.
*5 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.88).

Water Resources

Environmental indicators*1		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Water withdrawal		million m^3	4.88	4.59	4.36	4.61	5.12
	Surface water		0.00	0.00	0.00	0.00	0.00
	Groundwater		0.99	0.87	0.79	0.80	1.31
	Seawater		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*2)		3.89	3.72	3.57	3.81	3.81

Environmental indicators*3		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Water withdrawal from water-stressed regions		million m^3	0.23	0.24	0.25	0.30	0.70
	Surface water		0.00	0.00	0.00	0.00	0.00
	Groundwater		0.00	0.00	0.01	0.05	0.40
	Seawater		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*2)		0.23	0.24	0.24	0.25	0.30

Water System Discharge

Environmental indicators*1		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total water discharge in all regions		million m^3	5.12	4.77	4.37	4.88	5.01
	Surface water		1.48	1.39	1.31	1.46	1.10
	Groundwater		0.00	0.00	0.00	0.00	0.00
	Seawater		2.14	1.87	1.70	1.90	1.93
	Third-party water (sewerage)		1.50	1.51	1.36	1.52	1.98
COD (Japan)*4		tons	8.6	7.6	5.8	6.3	5.5
Nitrogen discharge (Japan)*4		tons	6.9	6.2	5.8	6.2	6.3
Phosphorous discharge (Japan)*4		tons	0.38	0.30	0.30	0.34	0.35
Amount of PRTR-designated substances released (Japan: public waters)*3		kg	0.9	0.6	0.4	0.0	0.0
Amount of PRTR-designated substances transferred (Japan: sewerage)*3		kg	0.1	0.2	0.4	0.5	0.4

*1 Categories for water withdrawal and water discharge have been added to the ESG Report 2023. This change has been retroactively applied to prior years.
*2 City water includes service water and water for industrial use.
*3 Not subject to the third-party assurance
*4 Total water discharge from business sites subject to total emission control to public waters (surface water, groundwater, seawater).

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Chemical Substances

	Environmental indicators	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Chemical substances	Amount of PRTR-designated substances handled (Japan)*1	tons	5,339	4,918	4,276	4,426	4,385
	Amount of chemical substances (VOCs) handled (global)*2	tons	1,707	1,412	1,291	1,302	1,414

Atmospheric Discharge

	Environmental indicators	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Atmosphere	Amount of PRTR-designated substances released (Japan)*1	tons	454	449	403	408	369
	VOC emissions*2	tons	619	575	541	565	718
	SOx emissions*3, 4	tons	9.9	3.9	7.9	2.9	5.3
	NOx emissions*3	tons	49.7	47.3	50.8	56.1	65.3
	Soot and dust emissions*3	tons	11.6	11.1	16.3	19.2	37.2

*1 Not subject to the third-party assurance
*2 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
*3 Japan data is for facilities that generate soot and smoke and are regulated by the Air Pollution Control Act. Overseas data from 2018 through 2021 is for facilities subjected to measurement requirements under local laws and regulations where business sites are located. Data for 2022 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 7.8 tons for FY2018, 5.3 tons for FY2019, 4.3 tons for FY2020, 5.0 tons for FY2021, and 4.9 tons for FY2022.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

Calculation Results of PRTR-designated Substances

FY2022 Results of PRTR Reporting (Japan)

Number specified in PRTR	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
51	2-Ethylhexanoic acid	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	117,240	0.0	0.0	0.0	0.0	13,452
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	157,368	0.0	0.0	0.0	0.0	19,820
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	6,570
132	Cobalt and its compounds	0.4	0.0	0.0	0.0	0.0	4.4
188	N,N-Dicyclohexylamine	0.0	0.0	0.0	0.0	0.0	892
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	223
240	Styrene	19,034	0.0	0.0	0.0	0.0	0.0
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0
296	1,2,4-trimethylbenzene	18,598	0.0	0.0	0.0	0.0	6,414
297	1,3,5-trimethylbenzene	3,007	0.0	0.0	0.0	0.0	1,173
300	Toluene	50,655	0.0	0.0	0.0	0.0	12,415
302	Naphthalene	2,879	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	98	0.0	0.0	0.0	0.4	3,771
308	Nickel	4.4	0.0	0.0	0.0	0.0	307
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
352	Diallyl phthalate	60	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	0.1	0.0	0.0	0.0	0.0	176
392	N-hexane	27	0.0	0.0	0.0	0.0	0.0
400	Benzene	4.4	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	71,386
448	Methylenebis (4,1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	0.0
453	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
Total		368,975	0.0	0.0	0.0	0.4	136,604

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

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

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.88).

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	FY2021		FY2022	
			Investment	Expenses	Investment	Expenses
Within the business area cost			867	3,939	1,472	2,994
	Local environmental conservation cost	Cost of preventing air and water pollution, soil contamination, noise, and vibration.	294	458	736	509
	Global environmental conservation cost	Prevention of climate change, etc.	573	1,121	703	1,054
	Resource recycling cost	Cost of treating, disposing, reducing, minimizing, and recycling waste, as well as efficiently utilizing resources	0	2,360	33	1,431
Upstream and downstream costs		Collection of used products and commercialization of recycled products	0	127	0	23
Management activities cost		Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	0	1,624	6	1,833
R&D cost		R&D for reducing of product environmental load and developing environment conservation equipment	690	9,409	2,237	10,879
	Farm & Industrial Machinery		295	5,521	822	6,124
	Water & Environment		219	3,172	948	3,341
	Common		176	716	467	1,414
Social activities cost		Local cleanup activities, and membership fees and contributions to environmental groups, etc.	0	0.6	0	1
Environmental remediation cost		Contributions and impositions, etc.	0	93	0	106
Total			1,557	15,193	3,715	15,836

Total capital investment (including land) for the corresponding period (consolidated data)	169,400
Total R&D costs for the corresponding period	88,300

Environmental Conservation Effects

Effects	Items	FY2021	FY2022
Environmental effects related to resources input into business activities	Energy consumption (TJ)	7,613	7,294
	Water withdrawal (million m^3)	3.49	3.54
Environmental effect related to waste or environmental impact originating from business activities	CO_2 emissions (energy-related CO_2) (kilotons CO_2e)	403	367
	SOx emissions (tons)	2.0	2.0
	NOx emissions (tons)	36.0	27.6
	Soot and dust emissions (tons)	2.9	5.4
	Releases and transfers of PRTR-designated substances (tons)	597	506
	Waste discharge (kilotons)	71.7	65.6
	Waste to external landfills (kilotons)	1.9	2.2

Economic Effects

(Yen in millions)

Classifications	Details	Annual effects of the year ended December 31, 2022
Energy conservation measures	Improve the operations of production facilities, fuel conversion, and switch to more efficient lighting and air-conditioning systems	184
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	1,875
	Sales of valuable resources	2,570
Total		4,629

<Environmental accounting principles>
1) The period is from January 1, 2022 to December 31, 2022.
2) The data of business sites in Japan is considered in the calculation.
3) Data was calculated referring to the Environmental Accounting Guidelines 2005, published by Japan's Ministry of the Environment.
4) "Expenses" includes depreciation costs.
Depreciation cost was calculated based on the standards applied to Kubota's financial accounting, and assets acquired in and after 1998 were considered in the calculation.
"Management activities" and "R&D costs" include personnel expenses.
"Resource recycling costs" does not include costs incurred during disposal of construction waste at construction sites.
"R&D costs" represents that which was spent on environmental purposes, calculated on a pro-rata basis.
5) "Economic effects" is obtained only by adding up tangible results and does not include estimated effects.

Status of Environmental Management System Certification Acquisition

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

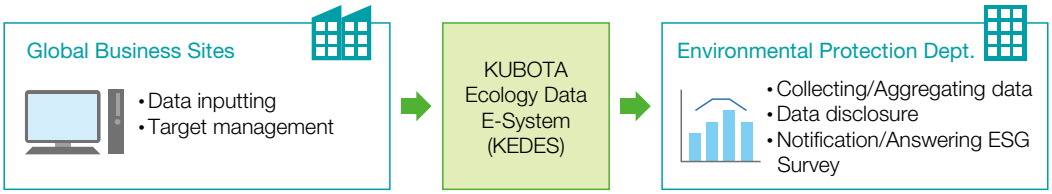
As of the end of December 2022, 50 of the Group's 72 production sites worldwide (acquisition rate of 69%) have acquired environmental management system certification. In Japan, all of its 24 production sites (acquisition rate of 100%) have acquired ISO 14001 certification. Of its 48 overseas production sites, 26 sites (acquisition rate of 54%) have acquired ISO 14001 certification or other certification for environmental management systems. The Kubota Group will make continuous efforts to raise the acquisition rate of the certification.

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

Calculation Standards of Environmental Performance Indicators

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

*1 Although the accounting period of FY2015 is nine months (April 2015 to December 2015) due to the change of the account closing time, the period for the environmental data is set to be a year. Consolidated net sales used to calculate the environmental load per unit of consolidated net sales (CO_2 emissions, energy use, CO_2 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 Fede, 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 CO_2-related

Indicator (unit)	Calculation method
Energy use (J)	• Energy use = Amount of purchased electricity consumed at business sites × per-unit heat value + Σ [amount of each fuel consumed × per-unit heat value of each fuel] Energy consumption does not include electricity from cogeneration and solar power generation (generated and consumed on site). • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan. However, for purchased electricity (from renewable energy) a heat conversion coefficient of 3.6 GJ/MWh is used.
CO_2 emissions (tons CO_2e)	• CO_2 emissions = CO_2 emissions from energy sources + non-energy source greenhouse gas emissions • CO_2 emissions from energy sources = Amount of purchased electricity consumed at business sites × CO_2 emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO_2 emission coefficient of each fuel] • Non-energy source greenhouse gas emissions = CO_2 emissions from non-energy sources + non-CO_2 greenhouse gas emissions • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan. • CO_2 emission coefficients [FY2014 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) <Electricity> Data for Japan is basic emission coefficients for each electricity utility, and overseas data is according to the GHG emissions from purchased electricity (GHG Protocol). [FY2016 to FY2022] <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. <Electricity> • Data for Japan is from basic emission coefficients (effective emission coefficients) for each electricity utility • Overseas data is according to emission coefficients for each electricity utility, CO_2 Emissions from Fuel Combustion (IEA) or Emission Factors (IEA) and The Emissions & Generation Resource Integrated Database (eGRID) (EPA). • The method for calculating non-energy source greenhouse gas emissions is based on the Manual for Calculation and Report of Greenhouse Gas Emissions (by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Energy use during transportation (J)	• Energy use during transportation = Σ [Freight traffic by truck × Fuel consumption per ton-kilometer × per-unit heat value] + Σ [Freight traffic by rail and water × Energy use (heat value) per unit ton-kilometer] • Calculation method is from "Energy Conservation Laws: Guide to Promoting Shipper's Energy Saving, 6th Edition" (Agency for Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry) • In addition to the data for Japan for the Company's own shipments excluding procurement and transportation, energy use associated with the overseas shipping of certain products from Japan has been included from FY2018.
Energy use during product operation (J)	• 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 (%)	• Ratio of renewable energy usage (%) = amount of electricity consumption from renewable energy / (amount of electricity consumption from renewable energy + amount of purchased electricity (derived from fossil fuels)) • Amount of electricity consumption from renewable energy = amount of solar power generation (generated and consumed on site) + amount of purchased electricity (from renewable energy) • The amount of electricity consumption from renewable energy is the amount of electricity consumed that was generated by solar power and hydro power, etc.

Energy and CO_2-related

Indicator (unit)	Calculation method
Scope 3 emissions (tons CO_2e)	• 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.3.2)
Category 1 Resource extraction, manufacture and transportation related to purchased goods/ services	• Σ [Production volume × CO_2 emissions per unit] • Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.), engines (external sales), ductile iron pipes, plastic pipes, pumps, air-conditioners, *Johkasou* • Production volume: Number of units shipped for agricultural machinery, riding mowers, utility vehicles, construction machinery, engines, pumps, air-conditioners, and *Johkasou*. Production weight for ductile iron pipes and plastic pipes. • CO_2 emissions per unit: Estimated from the CO_2 emissions per unit of production of the product CO_2 emissions per unit have been adjusted for each product in FY2022 in order to improve accuracy.
Category 2 Manufacture and transportation of capital goods such as purchased equipment	• Equipment investment amount × CO_2 emissions per unit
Category 3 Resource extraction, manufacture and transportation related to purchased fuels/ energy	• Σ[Purchased electricity and fuel consumed at business sites × CO_2 emissions per unit] • CO_2 emission units are based on the LCI database IDEA version 2.3 (Research Laboratory for IDEA, Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology, and Sustainable Management Promotion Organization)
Category 4 Upstream transportation and distribution	• [CO_2 emissions associated with procurement and transportation] = Procurement amount × CO_2 emissions per unit known to Kubota • [CO_2 emissions associated with product transportation] = Σ [Fuel consumption for freight shipment by truck × CO_2 emission per ton-kilometer by fuel of transportation] + Σ [Fuel consumption for freight shipment by rail and water × CO_2 emission per ton-kilometer by means of transportation] • Calculation method is based on the ton-kilometer method stipulated in the Manual for Calculation and Report of Greenhouse Gas Emission (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) • In addition to the data for Japan, CO_2 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 CO_2 emissions associated with Kubota's transportation of waste. • CO_2 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	• Σ [Amount of waste discharge by type × CO_2 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	• Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] • Transportation expenses paid by method of transport are for airline tickets and railway tickets. • For a part of the overseas subsidiaries, estimate by multiplying the net sales of the subsidiaries in each of the regions and countries mentioned by the ratio of transportation expenses for each method of travel included in the net sales of major subsidiaries in Europe, America, Asia and China.
Category 7 Employee commuting	• Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] • The amount of transportation expenses is for the amount paid for railway tickets and car travel. • CO_2 emissions from overseas subsidiaries have been included in addition to the data for Japan. For overseas subsidiaries, the data is partially estimated by multiplying the ratios of transportation expenses for each means of transportation among the number of employees at major subsidiaries by the number of employees at each subsidiary.
Category 9 Downstream Transportation and Distribution	• Amount of customer goods sold × CO_2 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	• Σ [Sales volume of intermediate products × CO_2 emissions per unit] • Intermediate products: Engines (external sales only) • CO_2 emissions per unit: CO_2 emissions per unit at Kubota Group's processing plants from FY2016-2020
Category 11 Use of products sold	• Σ [Volume of products shipped × CO_2 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, *Johkasou*, plant equipment • Shipment volume: Number of units shipped for agricultural machinery, riding mowers, utility vehicles, construction machinery, engines, pumps, air-conditioners, *Johkasou*, and plant equipment. Production weight for ductile iron pipes and plastic pipes. • CO_2 emissions per unit: Fuel consumption per hour × Annual hours of use × Years of lifespan × per unit heat value of each fuel × CO_2 emission coefficient of each fuel (calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product) CO_2 emissions per unit have been adjusted for each product in FY2022 in order to improve accuracy. • Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Category 12 End-of-life treatment of sold products	• Σ [Volume of products shipped × CO_2 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, *Johkasou* • Shipment volume: Number of units shipped for agricultural machinery, riding mowers, utility vehicles, construction machinery, engines, pumps, air-conditioners, and *Johkasou*. Production weight for ductile iron pipes and plastic pipes. • CO_2 emissions per unit: estimated CO_2 emissions per unit of product

Waste-related

Indicator (unit)	Calculation method
In-house recycling and reuse (tons)	• The amount of resources that are reused or recycled in-house at each Kubota Group business site, and the amount of resources transferred for the purpose of reuse and recycling among Kubota Group business sites
Amount of waste, etc., discharge (tons)	• Amount of waste, etc., discharge = sales amount of valuable resources + amount of waste discharge
Amount of valuable resources sold (tons)	• The amount of unneeded resources generated within the Kubota Group that are sold outside the Group
Amount of waste discharge (tons)	• Amount of waste discharge = Amount of industrial waste discharge + Amount of general waste discharge from business activities
Hazardous waste (tons)	• In Japan, specially controlled industrial waste as defined in the Waste Management and Public Cleansing Law; Overseas, 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)	• 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 (%)	• Recycling ratio = (Sales amount of valuable resources + external recycling amount) / (Sales amount of valuable resources + external recycling amount + amount of landfill disposal) × 100 • External recycling amount includes heat recovery

Water-related

Indicator (unit)	Calculation method
Water withdrawal (m^3)	• Water withdrawal = surface water + groundwater + seawater + 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)	• Water discharge = surface water + groundwater + seawater + third-party water (sewage) • Water discharge includes rain and spring water at some business sites
Amount of recycled water (m^3)	• Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
Rate of recycled water (%)	• Rate of recycled water = Amount of recycled water / (Water withdrawal + Amount of recycled water) × 100
COD (tons) Nitrogen discharge (tons) Phosphorus discharge (tons)	• 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 • Targeting business sites subject to total emission control in Japan

Chemical Substance-related

Indicator (unit)	Calculation method
Amount of PRTR-designated substances handled (tons)	• Total amount of chemical substances handled at Japanese sites, which are designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Law) whose amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances) per year
Amount of PRTR-designated substances released and transferred (tons)	• Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law at Japanese sites and whose annual total amount handled by each business site is one ton or more (or 0.5 ton or more in case of Specific Class I Designated Chemical Substances). • Amount released = amount discharged to the atmosphere + amount discharged to public water areas + amount discharged to soil + amount disposed of by landfill in the premises of the business site • Amount transferred = amount discharged to sewerage + amount transferred out of the business site as waste • The amount of each substance released and transferred is calculated in accordance with the Manual for PRTR Release Estimation Methods Ver. 4.2 (March 2018) of Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry, and the Manual for PRTR Release Estimation Methods in the Steel Industry Ver. 13 (March 2014) of the Japan Iron and Steel Federation.
Amount of chemical substances (VOC) handled (tons)	• The total amount handled at each site of the six substances of xylene; toluene; ethylbenzene; styrene; 1,2,4-trimethylbenzene; 1,3,5-trimethylbenzene that are at each site handled in amounts of one ton or more per year
VOC emissions (tons)	• The total emissions of the six substances of xylene; toluene; ethylbenzene; styrene; 1,2,4-trimethylbenzene; 1,3,5-trimethylbenzene that are at each site handled in amounts of one ton or more per year
SOx emissions (tons) NOx emissions (tons) Soot and dust emissions (tons)	• SOx emissions = Amount of fuel consumed (kg) × sulfur content in the fuel × (1 – desulfurization efficiency) × 64/32 or SOx emissions = {(amount of coke consumed × sulfur content in coke) - (amount of molten metal × sulfur content in molten metal) – (volume of slag, dust, etc. × sulfur content in slag, dust, etc.)} × 64/32 or SOx emissions = SOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility • NOx emissions = NOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility • Soot and dust emissions = soot and dust concentration × amount of gas emitted per hour × annual operation hours of the relevant facility • Japan: Facilities that generate soot and smoke and are regulated by the Air Pollution Control Act. Overseas: [2018 to 2021] • Facilities subjected to measurement requirements under local laws and regulations where business sites are located. [2022] • 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 (%)	• Sales ratio of Eco-Products = Sales of Eco-Products / sales of products (excluding construction work, services, software, parts, and accessories) × 100
Usage ratio of recycled materials (%)	• Usage ratio of recycled materials = Σ {production volume of target products at each production site × usage ratio of recycled materials at each production site} / total production weight of target products • Usage ratio of recycled materials at each production site = Amount of recycled materials input in the melting process at each production site / total material input amount of materials at each production site × 100 • Target products: Cast metal products and parts manufactured by the Kubota Group (such as ductile iron pipes, fittings, machine cast products (engine crankcase, etc.)) • The amount of recycled materials input and the total material input amount does not include the indirect materials that are not the constituent materials of the casting products and parts. • The amount of recycled materials input does not include the amount of reusage of defective processed products and offcuts, etc., that arise in the manufacturing process on the site.

Third-Party Assurance of Environmental Report

Since 2004, the Kubota Group has received third-party assurance for the purpose of improving the reliability and comprehensiveness of its environmental data. Information that is marked with a symbol indicates that the information has been assessed by a third party. Based on the third-party assurance obtained this reporting year, the Kubota Group ESG Report 2023 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.
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Independent Practitioner's Assurance Report

To the President and Representative Director of Kubota Corporation

We have undertaken a limited assurance engagement of the environmental information indicated with for the year ended December 31, 2022 (the "Environmental Information") included in the "Kubota Group ESG REPORT 2023" (the "Report") of Kubota Corporation (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Environmental Information in accordance with the calculation and reporting standard adopted by the Company (the Report P.88-92). 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 Control

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 Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Environmental 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 Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

Deloitte Tohmatsu Sustainability Co. Ltd.

Deloitte Tohmatsu Sustainability Co., Ltd.
Tokyo, Japan
June 13, 2023

Member of
Deloitte Touche Tohmatsu Limited

Factory Visit

Kubota Tsukuba Plant

J-SUS Symbol

This symbol indicates that an assurance was undertaken by an assurance body certified by J-SUS regarding the reliability of the environmental data presented in the Kubota Group ESG Report 2023.

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

Chapter 3

S Social Report

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>

Relationships with Our Customers

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 with Japan as its hub by clarifying the roles of its R&D sites in Japan and overseas.

Strengthening Regional Marketing and R&D

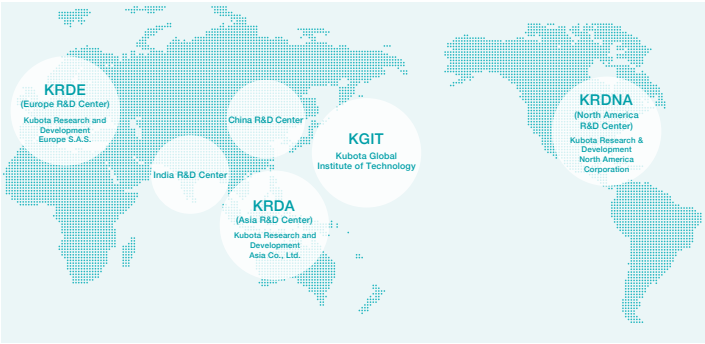
Since Kubota began developing its business overseas, it has followed a model of exporting products researched, developed, and manufactured in Japan, then introducing local production later on. However, in order to grow into a "Global Major Brand" making the maximum contribution to society based on the trust of a wide customer base, 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 a new R&D site in 2022, the Kubota Global Institute of Technology, 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 Centers



R&D site in France established in 2021

New R&D site in North America established in 2022

New 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, which includes automobiles, buses, trucks, ships, and other products close to agricultural and construction machinery, efforts are ramping up to harness new motive power sources, including electrification, use of hydrogen, such as fuel cells and hydrogen engines, e-fuel (synthetic fuel), and HVO (hydrogenated vegetable oil). Kubota is also promoting R&D on new power sources for agricultural and construction machinery. In terms of electrification specifically, in 2023 we launched sales of a battery electric vehicle (BEV) tractor and are advancing with the commercialization of a BEV mini excavator. 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 tractor monitoring trial
(tractor shown is a development model)

Strengthening Partnerships in R&D

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

Cooperation with Local Government

Kubota has concluded cooperation agreements in the agricultural field with local governments including those of Shintotsukawa Town in Hokkaido, Daisen City in Akita Prefecture, and Niigata Prefecture, and will promote initiatives that contribute to advancing agriculture at both the local and national levels. At Shintotsukawa and Daisen, our activities include initiatives to promote ‘smart agriculture’ and to cultivate human resources as the next generation of farmers. In Niigata meanwhile, we are engaged in activities to promote the export of locally grown rice and initiatives to promote smart agriculture in line with the sustainable food systems strategy currently being rolled out by Japan’s Ministry of Agriculture, Forestry and Fisheries.

R&D with External Partners

Through investments in start-ups here in Japan and overseas, Kubota is gaining a deeper knowledge of advanced agritech and ecotech and new business models, and is accelerating the development of solutions for agriculture and the water environment. In 2022, we invested in a U.S. start-up that is building a platform for fruit, vegetable, and nut growers to collect and provide a variety of products and services ranging from procurement of materials, seeds, and drugs, to planning and managing farm operations, to post-harvest quality assessment and transportation, and an Israeli start-up that provides services to digitize the entire post-harvest fruit and vegetable quality control process.

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

Co-Creation with Public Institutions and Universities

Kubota is strengthening its cooperation with public institutions and national and international universities in order to concentrate wide-ranging knowledge and technologies. In 2021, we concluded an industry and academia cooperation agreement with the University of Tokyo. Under the agreement, the two companies will work to illuminate and model natural phenomena and phenomena related to material circulation by using both of their knowledge, technology, and networks in the fields of food, water, and the environment under the theme of "What the Earth Can Achieve in 100 Years."

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

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

Production / Quality Control

Strengthening Production Systems

Building a Global Production System

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

● Establishment of overseas bases (from 2011)

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

● Expansion of local production

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

Deployment and Dissemination of the Kubota Production System

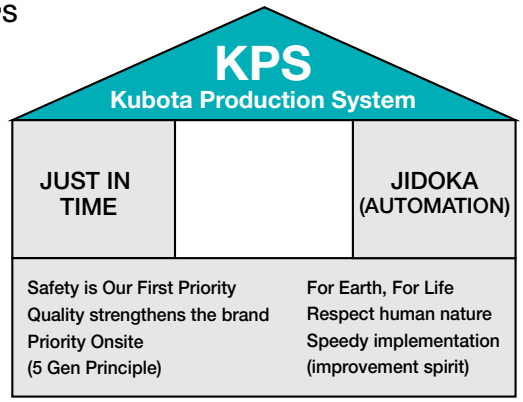
Kubota Production System

- Kubota's basic principle for manufacturing
  Kubota aims to achieve manufacturing that impresses customers by offering products and services that exceed customers' needs at a speed beyond their expectations.
- Kubota Production System
  Kubota Production System (KPS) is the fundamental concept and perspective of the Kubota Group's manufacturing.
  While adhering to the basic philosophy, KPS is based on "just-in-time" and "Jidoka (automation)," and continuously pursues thorough elimination of waste.

Activities during 2022

- We confirm the status of activities at domestic production sites and hold periodic "site follow-ups" to follow up on improvement activities.
  Through site follow-ups, we expand examples of good activities at sites, and provide support for sites as needed to accelerate KPS for the entire Company.
- At each manufacturing base we are working to shorten manufacturing lead times and 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 researching and examining tools for supporting and visualizing human operations. We have begun the introduction of some tools, such as voice support systems, at several sites in Japan.

Structure of KPS



Maintaining and Improving Quality

1. Product Safety

Kubota strives to satisfy customers and secure their trust by providing products, technologies, and services that are safe and of the highest quality. In 2022, we filed seven recall notices.

Recall Filing Status in FY2022

- Recall of KL series tractors : Total 43,759 units (notice filed December 23, 2022)
- Recall of M7 series tractors : Total 731 units (notice filed November 28, 2022)
- Recall of wheel loaders (provisional measure) : Total 2,192 units (notice filed March 15, 2022)
- Recall of MR series tractors : Total 6,569 units (notice filed March 15, 2022)
- Recall of MZ/SMZ series tractors : Total 9,710 units (notice filed March 15, 2022)
- Recall of GM/MZ/SMZ/MR/NEW MR series tractors : Total 28,090 units (notice filed March 15, 2022)
- Recall of wheel loaders : Total 319 units (notice filed February 22, 2022)

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 drive the digital transformation required to resolve compliance and quality issues. The forum included the presentation of concrete examples.

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

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

Completion rate among Kubota Group employees in Japan* 100%; completion rate among overseas Kubota Group employees 95%

* 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	225
Technical new recruit training	1	170
Internal auditor training	8	142

Training name	Number of sessions	Number of recipients
New supervisor training	2	43
New foreman training	1	12

3. Initiatives to Increase Quality

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

Quality Improvement in Design and Development

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

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

QC Circle Activity Award

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

Kubota first introduced quality control circles in 1967 for the purpose of “fostering people” and “revitalizing the workplace.” As of 2022, there were 387 circles active across Kubota Group companies in Japan and abroad.

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

Quality Achievement Award

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

In 2022, Kubota gave out awards in 11 categories.

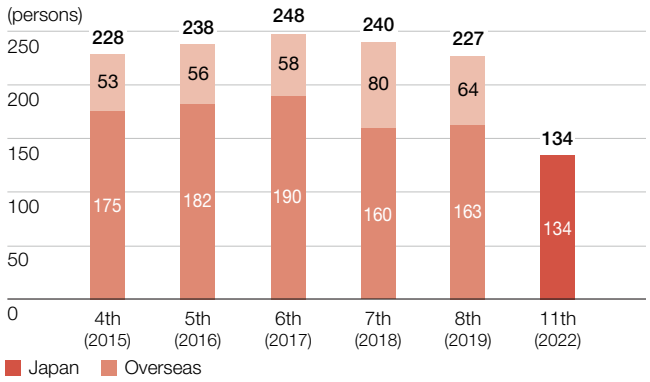
Ensuring Skills to Maintain Customer Satisfaction

Holding the Kubota Group Technical Skills Competition

Kubota holds the Kubota Group Technical Skills Competition with the aim of improving manufacturing capabilities. At the 8th competition in 2019, a total of 227 contestants from 28 bases in 10 countries gathered and put their technical skills to the test in 15 categories, including casting, lathing, finishing and welding. The number of contestants from overseas has increased to approximately 30% of all contestants, and the contest has become a fixture as a global event for the Kubota Group. Unfortunately, due to the impact of COVID-19, the 9th and 10th competitions (2020 and 2021) could not be held at Group-wide level. However, with measures in place to prevent infection, the 11th competition in 2022 marked the resumption of contests at Group level within Japan, with regional contests held overseas. The contest provides an important opportunity for contestants, staff members of the competition, and the supporters to acquaint themselves with the skill levels of each base, communicate with each other, and get motivated. Kubota will continue to hold this competition, with the aim of further improving its manufacturing capabilities.

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

No. of Contestants in the Technical Skills Competition



Group photo at the European competition

Participating in National Skills Competition

To showcase the Kubota Group's commitment to the highest standard of manufacturing skills and to cultivate human resources to take leadership roles in the workplace, Kubota participates in the annual National Skills Competition*, sending representatives to compete in the categories of lathing, mechanical device assembly, mechatronics engineering, and construction steel working. At the 60th competition in 2022, 15 Kubota competitors participated, coming home with three awards in the mechanical device assembly category, one silver, one bronze, and one Medallion for Excellence.

* 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.

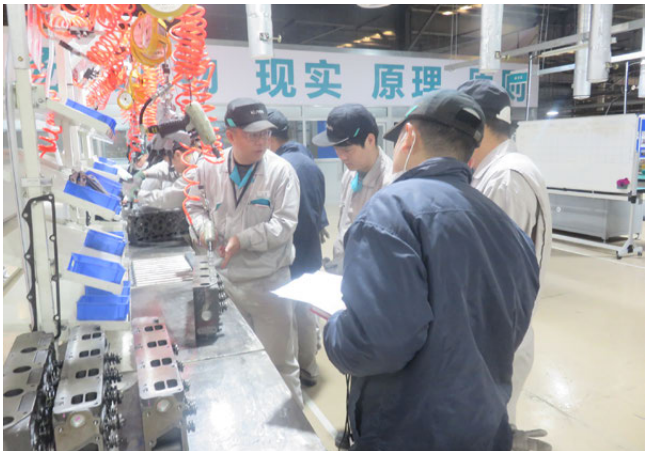

At the 60th Competition in 2022, Kubota employees won one silver award, one bronze, and one Medallion for Excellence

Fostering Manufacturing Personnel to Establish Kubota as a Global Major Brand

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

The “5-Gen Principle” is implemented to achieve site improvements necessary to advance KPS. The 5-Gen encompasses a philosophy based on the actual site (Genba), actual things (Genbutsu), actual facts (Genjitsu), principles (Genri) and basic rules (Gensoku). The 5-Gen Dojo is a training place for fostering employees who will implement improvements aimed at closing the gap that can arise between the actual and the ideal. In FY2022, 273 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 will continue to expand the 5-Gen Dojo initiative overseas.



Training at the 5-Gen Dojo in China.

Participants by country (Jan. 2022–Dec. 2022)

- Japan : 153
- North America : 84
- Thailand : 0 (Due to the impact of the COVID-19 pandemic, activities in FY2022 are concentrated on e-learning and related activities.)
- China : 36

5-Gen Dojo History

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

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 which 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.

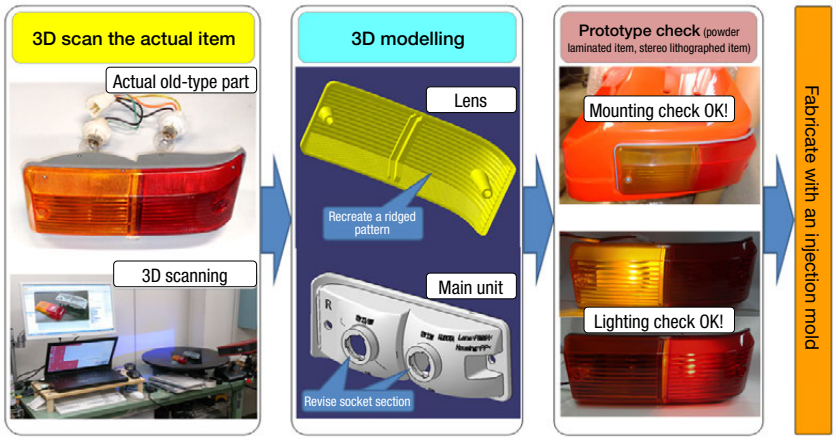
Example case 1—Seat

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

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

Case Example 2—Lamp

Redesigned by reverse engineering using 3D scanning



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

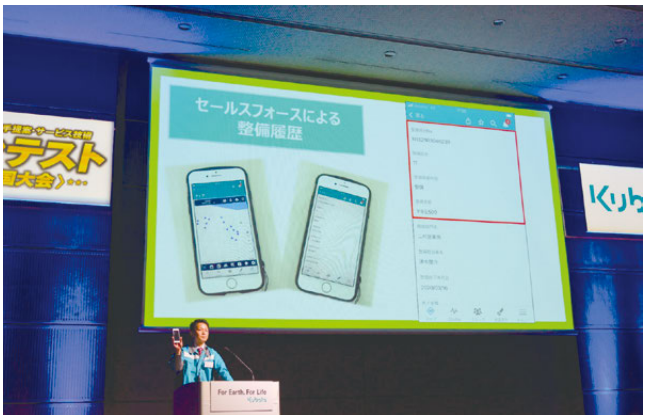
Contest for Solution Proposals and Service Technology Skills

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

In the 2022 nationwide contest, nine 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 presentation of the proposals. Held face-to-face for the first time in three years, the contest saw enthusiastic participation.

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

The 2022 nationwide event was a historic occasion as the first contest to be held since 2019, following a 3-year break due to the COVID-19 pandemic, and the 44th overall.

To reflect the expanding scale of the market and the needs of the farmers who are our customers, the model chosen for use in the contest was a large tractor of the MR series. Among the many other changes this time were the holding of the contest for the first time at Kyoto Pulse Plaza and the official participation of Shin Taiwan Kubota Co., Ltd., but the efforts of the participants and all others involved ensured the success of the event. 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 2022)

Service Technical Skills Contest (held in 2022)

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, as well as our products.

"Overall customer satisfaction with store where purchased" for July 2021 to June 2022 stood at 65.7 points, almost unchanged from the 66.0 points of the previous year (surveyed from July 2020 to June 2021).

Kubota will continue to make efforts to improve customer satisfaction.

Relationships with Business Partners

Procurement

Procurement Policy

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

Basic approach to materials procurement

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

Promoting CSR Procurement Based on Established Guidelines

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

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

The Kubota Group CSR Procurement Guidelines

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

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

Self-Assessments of CSR Procurement

Since FY2018 we have requested our major suppliers in Japan to conduct a self-assessment of CSR procurement. We provide feedback to each company after clarifying where improvements can be made. For items returning a low score, we ask our suppliers to voluntarily make improvements. We also provide support on improving CSR procurement by meeting with or visiting companies, if deemed necessary based on the self-assessment results. In FY2022 we asked around 220 major suppliers in Japan to conduct a self-assessment. We began requesting similar self-assessments of our overseas bases in 2020 as well.

Handling of Conflict Minerals

Policy on conflict minerals

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

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

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

Activities

Written Inquiry

We use a conflict minerals reporting template (CMRT) to mainly confirm whether our suppliers are using conflict minerals, to identify smelters, and to gauge what kind of initiatives they are employing to address the issue of conflict minerals. We endeavor to improve the accuracy of the information we receive by asking our suppliers to resubmit the report if their answers are insufficient. In FY2022, 100% of the templates we sent out were returned.

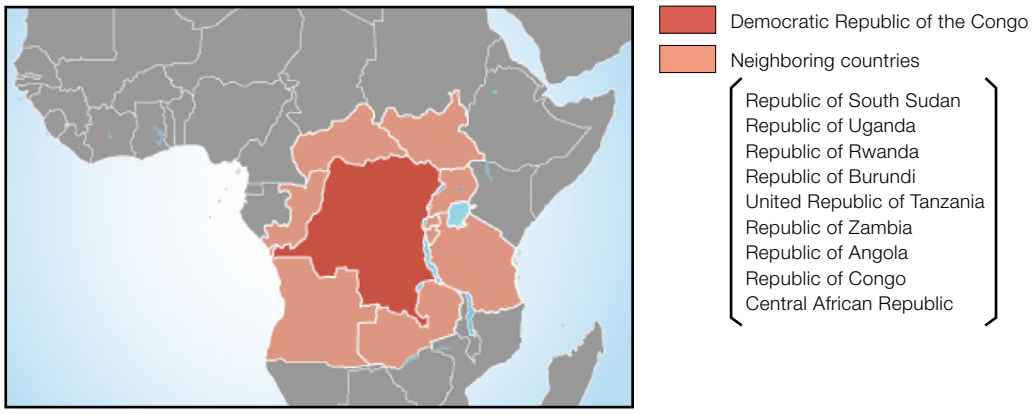
Addressing Risks

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

Response Unit

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

Democratic Republic of the Congo and Adjoining Countries



Promoting Optimal Regional Procurement and Supplier Quality/Productivity

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

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

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

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

Information Security Measures Kubota Requests its Business Partners to Implement

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

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

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

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

Green Procurement

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

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

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

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

Click here for details of the Green Procurement activities.

Registration in "Declaration of Partnership Building"

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

Supplier Hotline

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

Business Continuity Planning in the Supply Chain

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

Relationships with Shareholders and Investors

Constructive Dialogue with Shareholders

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

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

Dialogue with Individual Shareholders

In 2022, we invited individual shareholders to a rugby match played by the Kubota Spears Funabashi TOKYO-BAY team and to a hands-on agricultural harvesting event and winery tour at Hanamaki in Iwate Prefecture. We also offered online company information sessions and a wide range of other opportunities for shareholders to learn about Kubota's corporate philosophy and business activities. Additionally, we participated for the first time in three years in the Nikkei IR Fair, held as both an online and a physical event, where we took the opportunity for face-to-face dialogue with individual investors.

Going forward we will continue to use a variety of tools to provide information on our corporate philosophy and business activities and thereby secure the empathy of our stakeholders.

Information for private Investors
www.kubota.com/ir/individual/

Business briefing at the Art Paysan Winery

The event included a tour of the wine-making facilities

The investor relations briefing was followed by a lively question-and-answer session

Dialogue with Institutional Investors and Analysts

Kubota Corporation has approximately 340 individual and group meetings per year with institutional investors and analysts. Kubota Corporation also holds a year-end results briefing in February and an interim results briefing in August and discloses its financial and other information in Japanese and English concurrently. Additionally, on the release date of our quarterly financial results, we disclose supplementary financial information on our website. Following the results briefings for the interim and year-end financial results, we also post on the website the content of the briefing and a transcript of the ensuing question-and answer session. In this way, we work for timely and fair disclosure in the spirit of fair disclosure rules.

In addition, Kubota Corporation regularly holds tours and business briefing sessions at its domestic factories and overseas subsidiaries. In 2022, we held a briefing on the mid-term business plan of the consolidated subsidiary Escorts Kubota Ltd. in India for local institutional investors and analysts, with remote attendance enabled for non-local participants.

Information for investors
www.kubota.com/ir/

Relationships with Employees

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

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

Creating a Safe Workplace for All Employees

Promoting a Safer and More Secure Workplace

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

In addition, three specific instructions to ensure the “Safety is our First Priority” philosophy were announced by the President.

The Kubota Group’s mid-term 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.

Mid-Term Plan (FY2018-2022) Targets and Major Initiatives

Kubota addressed the main initiatives set out below, with the target of FY2022 completion.

Target: Zero “Class A Accidents”

<Major initiatives>

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

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

3. **Enhancing personnel development to support safety (the Kubota Group Safety-Aware Employee Development)**
   (1) Promote activities to enable all employees to follow the “basic daily cycle” described in the Basic Guidelines for Safety-Aware Employees as a habit.

4. **Maintaining and improving a safe and healthy working environment**
   (1) Build a database of improvement case studies from certain workplaces and deploy horizontally to other offices and workplaces.

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

Status of Initiatives in FY2022

Kubota implemented the following initiatives in FY2022.

1. **Achievement of inherently safe equipment target (6 domestic Group companies and 18 overseas Group companies)**
   Our Safety Control Guidelines for assessment and promotion of inherently safe equipment categorize equipment into degrees of safety from Level I to IV. Based on these guidelines, we formulated a five-year implementation plan to upgrade existing equipment to the Kubota Group required level and worked to complete permanent measures by the end of 2022. For new equipment, we continue to ensure safety Level III at the time of deployment, based on the Risk assessment procedures for safety of machines that were revised in FY2017.

2. **Initiatives to help build a "shut-off culture" (all domestic Group companies)**
   All Kubota workplaces are carrying out activities to instill the habit of shutting off energy supplies in the case of an emergency. We are also working to help employees visualize abnormalities that occur in equipment, tools, or materials, and take steps to prevent the recurrence of equipment abnormalities according to the context of each business site.

3. **Promotion of risk assessments of work operation activities (all domestic Group companies)**
   Whenever there is an alteration in production volume, a procedural improvement, or other operational change, an operational risk assessment is carried out to continuously identify the risk of a Class A accident resulting. Additionally, by raising awareness of inappropriate work practices that are reasonably foreseeable (foreseeable practices), we work to eliminate any remaining unidentified risk factors.
   Additionally, in the event of a serious accident, a team at each worksite consisting of the personnel specified in items (1) to (3) below carries out a re-identification at all workplaces within the worksite of risks that could lead to a serious accident and upgrades provisional measures to permanent status where appropriate.
   (1) Staff members from production technology, manufacturing, or other departments who are aware of sources of risk at the work location
   (2) Operatives, supervisors, group leaders, or other personnel who are familiar with the content of operations at the work location
   (3) Employees from other workplaces who are able to take an objective view of the work location

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

5. **Education on how to teach safe operations (all domestic Group companies)**
   Kubota has established a method of teaching safe operations that clearly specifies approaches to work-related teaching and the means of confirming and assessing degrees of proficiency, thus offering workers easy-to-understand guidance regarding the work they are in charge of and how to perform their work while avoiding hazards. In this way, group leaders from manufacturing floors learn how to work more safely, having understood the rationale behind the need to abide by safety guidelines.

6. **Maintaining and improving a safe and healthy working environment (all domestic Group companies)**
   We carry out measurements twice a year at all worksites to continuously monitor conditions at a detailed level. By actively promoting horizontal rollout of examples of good practice, we work to maintain and improve standards Group-wide.

Mid-Term Plan (FY2023-2027) Targets and Major Initiatives

Under our newly formulated mid-term business plan, whose final year is FY2027, we have begun work on the major initiatives set out below.

Target: Zero “Class A Accidents”

<Major initiatives>

1. Risk identification activities
   (1) Elimination of areas of risk remaining unidentified due to changes in the workflow following equipment introduction or upgrade.
   (2) Strengthening of human resources training to lead risk assessment of machinery and work operations and appropriate allocation of trained staff.
2. Equipment risk reduction activities
   (1) Introduction of equipment with safety design and installation of guards and protective devices to reduce risk.
   (2) For equipment with remaining risk factors, provision for supervisors to perform on-site, real-time checks that risk avoidance procedures are strictly followed.
3. Activity to reduce risk through safe operating methods
   (1) Training, drilling, and evaluation by supervisors for operational staff based on the Health & Safety Education and Training Guidelines for New Employees & Workers
   (2) Creation of a system for upgrading the skills of personnel authorized to conduct troubleshooting (in-house qualification)
4. Enhancing personnel development to support safety
   (1) Clear identification of the skills necessary for safety and health and monitoring of progress with providing them
   (2) Promotion of the development of safety and health teaching materials
5. Maintaining and improving a safe and healthy working environment
   (1) Formulation and implementation of a plan for reduction of noise at manufacturing workplaces.
   (2) Adaptation to revisions of chemical substance regulation

The Kubota Group Safety and Health Target for FY2023

Kubota has clearly set the target below for FY2023, and is promoting Company-wide efforts to create safe workplaces.

Target: Zero “Class A Accidents”

[Priority implementation issues]

◆Plant 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
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 and cultivation of safety-aware employees
   (1) Implementation of activities related to securing safety procedures to improve safety
   (2) Continued implementation of activities to build a ‘shut-off’ culture
4. Promotion of sanitary management
   Adaptation to chemical substance regulation
5. 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
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 to all workplaces 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) Reduction of Class A accident risk 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) Elimination of any unidentified items among the applicable requirements of workplace legislation at sites subject to environmental management
   (2) Environmental management point education by e-learning

Raising Awareness of Safety

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

1. Distribution of awareness-raising messages

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

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

2. Education through conferences

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

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

Also in April and November, the Construction Safety and Health Manager Conference was held for managers to discuss how to improve the safety awareness of related subcontractors, to communicate on regulatory changes, to deliberate on the next mid-term plan and safety and health guidelines for the following fiscal year, and to deal with other matters.

The Company continued to coordinate safety and health activities overseas through regular online meetings with representatives in each region, during which information was shared with overseas sites and opinions exchanged on approaches to overseas implementation. The meetings were held monthly for North America and for Europe and once every two months for Asia and for China.

In North America, we worked with manufacturing sites to support the safety and health activities of Group companies (education of safety and health staff, etc.), while in Europe, sharing of safety and health activities between bases and mutual site visits were enabled through a Production Committee and a Safety Subcommittee. Our Thailand and China operations rolled out regionally led activities, with Group companies holding regular interactive exchange events as an opportunity for information sharing on regulatory revision, mutual site visits, joint problem-solving, and other activities.

3. Safety education initiatives

Due to COVID-19 concerns, safety and health education, particularly for new employees but also for personnel of all ranks, was conducted online in FY2022. We devised new learning methods, such as group work using tools that enable joint editing in real time.

4. Mutual site visits

[Company-wide Initiatives]

Mutual site visits were carried out in the eastern region in June and November. The goal is to promote exchanges between business sites and provide an opportunity for employees to learn something new from other sites' examples of risk identification and countermeasures, and examples of safety and health activities.

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

[Business Division Initiatives]

Between March and October, the Water and Environment Infrastructure Consolidated Division organized risk assessments of work operations involving the risk of a Class A accident, which were carried out on a mutual basis between its worksites, including those of Group companies. This presented a good opportunity for risk reduction, enabling personnel engaged in the same area of work to experience operations at each other's worksites and to exchange insights and advice.

Safety and health training for new employees

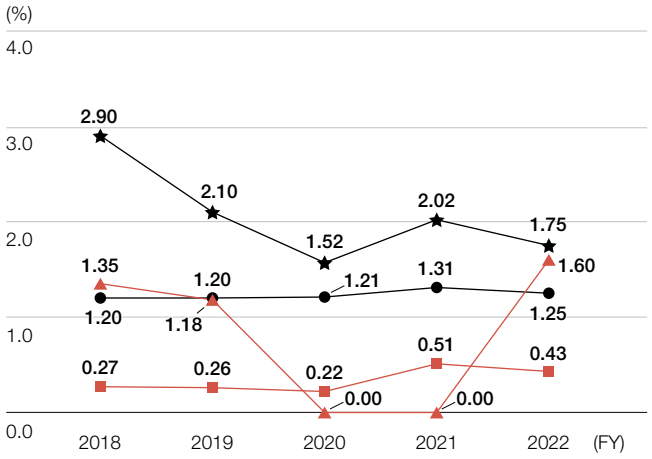
Training of safety and health staff at a North American base

Mutual visiting between European bases

Eastern region mutual site visit (June 17, 2022)

Lost Time Incident Rate/Injury Severity Rate

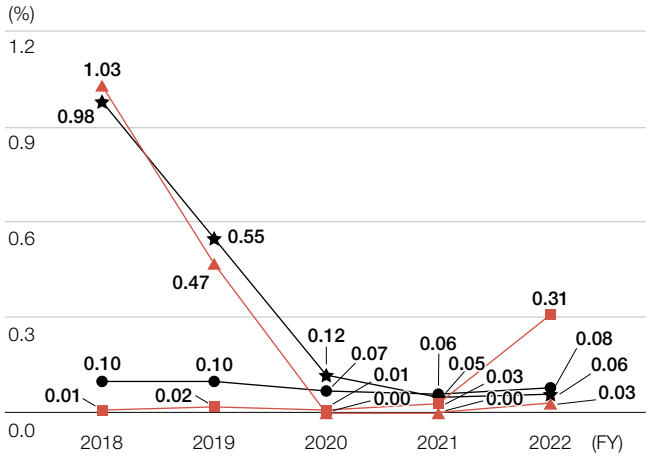
Lost Time Incident Rate (Kubota Corporation)



- Kubota (plants)
- Kubota (construction)
- Average for manufacturing industry in Japan
- Average for construction industry (projects by occupation) in Japan

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

Injury Severity Rate (Kubota Corporation)



- Kubota (plants)
- Kubota (construction)
- Average for manufacturing industry in Japan
- Average for construction industry (projects by occupation) in Japan

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

Initiatives to Reduce Risk for Employees Working Overseas

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

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

Meanwhile, with growing public concern over the prolonging of the conflict in Ukraine 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.

Safety and Health Education Implementation Status in FY2022

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

Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	10	459
Elementary (for young employees)	9	233
Semi-intermediate	3	74
Training for newly appointed group leaders	3	72
Intermediate (for supervisor candidates)	2	65
Training for newly appointed supervisors	4	86
Training for newly appointed foremen	1	13

Other than Manufacturing Departments

Name of education program	No. of times held	Total participants
Education for new employees	2	225
Safety and health education for mid-career entrants at the time of employment	12	417
Machinery safety education	13	221
Training for newly promoted managers	6	162
Training for newly appointed section managers	6	154
Training for newly appointed department managers	2	64
Education for officers (Safety and Health Convention)	1	33

Sites with Occupational Health and Safety Management System Certification

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

Kubota

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

Domestic Group companies

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

Overseas Group companies

Kubota Materials Canada Corporation	ISO 45001 certification acquired in Feb. 2021 (OHSAS 18001 certification acquired in Aug. 2012)
Siam Kubota Corporation Co., Ltd.	ISO 45001 certification acquired in Sep. 2019 (OHSAS 18001 certification acquired in Jan.-Feb. 2014)
Kubota Baumaschinen GmbH	ISO 45001 certification acquired in Jun. 2019 (OHSAS 18001 certification acquired in Jul. 2014)
Siam Kubota Metal Technology Co., Ltd.	ISO 45001 certification acquired in Nov. 2019 (OHSAS 18001 certification acquired in Dec. 2014)
Kubota Engine (Thailand) Co., Ltd.	ISO 45001 certification acquired in Jul. 2019 (OHSAS 18001 certification acquired in Jul. 2015)
Kubota Farm Machinery Europe S.A.S	ISO 45001 certification acquired in Oct. 2021 (OHSAS 18001 certification acquired in Feb. 2017)
Kubota Pump (Anhui) Co., Ltd.	ISO 45001 certification acquired in Jun. 2019
Kubota Construction Machinery (Wuxi) Co., Ltd.	ISO 45001 certification acquired in Nov. 2019
Kubota Engine (Wuxi) Co., Ltd.	ISO 45001 certification acquired in Nov. 2019
Kubota Saudi Arabia Company, LLC	ISO 45001 certification acquired in Jan. 2020
Kubota (U.K.) Ltd.	ISO 45001 certification acquired in Oct. 2022

Respecting Human Rights

Basic Policies Regarding Human Rights

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

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

Code of Conduct (excerpts)

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

Human Rights Advancement System

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

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

Human Rights Education

Aiming to create a harassment-free, conducive workplace environment, Kubota plans and provides human rights education programs for all employees, including President and Directors, every year, based on the human rights advancement activity policies.

The human rights education 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 2022. In 2022, 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 2022]

	Internal training	External training	Total
Kubota	17,405 people	272 people	17,677 people
Group companies in Japan	10,880 people	86 people	10,966 people

Major Internal Education Programs

Training for management executives	1,246 people (including presidents, etc. of Group companies in Japan)
Training for new employees	1,804 people (including those from Group companies in Japan, etc.)
Training for newly appointed foremen	15 people
Training for newly appointed supervisors	43 people (including those from Group companies in Japan, etc.)
Seminar for harassment consultation office personnel	210 people (including those from Group companies in Japan, etc.)
e-learning courses on human rights advancement	15,989 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 43rd Human Rights and Dowa Issue Corporate Awareness-Raising Seminar hosted by the Executive Committee*3: A total of 44 participants (including those from Group companies in Japan)

The 53rd Buraku Liberation and Human Rights Summer Seminar hosted by the Executive Committee*3: 21 participants

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

Human Rights Training for Management Executives (Dec. 27, 2022)
(Theme: My Response to the Reality of Discrimination—Marking the Centenary of the Foundation of the National Levelers Association with Some Thoughts on Its Spirit and Associated Corporate Initiatives)
(Lecturer: Norio Takahashi, Secretary, Nagano Human Rights Center)

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 2022: 63

[Whistleblowing System (Kubota Hotline)]

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

Harassment Consultation Office Personnel Seminar (Aug. 4 and 5, 2022)
(Lecturer: Toshiko Sugimoto, Full-time Lecturer, Japan Institute for Women's Empowerment & Diversity Management)

[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 210 employees took part in this seminar in 2022, 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.

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 2022, entries were received from a total of 24,450 applicants (an application rate of 91.6%) and the best slogan from each business site was posted on a long strip of paper.

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

Human Rights Week Activities at Each Base

Awarding the winner of the human rights slogan contest (Kubota Sun-Vege Farm Co., Ltd.)

Human rights learning zone (Kyuhoji business center)

Installation of banners (headquarters)

Installation of standing signboards (Sakai Plant)

Protection of Privacy

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

Respecting Human Rights throughout the Supply Chain

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

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

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

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

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

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

External Related Organizations

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

- The Corporate Federation for Dowa and Human Rights Issues, Osaka (also participating in 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.

Promoting Diversity

Policy on Diversity Management

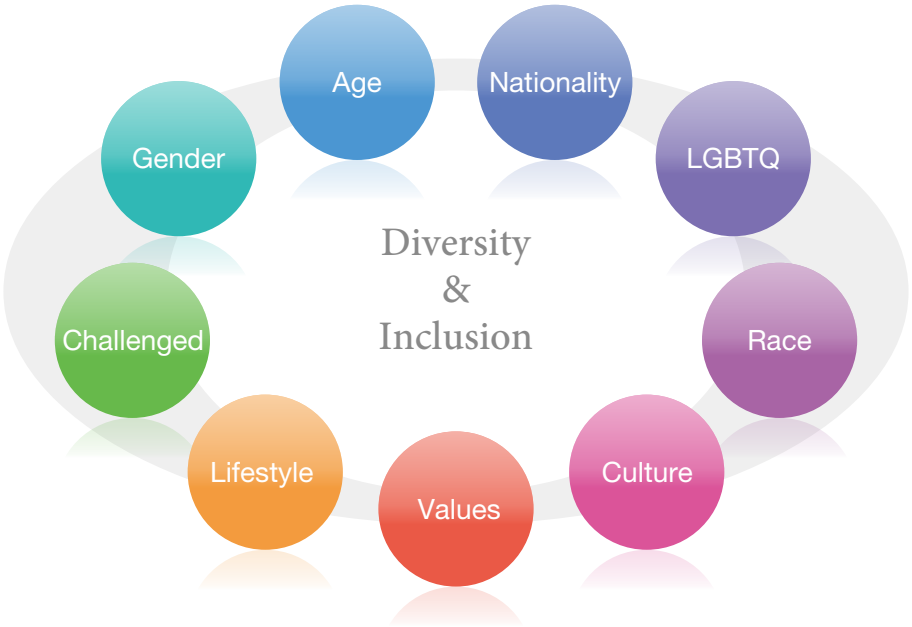
Making Diversity a Priority Commitment

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

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

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

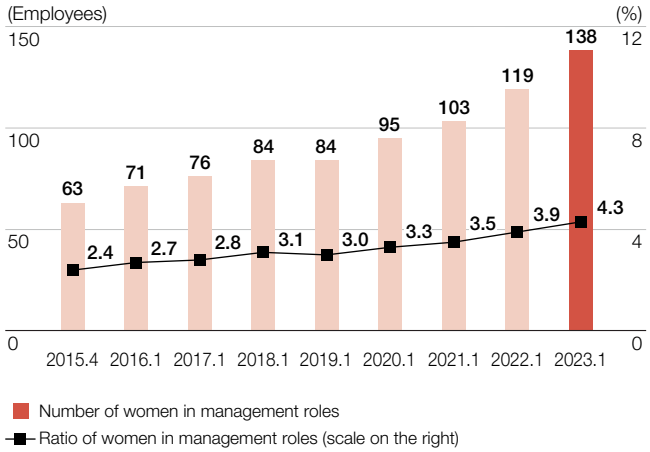
Kubota is a global company engaged in businesses in various regions around the world. Many people work side by side in the workplace bringing differences in language, culture, generation, gender, and values. We seek to accept each person's differences and draw on these as a force in creating new value.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



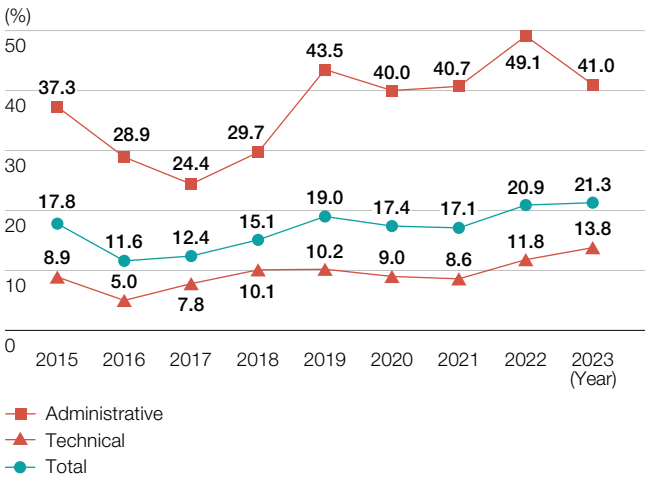
Empowering Women in the Workplace

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

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



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



Offering Various Training Programs, Etc., to Support Women

To date, Kubota has established Group-wide activities aimed at women's participation in outside forums and networking for the purpose of supporting career advancement and fostering a corporate culture that empowers women in the workplace.

Kubota also held leader development training for female employees expected to undertake leadership roles. The aim of the training is to help the participants develop their careers and play more active roles by acquiring the mindset and skills necessary for a leader.

We also hold a round-table talk between directors and female employees.

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

Signed Women's Empowerment Principles (WEPs)

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

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

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

Certification for Women's Empowerment Principles

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

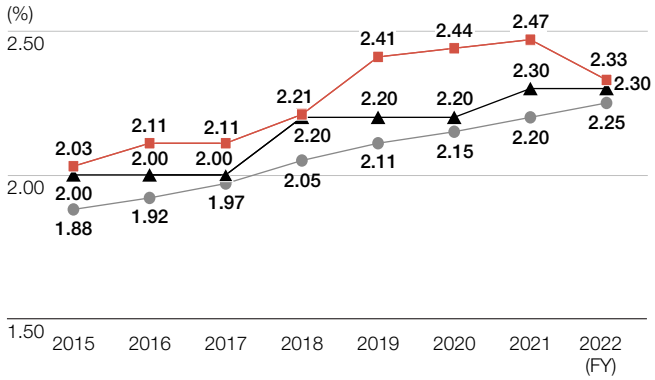
The Kubota Group is active in its initiatives towards the employment of people with disabilities that are aimed at supporting self-reliance, especially through its special subsidiary companies (Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd.)*.

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

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

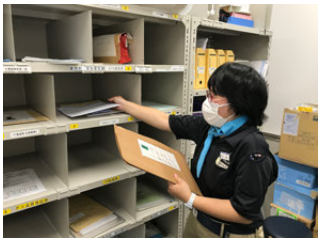
* Subsidiary companies where employers give special consideration to the hiring of people with disabilities in order to promote their employment and provide for their social stability.

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



* As of June 1 each year

Kubota Sun-Vege Farm Co., Ltd.




Kubota Works Co., Ltd.

FOCUS

Remote Kubota Works Office Tour Held

In November 2022, Kubota held a joint remote office tour using Google Meet for the special schools and institutions with which it has cultivated close relationships for the purpose of employee recruitment. Approximately 230 people participated in the event.

In prior years, Kubota invited students, teachers, and parents from the schools to a tour of Kubota Works' head office. However, since the start of the COVID-19 pandemic in 2020, we have held the event using Google Meet, an online conferencing software. The event gives a visual presentation of each office, introduces innovations that make it easier for people with disabilities to work, and includes a live cleaning demonstration by Kubota Works employees.

Although there were some audio and video difficulties along the way, the connection was generally clear, and the tour was completed successfully.

We plan to make even more use of remote tours to raise awareness of Kubota among special schools, organizations involved in employing people with disabilities, and other stakeholders.

Initiatives for Sexual Minorities Such as LGBTQ Groups

Received Work with Pride Gold 2022

As part of how Kubota promotes diversity, we are promoting initiatives for sexual minorities.

We strive to be a workplace where a diverse workforce can be active regardless of sexual orientation or gender identity, and we are making contributions towards establishing a diverse society where a broad range of values are accepted.

Securing a Work-life Balance

In promoting the action plan for general business operators set out in the Act on Promotion of Women's Participation and Advancement in the Workplace, Kubota is eliminating consciousness of gender-based roles in responsibility allocation.

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

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

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

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

FOCUS

Kubota Receives the Excellence Prize in the Osaka City Mayor's Awards for Leading Companies in Women's Empowerment

Osaka City certifies companies that actively promote initiatives to create organizations in which motivated women can continue to play active roles, support the securement of a good work-life balance, and support participation by men in child-raising, housework, and community activities, as Leading Companies in Women's Empowerment. Every fiscal year, companies that undertake excellent initiatives are selected from among certified leading companies and awarded. This year, prize winners were selected from among 95 organizations that had acquired the certification from January to December 2016.


賞 状
Excellency Award
Certificate
KUBOTA Corporation

Certification of the Excellence Prize

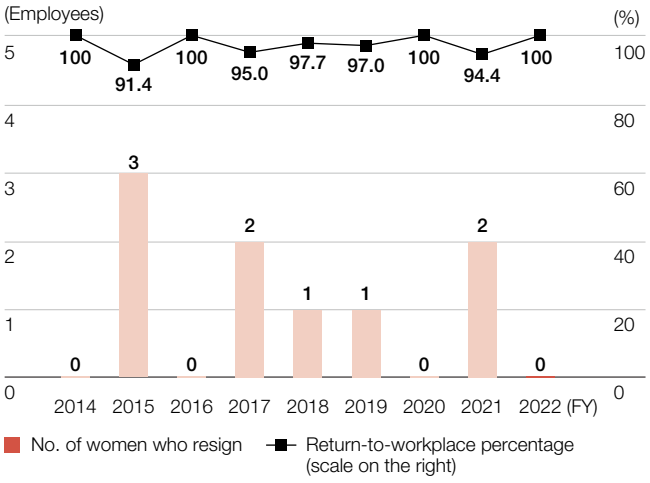
Kubota Corporation acquired the certificate on March 31, 2016. Kubota's efforts of "steadily advancing the promotion of women by consolidating job systems to expand women's job scopes and other means," and "establishing effective systems to support childbirth and childcare, while encouraging male employees to take childcare leave through enhancing training programs, launching campaigns, publishing awareness-raising leaflets, etc. with the aim of eliminating the perception of fixed gender roles" were highly appreciated.

Training for Employees Returning from Childcare Leave

To dispel concerns regarding returning to the workplace after childcare leave, Kubota provides online training for employees who have taken childcare leave, which their supervisors can also attend.

(Kubota emphasizes that taking leave to raise one's children does not mark the end of one's career. Accordingly, we refrain from using the term "holiday leave" and refer to this instead as "childcare leave.")

Trend in the Percentage of Women Who Return to Work After Taking Childcare Leave (Kubota Corp.)

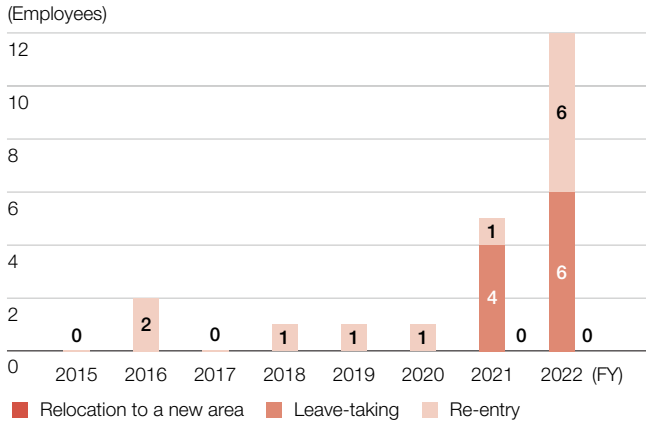


* Tallied from April 1 to March 31 of the following year for each year

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

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

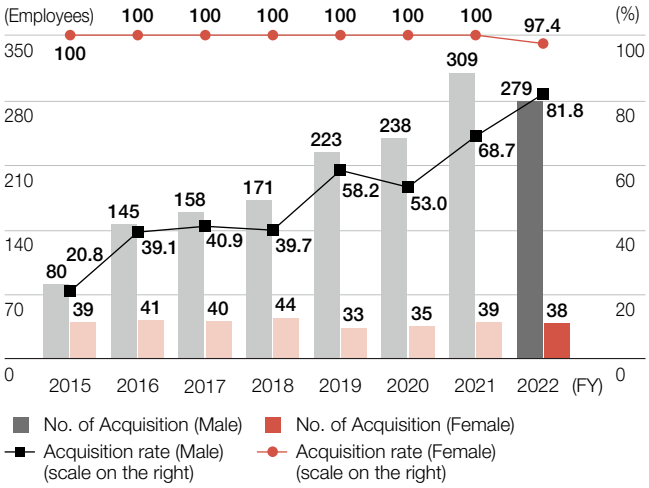
Number of People Using the System for Leave-taking, Re-entry, and Relocation to a New Area (Kubota Corp.)



Encouraging Employees to Take Childcare Leave

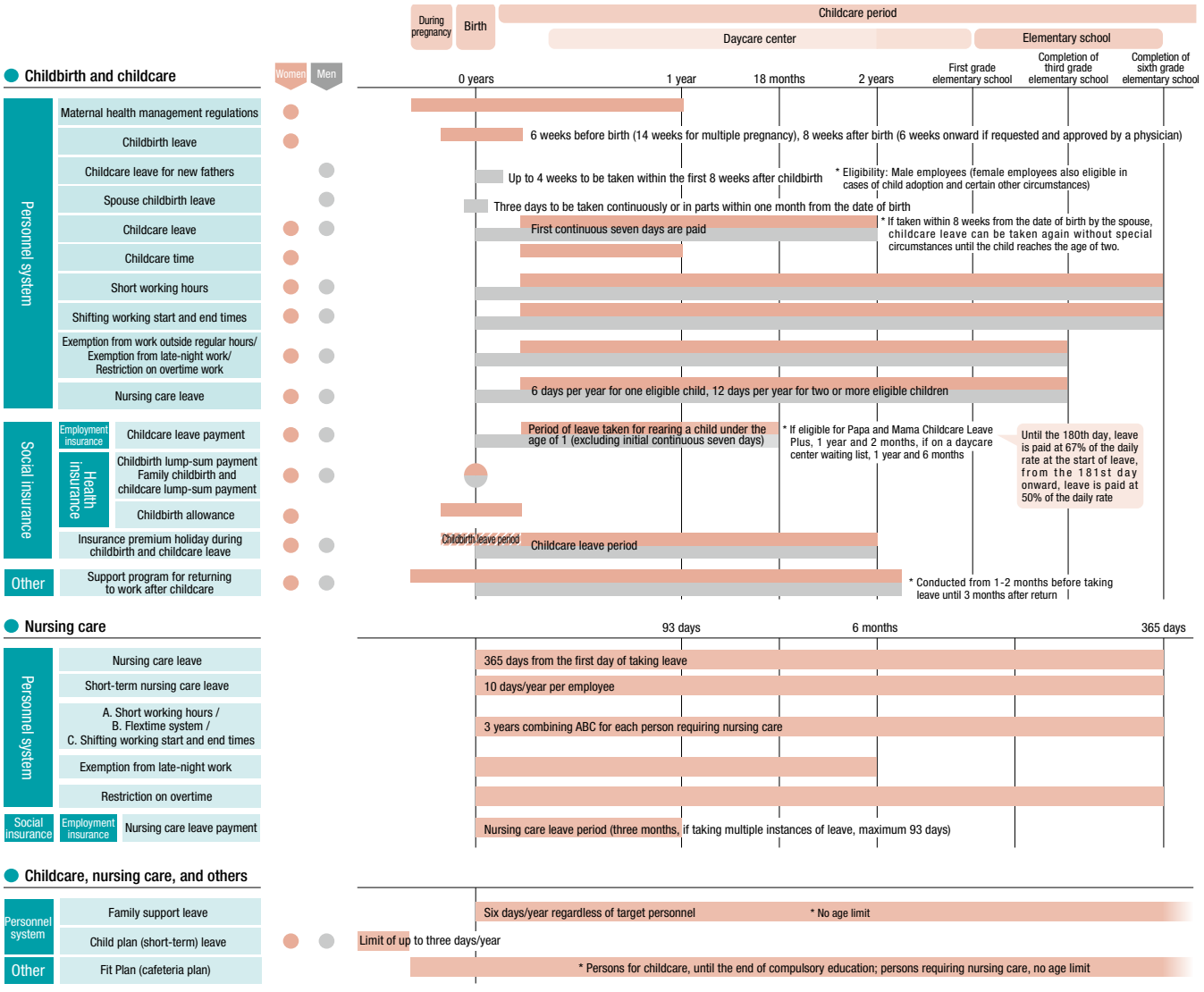
Kubota sets phased targets for the number of male employees taking childcare leave, and actively encourages its use.

No./Percentage using Childcare Leave (Kubota Corp.)



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

Systems Supporting Balancing Work with Family Needs



Promoting the Use of Annual Paid Leave

Kubota encourages employees to use their paid leave days from the standpoint of maintaining their mental and physical health, preventing excessively long working hours, and securing a good work-life balance.

With the promotion policy and specific measures of encouragement shared by labor and management, Kubota encourages the use of paid leave in cooperation with the labor union.

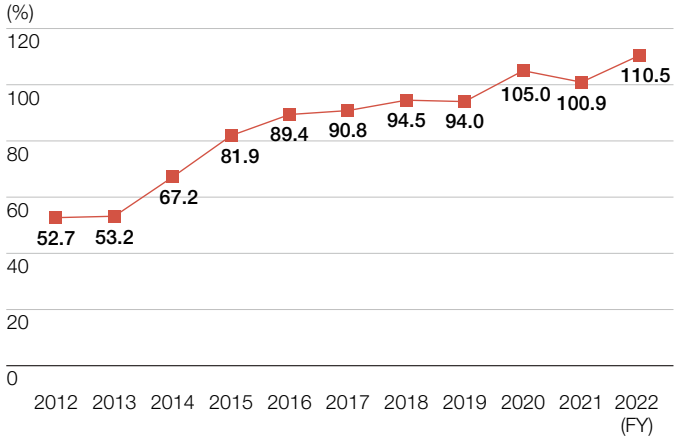
Promotion Policy

1. Recommend that employees take paid leave during labor management negotiations.
2. Create an environment where it is easy to use paid leave.
3. Foster opportunities to rethink the way one works.

Specific Measures of Encouragement

1. Set achievable targets company-wide.
2. Continue and strengthen initiatives unique to each business site, and spread awareness and disseminate information about using annual paid leave.
3. Discuss and implement efficient ways to work, visualize work, and create work manuals to promote communication at each workplace about using paid leave.

Trend in the Percentage of Employees Taking Annual Paid Leave (Kubota Corp.)



* Tallied from March 16 to March 15 of the following year for each year up to 2015
* Tallied from December 16 to December 15 of the following year for each year from 2016
* FY2020-FY2022 figures include extraordinary vacation days related to COVID-19.

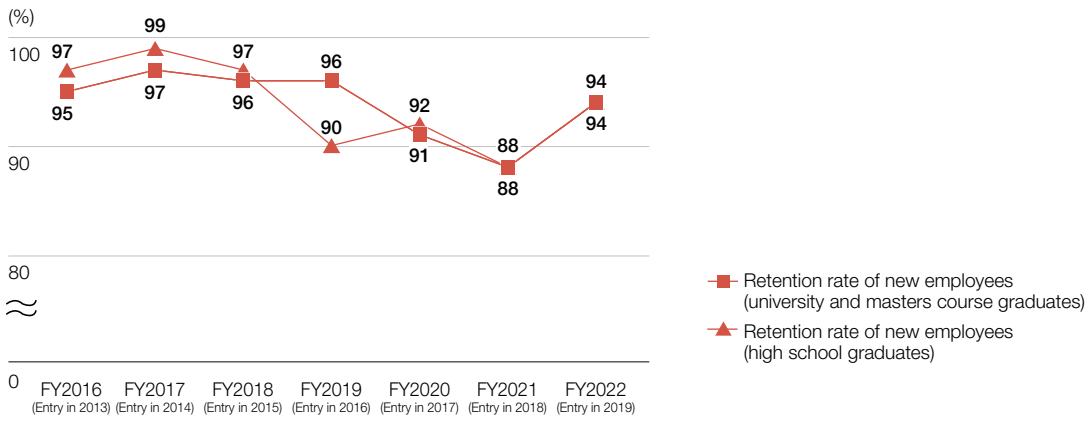
Initiatives to Improve the Retention Rate of New Employees

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

Kubota endeavors to create an environment that allows new employees to settle in and play active roles by offering training programs before assignment and follow-up support after assignment.

Trend in the Retention Rate of New Employees*1 (Kubota Corp.)

*1 Rate of employees staying for more than three years after joining the Company



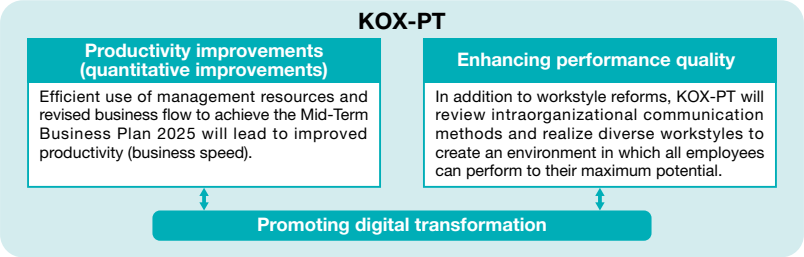
Promoting Workstyle Reforms

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

KOX-PT is not simply a part of our workstyle reforms: The team's activity is aimed at further reinforcing Kubota's corporate competitiveness even in the midst of drastic changes in our business environment. Kubota faces the accelerated globalization of its industries, while the entry of newcomers into its markets is having a significant technology impact. This is the climate in which we have to achieve our corporate goals. Thus, KOX-PT has engaged in activities to make efficient use of management resources and revise work flows in order to improve productivity (business speed) and thereby contribute to fulfilling our Mid-Term Business Plan 2025.

Partly in response to the COVID-19 crisis, Kubota has been transitioning to teleworking, primarily for office-based departments. For non-office worksites, we have made increasing use of teleworking depending on the work content.

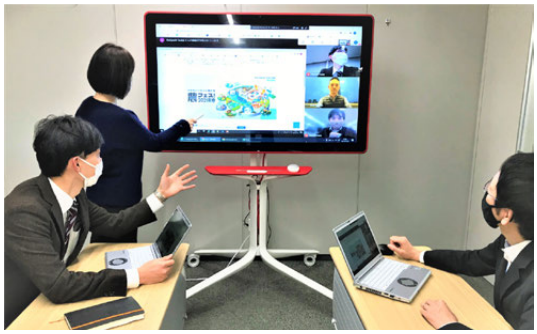
As we have put in place the basis for workstyle reform in terms of the corporate culture, communication systems, and digital innovation, the project is now complete. We will, however, continue promoting reform based on the groundwork laid by the KOX-PT team.



[Examples of KOX-PT Activities]

1. Promoting digital transformation in internal operations

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



Active use of online meeting tools

2. Holding workstyle study workshops

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

Sharing ideas at a workstyle study workshop

3. Introduction of 1-on-1 meetings

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

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

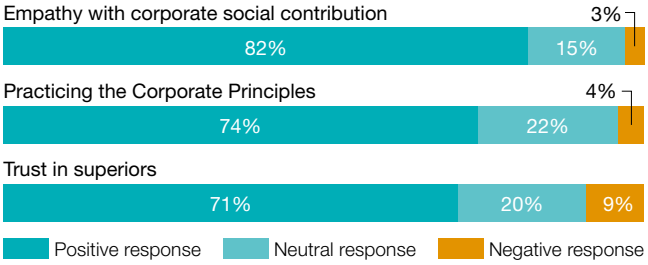
Kubota developed and distributed its own 1-on-1 meeting guidebook

Engagement Survey

To realize employee growth and increased job satisfaction, which is one of the important points of materiality for K-ESG management, Kubota has carried out an annual survey since 2021 to assess the level of employee engagement. We believe that having positive, motivated employees will generate empathy from other stakeholders. By having each corporate organization address any issues identified, our aim is to be a company that offers job satisfaction to its employees. In FY2022, we expanded the scope of the survey to gain feedback for improving engagement Company-wide. The score for FY2022 was lower than for the previous year due to the wider range of respondents, but did show an increasing trend in comparison based on the FY2021 respondents only (Kubota Corporation regular employees). In particular, a high rate of positive responses was maintained in the items 'empathy with corporate social contribution' and 'trust in superiors' (psychological safety). In FY2023, we will continue to focus on offering opportunities for growth and stimulating in-house communication with the aim of reaching an engagement score of 60% by 2025. Examples of the growth opportunities already implemented include the chance to take up a second position in-house and to apply for other in-house positions as well as career development training. Meanwhile, we aim to create a more equitable corporate culture by requesting that respectful forms of address are used in the workplace and will create opportunities for learning through dialogue by increasing the role of one-on-one meetings and town hall-type meetings.

FY	2021	2022
Group-wide	—	45%
Kubota Corporation (regular employees)	50%	51%

Item	**FY2022 result**	FY2021 result	YoY change
Engagement	51% 33% 16%	50% 34% 16%	Overall +1 (Content)
My employer makes me feel that I want to contribute more than is needed just to carry out my duties	42% 38% 20%	40% 38% 21%	+2
I would recommend my employer to friends as a great place to work	54% 33% 13%	52% 34% 14%	+2
I get a sense of achievement from my work	56% 29% 15%	56% 30% 14%	±0



Promotion of 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 improving 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 enhancing 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 work environment, 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

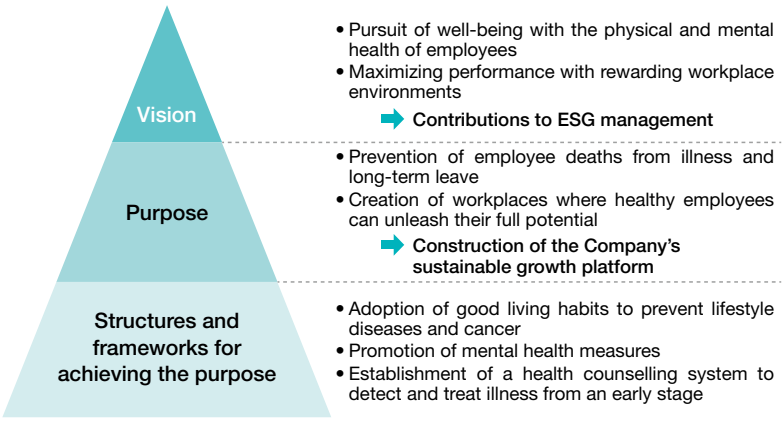
The Kubota Group declares its commitment to realizing the well-being of its employees and their families, and contribute to solving food, water and environmental issues as well through its business activities, by enabling each individual employee to preserve their physical and mental health in a motivating and positive work environment, being able to utilize their capabilities and individuality in their work.

Vision for Health & Productivity Management

Kubota's vision for health and productivity management is to contribute to Kubota's ESG management vision by:

[1] Enabling employees to enjoy a real sense of fulfillment and well-being founded on good mental and physical health, and

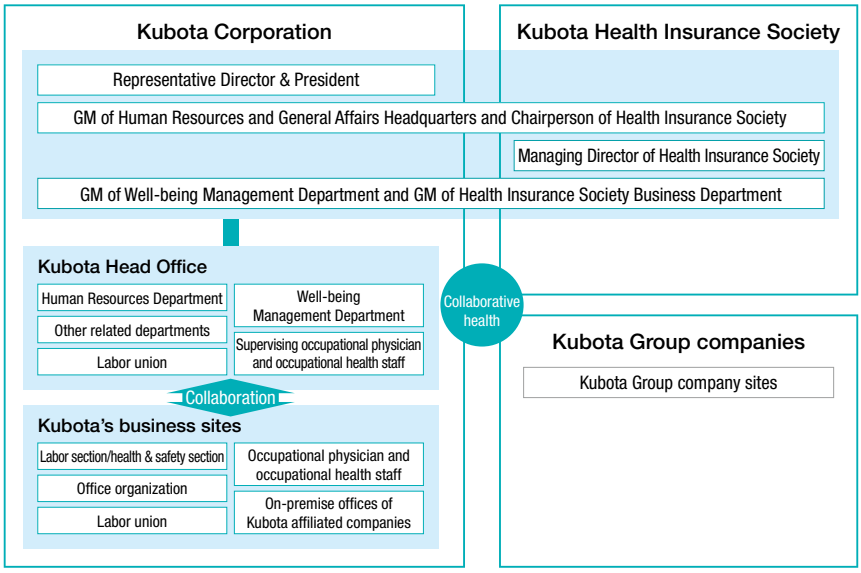
[2] Realizing a satisfying work environment to maximize the performance of the organization as a whole



Health & Productivity Management Promotion System

At Kubota, executive management takes overall responsibility for promoting health and productivity management and coordinates this activity with the Well-being Management Department, the Kubota Health Insurance Society, Kubota's industrial health staff, human resources departments, and other corporate divisions.

* As of October 2022: 6 industrial physicians and 33 occupational health staff

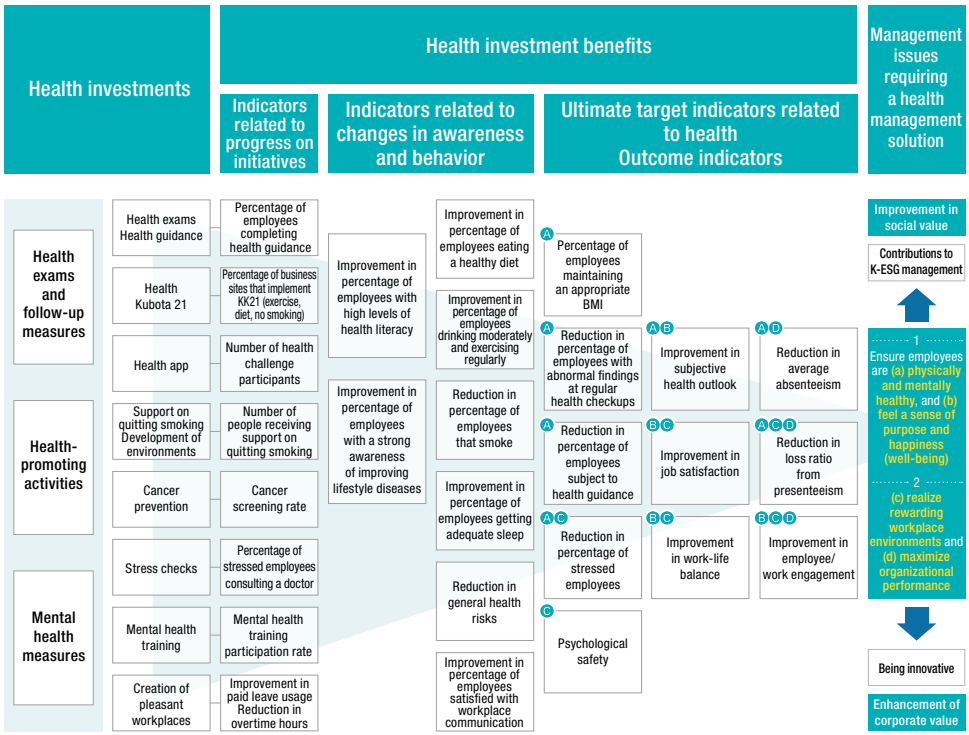


* Collaborative health refers to the Company and the Kubota Health Insurance Society jointly managing data analysis and strategy formulation.

Linking Our Vision for Health & Productivity Management with Health-Related Measures in a Strategic Health Roadmap

Our strategic health roadmap visualizes the links between our vision for health and productivity management and our health-related measures. The strategic health roadmap focuses on the links between the main benefits envisaged from health investment measures and the areas of benefit we plan to analyze. Therefore, as we progress from the current provisional phase to the verification phase, we will regularly update the roadmap depending on the strength of the links.

By analyzing which health investment measures have the greatest impact on employee awareness and behavior and other factors, we will focus on setting up an effective human capital investment cycle.



Key Issues and KPIs

Based on the vision to aim and an assessment of current employee health status, the Kubota Group's health and productivity management initiatives focus on three key issues: prevention of lifestyle disease, measures to support mental health, and early detection and treatment of cancer.

Prevention of Lifestyle Diseases

At each business site, we have appointed three Health Kubota 21 Promotion Committee members per each location to lead primary prevention activities focusing on the three pillars of lifestyle disease prevention: diet, exercise, and quitting smoking. We have also launched a health app that visualizes health benefits and vital signs data at a glance. As additional ways of improving employee health literacy and supporting behavior change, we hold health-related events year-round and provide health incentives.

App registration rate	19.0% (5 months after app launch in October 2022)

* Statistics based on membership of Kubota Health Insurance Society

Mental Health

As part of a wide-ranging support network, employees experiencing high stress levels are offered medical consultation, or, if they prefer, support sessions with a nursing professional. Every year, we also provide not only training for managers in how to support the mental health of their staff, but also self-care training for all employees.

Training participation rate	91.3% (FY2022 self-care training participation rate)

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. Meanwhile, we improved the participation rate in colon cancer screening from 49.0% to 77.9% by changing the method for submitting the test kit, replacing the usual practice of sending by mail with in-person submission during the regular health checkup.

Financial assistance record	Provided to 340 employees in 2022 [Kubota Corporation employees aged 40 years or above]

KPIs

(%)

	Focus categories	Target	2020	2021	2022
Lifestyle diseases	Ratio of smokers	18.0 or lower	31.4	29.7	28.2
	Ratio of regular exercisers (at least 30 minutes per day)	45.0 or higher	33.8	33.7	31.2
	Ratio of healthy BMIs (BMI between 18.5 and 24.9)	75.0 or higher	69.4	70.3	69.9
Mental	Percentage of stressed employees	10.0 or lower	9.8	9.5	9.8
	Percentage of departments with a general health risk of 120 or higher	0.0 or lower	1.9	0.0	1.6
Cancer	Colon cancer screening rate	50.0	49.0	77.9	—
	Gastric cancer screening rate	60.0	54.2	58.7	—
	Cervical cancer screening rate	50.0		38.7	—
	Breast cancer screening rate	60.0	55.2		—
Final evaluation	Loss ratio of presenteeism	—			19.0
	Absenteeism	—			2.45 days

- Statistics based on membership of Kubota Health Insurance Society
- Presenteeism: Calculated from employee questionnaire using Single-Item Presenteeism Question (SPQ, University of Tokyo, single-item version)
- Absenteeism: Calculated from employee questionnaire on number of days of absence in the previous fiscal year due to employee's own illness or injury

Personnel Measures in Tune with Globalization

Expanding the Overseas Trainee System

From the World to Japan

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

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

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

VOICE

I Worked at the Tsukuba Plant as a Trainee from Kubota Engine (Thailand) Co., Ltd. (KET) for About a Year.

I worked at the Tsukuba Plant, the mother plant of KET in Thailand, as a trainee for about a year. At KET, it takes more time than at the Tsukuba Plant to solve the same problem in terms of quality, cost, or productivity. During this training, I learned various problem-solving approaches, such as 4M analysis and the 3-Gen Principle. After returning, I will form a promotion committee concerning quality, cost, and productivity and make KET a strong plant with SEQCD equivalent to the Tsukuba Plant.

Wanthida Taraket
Kubota Engine (Thailand) Co., Ltd.

From Japan to the World

Since 1997, Kubota has dispatched a number of employees to its overseas subsidiaries and affiliated companies each year for training purposes. In 2016, we started sending trainees to learn about cutting-edge agriculture at Wageningen University & Research in the Netherlands; and in 2021, we started sending trainees to learn about the latest precision agriculture at the University of California in the United States. Looking ahead, we will promote these dispatches as the most effective means of cultivating global human resources.

In 2022, meanwhile, we introduced a program to post employees to non-governmental organizations and other bodies in the emerging economies of Southeast Asia to help address social issues in the region. Postings will begin in 2023.

Study at Harvard Business School

As the pace of globalization accelerates, we aim to quickly develop human resources who can compete with the world's leading companies by increasing the global standards and advanced business skills of our personnel and cultivating a global mindset. To achieve this goal, each year we select two to three Kubota employees to study at Harvard Business School.

Up to now the employees selected have been of section manager grade, but in 2023 we will begin sending department managers to strengthen human resource development.

Personnel Policies and HR System (Kubota)

Basic Personnel Policies

Foster a corporate culture full of vigor with emphasis on taking on challenges and creativity.
Find the right person for the right job based on their abilities and ambitions.

Basic idea of personnel system operations

1. Equal opportunity: Each employee can strive to attain any role or position.
2. Right person for the right job: Aim to place the right person in the right job based on their abilities and ambitions.

Overview of Personnel Training, Performance-based Promotion and Compensation

There are three career paths comprising expert positions, staff positions and technical positions for different roles and responsibilities. The personnel system offers personnel training, and performance-based promotion and compensation for each of these career paths.

Employees can change career paths based on their abilities and ambitions.

<table>
<tr><th>Career</th><th>Expert positions
(management class)</th><th>Staff positions
(administrative and general class)</th><th>Technical positions
(technical class)</th></tr>
<tr><td>Definition of personnel (main roles)</td><td>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</td><td>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</td><td>■ 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</td></tr>
<tr><td rowspan="3">Training and education</td><td colspan="3">■ 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</td></tr>
<tr><td colspan="2">■ Induction training for mid-career recruits
■ Career development training by age group</td><td rowspan="2">■ 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)</td></tr>
<tr><td>■ 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</td><td>■ Training to identify next-generation leadership candidates
■ Business skills training
■ Compulsory training courses in second and third years of employment
■ Refresher training in second year of employment
■ Education for new employees (university and graduate school graduates)</td></tr>
<tr><td>Evaluations</td><td colspan="2">■ 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.</td><td>■ Executives set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress towards these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year.
■ Non-executives endeavor to achieve the targets set with their bosses.
■ Both executives and non-executives are evaluated comprehensively based not only on the achievements and results, but also on their attitudes, behavior and roles.</td></tr>
<tr><td>Rotation</td><td colspan="2">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.</td><td></td></tr>
<tr><td>Ranking (Basis upon which compensation is determined)</td><td>■ 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</td><td>■ Seven rankings
■ Moves up in the rankings based on contribution to performance (Some require testing)</td><td>■ 11 rankings
■ Moves up in the rankings based on contribution to performance (Some require testing and technical qualifications)</td></tr>
<tr><td>Salaries</td><td colspan="3">Each ranking has upper and lower limits to its monthly salary.</td></tr>
<tr><td>Bonuses</td><td>Bonuses are designed to reflect consolidated performance and individual performance.</td><td colspan="2">Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.</td></tr>
<tr><td>Retirement benefits</td><td colspan="3">Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.</td></tr>
</table>

Fostering a CSR-based Mindset

Activities for Instilling the Corporate Principles –Instilling a Mindset Capable of Resolving Social Issues

As globalization of the economy and advancement of diversity have enabled the employment of a wide variety of personnel, there is a growing need for all Kubota Group employees around the world to understand and share, across national borders, generations and job ranks, the basic philosophy and concepts that serve as the basis of the Kubota Group's global management. All employees of the Kubota Group are expected to understand and recognize the Group's founding spirit and common values, thereby further enhancing loyalty and advancing the Group-wide promotion of business activities. To this end, the "Kubota Global Identity," global common corporate principles of the Kubota Group, were established on October 1, 2012 and then updated to their current format on July 1, 2016. In order to instill these corporate principles throughout the entire Group, including at overseas bases, Kubota has systematically promoted activities since FY2013.

Attendees at the corporate principles symposium held on February 6, 2020

Click here for the "Kubota Global Identity."
www.kubota.com/corporate/identity/

These activities were conducted annually worldwide under a five-year plan between 2013 and 2017. Since 2018, we have shifted the focus of activities to new employees and we continue to work on instilling the corporate principles among employees so that each person can regularly review their understanding of them mainly by holding conversations about the principles and highlighting the thoughts of employees in company newsletters. Moreover, given that FY2020 marked 130 years since Kubota's establishment, there will be opportunities for employees once again to study the thoughts and words of the company's founder, look back on the history of the Kubota Group, and reconfirm the growing expectations placed on us by the international community to make contributions in the areas of food, water, and the environment. In many aspects, the corporate principles of the Kubota Group are related to the shared global goals of the SDGs, so we will continue to undertake activities through which we consider the connections between the Kubota Group and the SDGs.

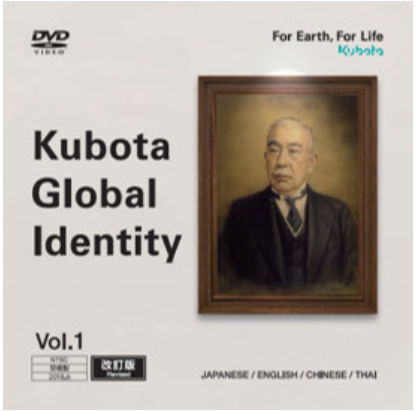
Participation Statistics for Our Corporate Principle Activities (Including Temporary Employees)

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

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

Attendee Impressions (new employees)

- I was moved by the idea that, although our work content is different, all Kubota Group employees around the world are united by the Kubota DNA and are working hard toward the same goal. (new graduate recruit)
- I found out that the history of Gonshiro Kubota and the company he founded has to this day been a constant series of challenges and trial-and-error initiatives consistently aimed at resolving the social issues of the day. It's clear how that feeds into our present-day corporate principles and Kubota's unique style of ESG management that embodies those principles globally. On a personal level, as a Kubota employee, this has inspired me with increased motivation and commitment to my work. (mid-career hire)
- I was very impressed by how Kubota, ever since its founding, has consistently confronted social issues and taken on the challenge of resolving them. As a Kubota employee who has inherited that DNA and that spirit, what I learned has motivated me to carry on giving my best. (mid-career hire)



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

Rank-based CSR Training

Since the scope of CSR covers a lot of ground, when employees enter the company or are promoted, not only do we provide detailed information and training about such issues as product quality, the environment, safety, and human rights, but our ESG Promotion Department conducts rank-based training concerning all things related to ESG management, while the Corporate Compliance Department does the same for general compliance topics. These training courses employ tools such as PowerPoint presentations and various pamphlets, and also weave in case studies, to teach employees about Kubota's approach to CSR management and provide an overview of plans and initiatives for undertaking philanthropic activities and promoting compliance.

FY2022 Statistics (Lecturers from the ESG Promotion Department)

* Some educational events were conducted by video in FY2022 due to concerns about COVID-19.

	Participants	Timing	Length (per session)	Notes
Kubota	Newly appointed section managers	May and October 2022	60 minutes	
	Employees promoted to expert positions	March 2022	60 minutes	
	New staff hires	April 2022	60 minutes	Three sessions on separate topics
	New mid-career hires	January to December 2022 (monthly)	40 minutes	Held in the month the employee was hired
	Engineers on skill upgrades	August 2022	60 minutes	
	Newly appointed foremen	March 2022	60 minutes	
	Newly appointed supervisors	March and September 2022	45 minutes	Split up into 2 sessions for participants

ESG Forum for Management-Level Employees

In 2022, we again held the ESG Forum. As we drive forward the ESG management outlined in the Kubota Group's Long-Term Vision and mid-term business plan, this event offers an opportunity to think about the K-ESG (Kubota-style ESG) management that is our goal by reminding ourselves of its necessity and of examples of advanced practice from other companies. Held in hybrid format as both an in-person and an online event, it drew approximately 240 participants, including executive management, general managers, the presidents of Group companies in Japan, general managers from CSR and general affairs departments, and environmental managers.

A guest lecture was given by Ryohei Yanagi, an expert in financial accounting and a leading proponent of actualizing and quantifying non-financial value who devised the Yanagi Model, a formula for calculating the relationship between ESG and corporate value. Dr. Yanagi spoke on the importance for Japanese corporations of promoting financial value increase by visualizing their latent ESG value and presented concrete methods of doing this.

A video of the forum content was later made available for streaming to Group employees to provide all staff with the opportunity to deepen their knowledge.

Dr. Ryohei Yanagi delivers his lecture


Question-and-answer session at the forum

ESG/CSR Forums and Other Activities (Past Nine Years)

Timing	Lecturer	Topic	Participants (including ON-LINE)
Dec. 2014	Lawyer	Adapting to environmental changes and compliance	147
Sep. 2015	Lawyer	Global compliance management	163
Sep. 2016	Professor	Considering sustainable management for the Kubota Group	195
Sep. 2017	Lawyer	The roles of management executives in preventing/responding to corporate scandals	268
May 2018	Professor	Water, food, the environment, and SDGs	233
July 2019	Professor	A manufacturing strategy in the age of digitalization	276
Oct. 2020	Journalist	CSR Dialogue, subject of: Pandemics and the future of CSR/ESG management and the SDGs	Six internal directors, including the Chairman and the President
Nov. 2021	Project Professor	Sustainability as a Strategy, Not as Ethics –ESG Management Required Today	230 (approx.)
Dec. 2022	Visiting Professor	The Yanagi Model -Relationships Between ESG and Corporate Value	240 (approx.)

Employee K-ESG Awareness Survey (Previously CSR Awareness Survey)

From October to December 2022, we conducted a Kubota Group Employee K-ESG Awareness Survey. The survey gauged the understanding and awareness of employees regarding Kubota's corporate principles, Code of Conduct, and K-ESG management and compliance, and also sought to confirm their thoughts about the workplace environment. In the section where employees can freely voice their opinions, many respondents provided honest points of view on how the Kubota Group could be improved. The Company's responses to these opinions and other feedback are communicated to employees through the Company intranet. Feedback on the results of the survey is provided for each business division to each director, and for each Group company to each company.

The K-ESG Awareness Survey is a valuable form of communication between employees and the Company. Its importance was noted in our management policy for FY2023, and we again picked up on the opinions of individual employees, and the president has issued instructions for the Company to work on resolving issues.

We plan to continue conducting the survey every year as a means of increasing employee awareness and identifying areas for continual improvement as a company.

* K-ESG: Kubota-style ESG
* Since FY2021, Kubota Corporation has also conducted an Engagement Survey in parallel with the K-ESG Awareness Survey. (See p.131 for details).

Respondents

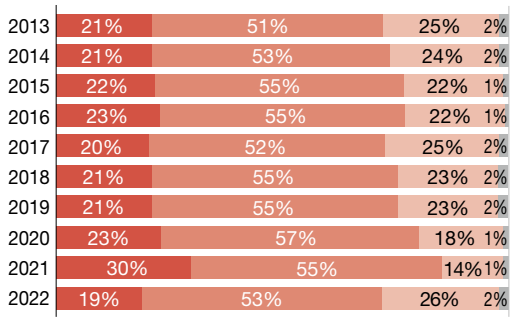
Fiscal year	Number of respondents	Percentage of free opinions*1
FY2013	6,366	10%
FY2014	7,316	8%
FY2015	7,696	9%
FY2016	8,427	10%
FY2017	11,659	9%
FY2018	12,840	12%
FY2019	13,007	14%
FY2020	15,275	13%
FY2021	15,644	14%
FY2022	16,319	14% *2

*1 The percentage of respondents that also provided an opinion
*2 Including comments made in response to new questions added in FY2022

Answers to Key Questions in the Employee K-ESG Awareness Survey

Question: understanding of and identification with 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.



We changed the question content in 2022 to assess to what extent employees understand Kubota's common values and take corresponding action.

Question

2013-2021
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?

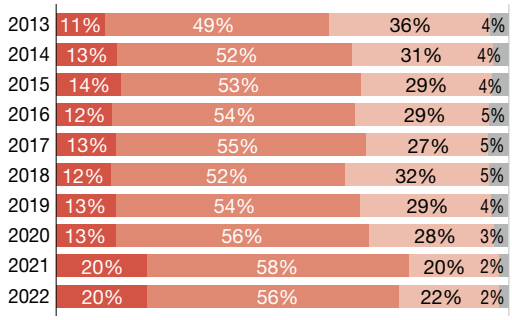
- Aware of and act on them
- Aware of but do not act on them
- Not strongly aware of them
- Not aware of them

2022
How well do you understand the Kubota Global Identity (Spirits, Brand Statement, and Mission) which sets out the Kubota Group's common values?

- Understand and act on it
- Understand it
- Have heard of it
- Do not know about it

Question: whistleblower hotline

We continue to promote awareness of the Kubota Hotline (internal whistleblowing system).

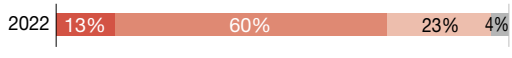


Question
Do you have a good understanding of the Kubota Hotline system?

- Yes
- Yes, quite good
- No, not very good
- No

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

Involvement with Local Communities

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

The Kubota e-Project

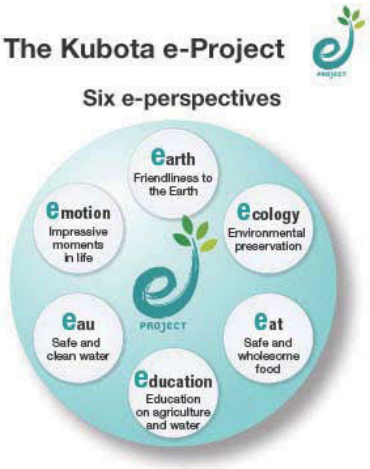
Social Contribution Activities in the Areas of Food, Water, and the Environment

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

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

Five Key Points

(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 business 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/

Emergency and Humanitarian Support

Loaning of Kubota Products to Flood-Damaged Areas (Australia)

Between October and December 2022, to support communities hit by flooding in New South Wales, Kubota Australia Pty Ltd. loaned out items of construction machinery from its range through local dealers in the affected area.

Donation of Support Kits to Flood Victims (Thailand)

In October 2022, Siam Kubota Corporation Co., Ltd. supported flood victims by donating kits containing food and other support materials, giving out 6,900 kits in Thailand and 400 in Cambodia.

Food Donation to Needy Households (US)

In November and December 2022, Kubota Tractor Corporation employees volunteered at food distribution events for needy households held at the GRACE Food Pantry.

Donation of Medical Devices and Hygienic Supplies to a State-Run Medical Institution (India)

To support vulnerable members of society impacted by COVID-19, Kubota Agricultural Machinery India Pvt. Ltd. donated medical devices and hygienic supplies to a state-run medical care facility.

Supporting People in Food Need (US)

To support people in food need, Kubota Engine America Corporation made donations and volunteered in food distribution activities throughout 2022.

Blood Donor Activity (Japan)

As part of a program of medical support and local community contribution, blood donor activities took place throughout 2022 at Kubota Head Office, Kubota Sakai Plant, Kubota Kyuhoji Business Center, Kubota Tohoku Branch Office, and Michinoku-Kubota Co., Ltd.

Resolving Issues (Food)

Preserving Terraced Rice Fields (Japan)

With the aim of deepening its understanding of agriculture so that it can strengthen the customer perspective in its manufacturing activities, since 2014 the Kubota Utsunomiya Plant has participated in a program to manage “the Ishibatake terraced rice paddies”* in the town of Motegi in Tochigi Prefecture.

* The paddies are listed in the 100 Terraced Rice Fields of Japan, as designated by the Ministry of Agriculture, Forestry and Fisheries.

Meals Using Local Produce (Japan)

To raise the profile of local produce from the Kansai region and promote its consumption, the “K’rossing” cafeteria at Kubota Head Office offers meals made using local meat, fish, and vegetables.

* This event was held nine times in total up to 2022

Vegetable Harvesting Experience for Children (Japan)

In September 2022, Hokurikukinki-Kubota Co., Ltd. organized an event to give children the experience of harvesting sweet potatoes. The event was designed to show them the fun of growing things through an encounter with farming and the opportunity to try farmwork. It was also used to educate them about healthy eating.

Vegetable Harvesting Experience for Kindergarten Children (Japan)

To give children the feeling of direct connection with food sources and enable them to learn about traditional local 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 10 times in 2022.

Selling Local Farm Products “Tsukuba Marché” (Japan)

To foster harmonious community relations and promote local consumption of local farm produce, the Kubota Tsukuba Plant holds a sale of locally grown vegetables on the last Friday of every month.

Improving Life for Children in Farming Communities (Thailand)

In the second half of 2022, Siam Kubota Leasing Co., Ltd. offered support to improve the lives of children in rural areas. This included providing foods of high nutritional value and school utensils and solar power generation facilities to improve farms.

Resolving Issues (Food)

Promoting Sale and Use of Local Foods and Craft Products (Thailand)

As a way of building good relations with the local community, Siam Kubota Metal Technology Co., Ltd. promoted local food and craft products throughout 2022 by selling them to employees through its online market and presenting them at in-house events.

Helping to improve the skills of farmers (India)

In 2022, to improve the production technology of farmers, Escorts Kubota Ltd. teamed up with agricultural universities in India and overseas and farmers already using advanced techniques to provide guidance on crop cultivation at the rural level.

Resolving Issues (Water and Environment)

Volunteer Pump Cleaning to Protect Water Sources (China)

In June 2022, KUBOTA PUMP (ANHUI) Co., Ltd. carried out volunteer activity in Maanshan City, Anhui Province, where the company is located. The activity involved checking the operation of the pumps it manufactures and carrying out maintenance cleaning. The purpose was to ensure safe operation during the summer, when local water demand is at its peak, and also to raise awareness of water source protection.

Participation in Fish Release (Thailand)

In September 2022, to build good relations with the local community by helping to preserve river and canal environments, Siam Kubota Metal Technology Co., Ltd. supported an event to release a stock of fish into the waters by making a financial donation and providing volunteers.

Donation of Park Maintenance Equipment and Planting Trees (Philippines)

To help protect nature, in October 2022, Kubota Philippines, Inc. donated equipment needed for park maintenance to La Mesa Ecopark in Quezon City and participated in tree-planting in the park.

"Kubota Forest" (Japan)

To protect the watershed forests in the upper reaches of the Tama River that are owned and managed by the Tokyo Metropolitan Government's Bureau of Waterworks, since 2017 we have cooperated with the Bureau by sponsoring 2.89 ha of this area as part of the Tokyo Waterworks Corporate Forest Naming Rights Project. Named the "Kubota Forest," it is here that new employees come every year to clear the land, cut the grass, and plant trees.

* "Kubota Forest" activities were suspended in 2022 due to COVID-19.

Resolving Issues (Water and Environment)

Participation in Park Cleanup Campaign “Keep Grapevine Beautiful” (US)

To help protect the environment, Kubota Tractor Corporation participated throughout 2022 in a volunteer cleanup of Grapevine Lake and parks in Grapevine City, Texas.

“Aoshita Forest” (Japan)

The Kubota Tohoku Branch Office supports the “Aoshita Forest” project to conserve and nurture the headwater forest of the Aoshita wetland, one of the main water sources for Sendai City, and participates in volunteer tree-planting and cleanup activities in the wetland area.

Cleanup of Business Site Surroundings (Japan and Overseas)

As part of their local community activities, Kubota Group companies both in Japan and overseas organize year-round voluntary activities with employee participation to clean up the environment and enhance its scenic quality.

* In Japan, “e-Day” has been held since 2008 with the participation so far of around 8,000 people in total. In 2022, activities were suspended due to COVID-19.

Park Flowerbed Planting Activities (Japan)

In June and December 2022, Kubota Kyuhoji Business Center participated in volunteer activities to plant flowerbeds in Osaka’s Kyuhoji Green Space, which adjoins its site. The aim was to improve the scenic environment and at the same time build links with the surrounding community.

Resolving Issues (Other Areas)

Supporting People with Disabilities through Hand-Baked Bread Sales (France)

Kubota Research and Development Europe S.A.S. held sales throughout the year of brioches hand-baked by people with disabilities at work support centers (ESAT: Etablissement et service d'aide par le travail). The proceeds are used to support people with mental disabilities, autism, and other special needs.

Participation in Program to Promote Science Subjects to Students (Japan)

To stimulate interest in studying science subjects at university level, in August 2022, Kubota participated in a program organized by the Higashi-Osaka City Board of Education to promote these subjects. Kubota provided a display of tractors and offered test rides while staff from technology departments gave lessons.

Educating the Next Generation

Vocational Talk Events (Japan)

In October 2022, to support the development of the next generation of manufacturing professionals, Kubota Engine Japan Corporation participated in a program operated by the Sakai City Board of Education in which business enterprises provide learning support. Kubota Engine Japan Corporation used its products in a visiting lecture program to answer the question 'What is an engine?'

Factory Tours for Local Elementary Schoolers and Attendance at Study Presentations (France)

To help educate the next generation, in April and May 2022, Kubota Farm Machinery Europe S.A.S. hosted factory tours for elementary schoolers in its home town of Bierne. To follow up this exchange, employees visited the school on a later date and listened to a study presentation by the pupils who had visited the factory.

Work Experience for Children (Germany)

Kubota (Deutschland) GmbH held a work experience event at its worksite to stimulate children's interest in technology-related vocations.

Tour of Construction Machinery Manufacturing Plant (Japan)

In December 2022, to cultivate ties with the local community and help educate the next generation, the Kubota Hirakata Plant hosted a tour of its construction machinery manufacturing plant for Kansai University Elementary School.

Educating the Next Generation

Online Events for Children's Day (Thailand)

In January 2022, to strengthen its involvement with the children in rural areas, Siam Kubota Corporation Co., Ltd. worked with its dealers, farmers, and other partners to organize events including a Farm Picture Drawing Contest and a photography contest, the KUBOTA Kids' Contest.

Kubota Genki Agriculture Experience Workshop

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 2022, 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.

Providing Hands-on Experience at an Agricultural High School (Japan)

In conjunction with Minamitohoku-Kubota Co., Ltd. and Kubota Agri Service Corporation, Kubota provided hands-on experience of using agricultural machinery fitted with the most advanced functions and practical instruction in the handling of farming systems based on digital technology at Miyagi Prefecture Agriculture High School once again in 2022.

We are helping to train young agricultural students for the future with the aim of contributing to more sustainable agriculture.

Donation of Tractor to Vocational School (Indonesia)

To contribute to the mechanization of Indonesian agriculture, P.T. Kubota Machinery Indonesia donated a Kubota tractor in September 2022.

Visiting Lectures (Japan)

At schools and events around the country, Kubota conducts on-site lectures on topics such as the links between the Kubota Group and the SDGs and the future of global and Japanese agriculture. We also host educational visits to our company.

Sixteen junior and senior high schools were visited in 2022 and a total of 18 lectures were given (total of approximately 970 attendees).

Educating the Next Generation

Sakai Science Education Fair (Japan)

Kubota has collaborated since 2015 in the Sakai Science Education Fair, which was launched by the Sakai City Board of Education to increase children's interest and involvement in science. At the FY2022 fair, held for the first time in four years, we exhibited a tractor, a combine harvester, and a rice transplanter and offered test rides.

"Agri Kids with Kubota" (Japan)

Kubota has started a website called "Agri Kids with Kubota" as a platform for teaching children interested in food and agriculture.

The website offers a variety of content that makes learning fun in everyday settings.

* Terra-Koya is positioned as the real-world program of "Agri Kids with Kubota," offering hands-on experience for children to learn about the bountiful blessings of nature and the importance of the global environment.

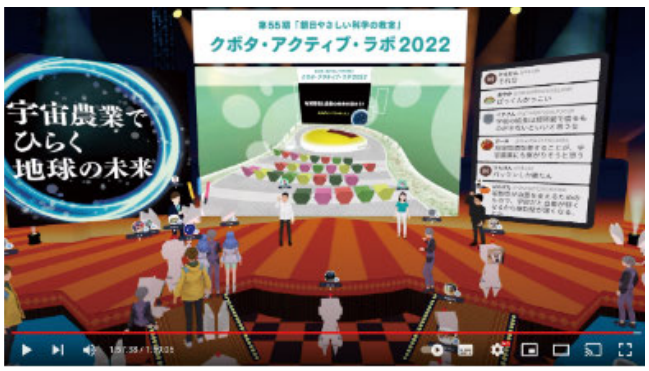
Mainichi Earth Future Prize (Japan)

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 12th Mainichi Earth Future Prize for FY2022 (announced in February 2023), 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 December 2022, under the title "Kubota Active Lab 2022," we invited Kohei Nishida of TOWING Co., Ltd. and Yuya Nishimura of the non-profit organization MIRATUKU to speak on the theme 'Agriculture in Space – the Expanding Global Future.' Approximately 300 junior and senior high school students participated in the event, which was held using a metaverse space.



Social Contribution Activities through Corporate Sporting Events

Managing the Rugby Union Team Kubota Spears Funabashi TOKYO-BAY, Contributing to the Spread of Rugby and Promotion of SDGs through Rugby

Kubota manages the Kubota Spears Funabashi TOKYO-BAY rugby union team, which competes in the Japan Rugby League One competition. The team's home ground is located on the premises of the Keiyo Plant in Funabashi, Chiba Prefecture. In 2017, the team signed a hometown agreement with Funabashi City and then partnership agreements with Tokyo's Edogawa Ward and Chiba Prefecture's Narita City in 2020, followed by Ichihara City in 2021. Through these tie-ups, the Spears are seeking to use rugby as a way of contributing to neighboring communities. With a team vision of being a "Proud Billboard," the Spears are striving to be a winning team beloved by fans, and to draw on this position to build up the sport of rugby by offering rugby tryout days and coaching, as well as engaging in activities to address community issues and promote the SDGs.

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

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

The Edo Supi Clean Campaign brought the team, fans, and partner businesses together for a litter clearing session.

To show commitment to supporting the people of Tonga following the large-scale eruption of a submarine volcano in the South Pacific archipelago in January 2022, the team played its regular-season games wearing socks in red, the color of the Tonga national rugby team.

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

FOCUS

Promoting SDG activities with Edogawa Ward

In October 2021, the Kubota Spears Funabashi TOKYO-BAY rugby union team signed a partnership agreement to promote the SDGs with Tokyo's Edogawa Ward, the location of the team's host stadium. This marked the first-ever time a League One team has signed a partnership agreement with a local government solely for the purpose of promoting the SDGs.

The club carried out recycling and litter-clearing activities at the Edogawa City Track and Field Stadium, its host stadium. Additionally, the club works with partner enterprises to deliver food to a children's cafeteria, where players and staff also help out as volunteers.

[SDG activities implemented with Edogawa Ward]

January-May 2022:	Recycling and litter-clearing activities at matches
June 2022:	Cleanup of rubbish washed up on the east beach of Kasai Marine Park
Since July 2022:	Rugby coaching sessions for school pupils with special needs
July 2022:	Creation of an exercise coaching video for Edogawa Ward residents
Since July 2022:	Edo Supi Clean Campaign, joining with fans to pick up litter in parks in Edogawa Ward
Since August 2022:	Volunteering by players and staff at a children's cafeteria

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

Promoting Sports and Contributing to the Community through the Kubota Spears Volleyball Team

Kubota's volleyball team, the Kubota Spears, was promoted to the V. League in 2019, where it began competing in the 2020–2021 season after changing its name to Spears to align with the Kubota Spears rugby team. In the 2022–2023 season, the team fought for glory in Division 3 of the V. League.

Volleyball is a universal sport enjoyed by all generations and by participating in the V. League, the Spears are deepening relationships with people in the community through such events as regular games and volleyball clinics.

To contribute to the development of local communities, the team has concluded partnership agreements, one with its home city of Osaka (Osaka Prefecture) in June 2020 and another with Amagasaki City (Hyogo Prefecture) in January 2022. It is now working with its two partner cities to enhance activities in a wide range of areas, from sports promotion and education to encouraging wider participation, at the same time actively promoting regional partnerships.

Sports day organized as part of OSAKA SPORTS GROOVE, an Osaka City sports promotion project


Conclusion of the agreement with Amagasaki City


Volleyball coaching session for junior high school students (Amagasaki City)


Outreach class at an elementary school (part of a community partnership program for schools in Tsurumi Ward, Osaka City)

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

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/

Chapter 4

G Governance

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

<SDGs related to this section>

Corporate Governance

Basic Policy

The Company has designated “long-term and stable growth of corporate value” as its highest management priority. To realize this aim, the Company considers enhancement of the satisfaction of all the Company’s stakeholders and improvement of overall corporate value, while balancing economic value and social value, to be important. Especially, in order to achieve the long-term objectives of building “Global Major Brand Kubota” on the basis of its corporate philosophy “Kubota Global Identity,” the Company must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of business management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

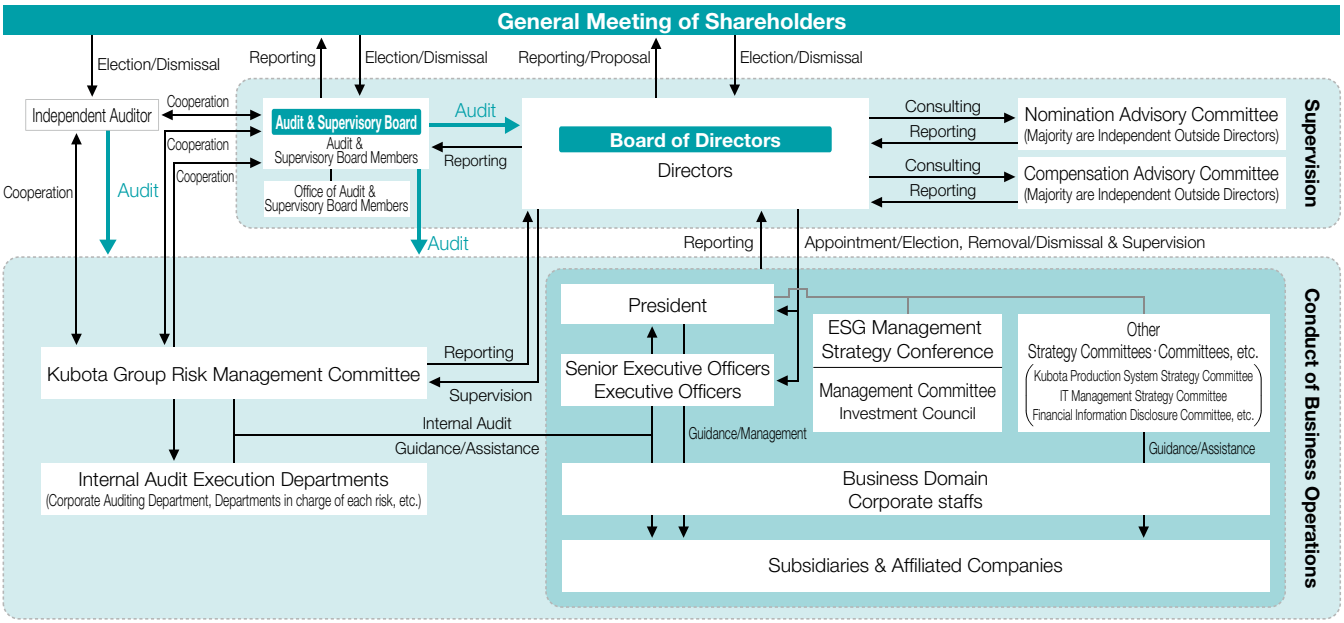
Corporate Governance System

Organization Structure

Policy of Organization Structure

The Company is basically a company with an Audit & Supervisory Board but also has a voluntary Nomination Advisory Committee and Compensation Advisory Committee. The Company has a wide range of business domains that include the areas of food, water, and the environment. Considering the scope of these domains, the Company believes that the most appropriate governance structure is one in which the Board of Directors makes decisions on major fundamental management policies, based on the perspectives of internal Directors with in-depth experience and knowledge in particular areas of the Company’s businesses as well as the objective viewpoints and broad knowledge of Outside Directors. The Board of Directors also supervises and oversees the Executive Officers’ conduct of business. On the other hand, the Audit & Supervisory Board Members, who are legally independent from the Board of Directors, provide a monitoring function through the highly effective, independent audit function. The Company believes having the voluntary Nomination Advisory Committee and Compensation Advisory Committee, where the majority of members are Outside Directors, enables it to secure objectivity and transparency on matters regarding personnel and remuneration of officers, etc., and attain sustainable growth and increase its corporate value in the medium to long term while securing sound, efficient, and effective business management.

Corporate Governance Structures



Board of Directors

The Board of Directors makes strategic decisions and oversees the execution of duties by the Executive Officers. In addition to its regular monthly board meetings, it also meets as and when required to discuss and make decisions relating to management planning, financial planning, investment, business restructuring, and other important management issues.

Audit & Supervisory Board

Kubota has the Audit & Supervisory Board independently, which oversees and audits the execution of duties by the Directors.

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

Nomination Advisory Committee and Compensation Advisory Committee

The Company has a voluntary Nomination Advisory Committee and Compensation Advisory Committee in place as the advisory bodies of the Board of Directors. To incorporate an independent and objective standpoint, Outside Directors account for more than half of constituent members of both committees, and an Independent Outside Director serves as chairperson of the committees.

The Nomination Advisory Committee met three times during the fiscal year for the purpose of deliberating the nomination of candidates for Director and the nomination of Advisors. The committee is also looking at the composition and diversity of the Board of Directors using the skills matrix. Starting in fiscal 2022, the committee added matters related to electing as well as dismissing a president along with succession planning to its agenda once again and actively discusses the qualities and abilities required of the Company's top management in addition to training methods.

The Compensation Advisory Committee met seven times during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors, Executive Officers, and Advisors, and the adequacy of the 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 Nomination Advisory Committee (Period: January 1, 2022 - December 31, 2022)

1	March 15, 2022	Discussion on efforts to build a fair and transparent governance system and deliberation on the evaluation sheet of the President at the time of setting the 2022 targets.
2	September 21, 2022	Deliberation on the succession plan of the President and requirements for presidential candidates, and progress report on the evaluation sheet of the President.
3	October 25, 2022	Deliberation on candidates for the Board of Directors and Advisors.

Activity Report of the Compensation Advisory Committee (Period: January 1, 2022 - December 31, 2022)

1	February 3, 2022	Deliberation on setting targets for each evaluation indicator for the year 2022.
2	February 24, 2022	Deliberation on setting targets for each evaluation indicator for the year 2022.
3	June 7, 2022	Reporting activities concerning K-ESG evaluation indicators for the first half of the year and deliberation on setting targets for the second half.
4	July 6, 2022	Reporting activities concerning K-ESG evaluation indicators for the first half of the year and deliberation on setting targets for the second half.
5	October 28, 2022	Reverification of the current remuneration plan and deliberation on setting remuneration levels for the year 2023.
6	November 30, 2022	Deliberation on the policy for determination of remuneration for the Directors and the remuneration amount for the year 2023.
7	December 14, 2022	Reporting activities concerning K-ESG evaluation indicators for the second half of the year and deliberation on its evaluation.

Composition of Members (as of March 24, 2023)

Figures in brackets [ ] indicate percentage of attendance in fiscal 2022.

			Nomination Advisory Committee	Compensation Advisory Committee
Outside Director	Yuzuru Matsuda	[100%]	● (Chairperson)	● (Chairperson)
Outside Director	Koichi Ina	[100%]	●	●
Outside Director	Yutaro Shintaku	[100%]	●	●
Outside Director	Kumi Arakane	[100%]	●	●
Outside Director	Koichi Kawana	[—] *	●	●
President and Representative Director	Yuichi Kitao	[100%]	●	
Executive Vice President and Representative Director	Masato Yoshikawa	[100%]	●	●
Senior Managing Executive Officer	Kazuhiro Kimura	[100%]	●*	●
Outside Audit & Supervisory Board Member	Yuichi Yamada	[100%]		▲ (Observer)

* Appointed on March 24, 2023

ESG Management Strategy Meeting, Management Committee and Investment Council

The Company has established the ESG Management Strategy Meeting, the Management Committee and the Investment Council to make decisions and deliberate on specific important issues. The ESG Management Strategy Meeting formulates policies and evaluates major measures for the realization of the Long-Term Vision of the Company, GMB2030, and the creation of medium- to long-term corporate value. The Management Committee deliberates and make decisions on important management issues, such as investments and loans, in accordance with the Mid-Term Business Plan 2025. Of the management issues deliberated by the Management Committee, important issues are reported to the Board of Directors. The Investment Council serves as an advisory body to the President on issues that require authorization of the President and certain special issues, excluding items discussed by the Management Committee.

Directors and Audit & Supervisory Board Members

Policies and Procedures in the Election, Nomination and Dismissal of Directors and Audit & Supervisory Board Members

1. Policies in the election and nomination

(1) Candidates for Director

In its wide-ranging business domains encompassing the areas of food, water, and the environment, the Company aims to bring about sustainable growth and increase corporate value on a Group-wide basis, thereby engaging in appropriate decision-making and supervising operations. To such ends and in accordance with its rules governing the Board of Directors (requirements for nominating candidates for Director), the Company appoints persons from inside the Company who have a wide perspective and extensive experience relating to the Company's business management, and appoints persons from outside the Company who have a practical and objective perspective along with deep knowledge, having satisfied requirements for an independent officer as stipulated by the Tokyo Stock Exchange (hereinafter, the "TSE") and requirements of the independence criteria set forth by the Company (five of the eleven Directors are Outside Directors).

[Independence Criteria for Outside Directors/Audit & Supervisory Board Members]

The Company has established the Independence Criteria for Outside Directors/Audit & Supervisory Board Members, considering laws and regulations, and provisions of the TSE, among other regulations, to ensure transparency and objectivity in the governance of the Company. The Company shall deem that an Outside Director/Audit & Supervisory Board Member does not satisfy independence from the Company if any of the following items applies to that person.

1. A person who is an executive* of the Company, or who was such an executive within the 10-year period prior to the appointment as Outside Director.
   * The term "executive" herein refers to an executive defined as a person who executes business in Article 2, paragraph 3, item 6 of the Regulation for Enforcement of the Companies Act. It includes executive director, executive officer (shikkoyakuin) and employee who execute business, but it does not include audit & supervisory board members.
2. A person who is an Audit & Supervisory Board Member of the Company (excluding Outside Audit & Supervisory Board Member) or who was such an Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member) for the past 10 years before his/her appointment.
3. A major business partner of the Company*, or an executive of such an organization.
   * The term "major business partner of the Company" herein refers to a business partner such as a major purchaser of the Company's goods and services in the recent three fiscal years, whose amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the Company for the same fiscal year.
4. An organization whose major business partner is the Company*, or an executive of such an organization.
   * The term "organization whose major business partner is the Company" herein refers to an organization of which the Company is a business partner such as a major purchaser of its goods and services (e.g. a supplier to the Company) in the recent three fiscal years, and the amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the organization for the same fiscal year.
5. A major lender to the Company*, or an executive of such an organization.
   * The term "major lender to the Company" herein refers to a financial institution from whom the Company has obtained loans in the recent three fiscal years, and the outstanding amount of the loans from the lender at the end of that fiscal year exceeded 2% of the consolidated total assets of the Company thereat.
6. A consultant, accounting professional or legal professional who has received economic benefits for services exceeding ¥10 million annually other than remuneration as an officer from the Company in the recent three fiscal years (or, in the case where the receiver of such benefits was an organization such as a corporation or partnership, a person affiliated with such an organization).
7. A major shareholder of the Company*, or if the major shareholder is a corporation, an executive of such a corporation.
   * The term "major shareholder of the Company" herein refers to a shareholder who holds more than 10% of the Company's shares on a voting-right ownership basis at the end of the relevant fiscal year, regardless of whether the shares are held in the shareholder's own name or in another name.
8. A director, audit & supervisory board member, accounting advisor, executive officer (shikkoyaku) or executive officer (shikkoyakuin) of a corporation with a relationship with the Company concerning mutual outside Directors/Audit & Supervisory Board Members appointments.
9. A receiver of endowments of economic benefits exceeding ¥10 million annually from the Company in the recent three fiscal years (or, in the case where the receiver of such endowments was an organization such as a corporation or partnership, an executive of such an organization).
10. A spouse or a relative within two degrees of kinship of a person (limited to persons of important position*) set forth in above items 1 to 9.
    * The term "person of important position" herein refers to a director, executive officer (shikkoyaku), executive officer (shikkoyakuin) or any person holding a position equivalent thereto.

(2) Candidates for Audit & Supervisory Board Member

To adequately facilitate auditing and monitoring of management, the Company appoints persons who have diverse experience, knowledge, expertise and insight in accordance with the Standards for Auditing by Audit & Supervisory Board Members (the policy for selecting candidates for Audit & Supervisory Board Member). The Company appoints half or more of the candidates from among persons who satisfy requirements for an independent officer as stipulated by the TSE, of which the Company appoints one person (certified public accountant, etc.) who has a high degree of expert knowledge and experience relating to accounting and finance (three of the six Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members).

2. Procedures in the election, nomination and dismissal

(1) Procedures in the election, nomination and dismissal of Directors

Appointment of Directors is implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors, following deliberation by the Nomination Advisory Committee (five out of eight of whose members are Outside Directors).

The Nomination Advisory Committee conducts deliberation with appropriate involvement and advice from the Outside Directors from the perspectives of each candidate's eligibility (such as experience, abilities, expertise, and internationality) and diversity of the Board of Directors.

Should reason for dismissal arise, dismissal procedures are implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors in accordance with the rules governing the Board of Directors.

(2) Procedures in the election, nomination and dismissal of Audit & Supervisory Board Members

To elect the Audit & Supervisory Board Members, the candidates for Audit & Supervisory Board Member are determined from among the candidates who are selected in accordance with the Standards for Auditing by Audit & Supervisory Board Members (the policy for selecting candidates for Audit & Supervisory Board Member) after approval of the Audit & Supervisory Board. The candidates are elected by resolution of the General Meeting of Shareholders.

Dismissal of Audit & Supervisory Board Members is implemented by special resolution of the General Meeting of Shareholders in accordance with the Companies Act.

Reasons for Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Expected Roles

Outside Directors

Name	Reasons for appointment and expected roles
Yuzuru Matsuda	As the person responsible for medical research at Kyowa Hakko Kogyo Co., Ltd., Mr. Matsuda worked on organizational reforms to a research system, and after becoming president there he oversaw a management merger with Kirin Pharma Company. Even after the merger, as president of the new company, Kyowa Hakko Kirin, he demonstrated firm leadership in directing employees from both of the merged companies. He has extensive experience in management and a wide range of expertise. Moreover, he actively offers advice of Kubota's overall management from a broader perspective. He has also contributed to the improvement of effectiveness in his role as chair of both the Nomination Advisory Committee and Compensation Advisory Committee. As such, he is judged to be a continuing benefit to Kubota's sustainable growth and to enhancing its corporate value.
Koichi Ina	With a career that has involved various positions in charge of factories or manufacturing for Toyota Motor Corporation, Mr. Ina has striven toward the development of production technologies as well as manufacturing site processes and personnel training. After his time at Toyota, he was appointed president at Daihatsu Motor Co., Ltd. He has extensive experience as a leader in the light vehicle industry, in areas such as constructing global development and production systems, and a wide range of expertise. Moreover, he actively offers advice, particularly from a manufacturing perspective. As such, he is judged to be a continuing benefit to Kubota's sustainable growth and to enhancing its corporate value.
Yutaro Shintaku	During his time as president of Terumo Corporation, Mr. Shintaku took a number of measures to ensure the Company could overcome intense international competition, including global expansion, M&As, and restructuring of the Company's business portfolio. He has a high degree of skill and an impressive track record as a manager able to read trends. Moreover, he actively offers advice, particularly from his knowledge of capital policies. As such, he is judged to be a continuing benefit to Kubota's sustainable growth and to enhancing its corporate value.
Kumi Arakane	After being appointed as a researcher to work on fundamental cosmetics research at KOSÉ Corporation, Ms. Arakane's career has covered assignments in charge of a wide range of fields, including product development, R&D, quality assurance, and purchasing. She has experience in being involved in management as a director and also possesses knowledge relating to auditing the execution of duties as a full-time auditor. Moreover, she actively offers advice from varied perspectives. As such, she is judged to be a continuing benefit to Kubota's sustainable growth and to enhancing its corporate value.
Koichi Kawana	Mr. Kawana's career has involved responsibility for a business site outside Japan for JGC Holdings Corporation, and he is well-versed in international business. In 2011, he was appointed as president there, and led megaprojects inside and outside Japan and business investment in infrastructure fields. He possesses extensive expertise and experience in management. In view of his deep insight, he is judged to be contributing to Kubota's sustainable growth and to enhancing its corporate value, as well as to the strengthening of the supervisory function of the Board of Directors.

Outside Audit & Supervisory Board Members

Name	Reasons for appointment and expected roles
Yuichi Yamada	Mr. Yamada has considerable knowledge relating to accounting and financial matters as a certified public accountant. He has gained extensive experience and a record of accomplishments in corporate auditing while serving at a major audit firm, and possesses extensive expertise on auditing in general, such as through working as an outside audit & supervisory board member for other companies. Therefore, despite not having been directly involved in corporate management, the Company judged that he can contribute to further enhancing its auditing processes through his expert viewpoints and from an independent standpoint.
Yuri Furusawa	Ms. Furusawa has experience in Japan and overseas in various roles working for central governmental agencies and possesses a broad perspective and extensive knowledge. Furthermore, she gained global experience through being involved in overseas business development at a company, and she was involved in reforming work styles and promoting the empowerment of women and diversity at the center of the government. Therefore, despite not having been directly involved in corporate management, the Company judged that she can contribute to further enhancing its auditing processes with her wide range of experience, through her expert viewpoints and from an independent standpoint.
Keijiro Kimura	Mr. Kimura possesses a wealth of knowledge in legal affairs. He also has an extensive record of practice in corporate legal affairs at law offices and considerable experience and knowledge acquired by assuming office as an outside auditor for several companies. Therefore, despite not having been directly involved in corporate management, the Company judged that he can contribute to further enhancing its auditing processes with his wide range of experience, through his expert viewpoints and from an independent standpoint.

Composition of the Board of Directors and the Audit & Supervisory Board (as of March 24, 2023)

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, 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.

Long-Term Vision "GMB2030"
www.kubota.com/corporate/vision/

Skills Matrix

	Name	Position	Outside	Areas of expectation / Specialization								Experience in corporate management	Attendance at the Meetings of the Board of Directors	Attendance at the Meetings of the Audit & Supervisory Board	Tenure as Director or Audit & Supervisory Board Member
				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				
Board of Directors	Yuichi Kitao	President and Representative Director			●	●		●				●	100% (12 of 12)	–	8 years and 9 months
	Masato Yoshikawa	Representative Director and Executive Vice President			●				●	●			100% (12 of 12)	–	6 years
	Dai Watanabe	Director and Executive Vice President			●	●	●						100% (12 of 12)	–	4 years
	Hiroto Kimura	Director and Senior Managing Executive Officer		●		●	●						100% (10 of 10)	–	1 year
	Eiji Yoshioka	Director and Senior Managing Executive Officer		●	●		●						–	–	–
	Shingo Hanada	Director and Managing Executive Officer			●		●	●					–	–	–
	Yuzuru Matsuda	Director	●		●	●			●			●	100% (12 of 12)	–	8 years and 9 months
	Koichi Ina	Director	●	●	●		●					●	100% (12 of 12)	–	7 years and 9 months
	Yutaro Shintaku	Director	●		●			●		●		●	100% (12 of 12)	–	5 years
	Kumi Arakane	Director	●	●		●		●					100% (12 of 12)	–	2 years
	Koichi Kawana	Director	●		●			●	●			●	–	–	–
Audit & Supervisory Board	Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)							●	●	●		100% (12 of 12)	100% (17 of 17)	8 years and 9 months
	Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)			●					●	●		92% (11 of 12)	100% (17 of 17)	5 years
	Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)					●			●	●		100% (10 of 10)	100% (14 of 14)	1 year
	Yuichi Yamada	Audit & Supervisory Board Member	●						●	●	●		100% (12 of 12)	100% (17 of 17)	3 years
	Yuri Furusawa	Audit & Supervisory Board Member	●					●	●		●		92% (11 of 12)	100% (17 of 17)	2 years
	Keijiro Kimura	Audit & Supervisory Board Member	●		●				●		●		100% (10 of 10)	100% (14 of 14)	1 year

(Notes) 1. Experience in corporate management among the items of the list above refers to experience as president at listed companies.
2. In the list above, up to three of the major skills expected of each member of the Board of Directors based on their experience are marked ●. These skills do not represent the entirety of the knowledge possessed by each member.
3. The attendance of the Meetings of the Board of Directors and the Audit & Supervisory Board held during fiscal 2022.
4. Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agendas in order to improve the effectiveness of the Board.

Efforts for Making the Board of Directors More Effective

Evaluation of the Board of Directors' Effectiveness

In order to maintain and improve the function of the Board of Directors, the Company employs a continuous cycle for improvement, wherein it evaluates the Board of Directors' effectiveness at the end of each fiscal year, identifies issues in light of the evaluation findings, and develops an action plan to address them, and this plan is then implemented by the Board of Directors the following year. In fiscal 2022, an evaluation was conducted by a third-party organization with the aim of further increasing the fairness and transparency of the Board of Directors. The evaluation of the Board of Directors' effectiveness for fiscal 2022 was conducted, and the report is as follows.

1. Evaluation method

An evaluation by a third-party organization was conducted from November 2022 to March 2023.
The evaluation methodology is as outlined in (1) to (4) below.

(1) Questionnaire Evaluating Effectiveness

The questionnaire based on questions created under the guidance of a third-party organization was given to all Directors and Audit & Supervisory Board Members (total 16 persons).

Evaluation major items: Overall Evaluation of the Board of Directors/Composition of the Board of Directors/Operations of the Board of Directors/Role and Contribution of Members/Leadership of Chair/Corporate Strategy and Sustainability/Monitoring of Business Portfolio and Management Resources (Human Resources, Business/Products, Finance/Accounting)/Creation of Synergies/Risk Management and Compliance/Response to Stakeholders/Monitoring of Execution and Performance/Analysis of Management Decisions/Sound Decision-making/Culture of the Board/Effectiveness of Committees on Nominations and Remuneration/Utilization of Effectiveness Evaluation/Own Contribution to the Board of Directors/Gap Analysis (evaluating the level of importance of proposals and the amount of discussion respectively on a scale of 10 and analyzing the gap)

(2) Interviews

Based on the results of the questionnaire, the third-party organization conducted interviews of the Directors individually and a group interview among six Audit & Supervisory Board Members.

(3) Report to and Discussion at Board of Directors Meeting (1)

The third-party organization reported the evaluation results of (1) and (2) at the Board of Directors Meeting, and discussion was held on the issues extracted and future initiatives.

(4) Report to and Discussion at Board of Directors Meeting (2)

The Chair reported the action plan for fiscal 2023 at the Board of Directors Meeting, and discussion was held by the Board members.

2. Evaluation results

The results of the third-party evaluation indicated that the Board of Directors is functioning effectively, sufficiently exercising both its decision-making and supervisory functions. The overview of the third-party evaluation results is as follows:

(1) The following strengths were found to support the effectiveness of the Board of Directors.

- Continuous efforts for Kubota to creatively fulfill its supervisory function proved to be successful, supporting the execution of duties appropriately.
  <Composition>
  – The direction of corporate value enhancement with a focus on K-ESG management is made clear and shared among the Directors.
  – Outside Directors with a high degree of expertise and broad knowledge base offer questions and comments that bring new perspectives and awareness to the execution.
  – Active involvement by the Audit & Supervisory Board Members who are well-versed in Kubota's business and organizational culture helps to raise the level of the supervisory function.
  – Members attending the Board of Directors Meetings have mutual respect for their knowledge/experience and contributions to the Board of Directors, which serves as a foundation for constructive discussions.
  <Operation>
  – Front-line-oriented proposals were chosen, fitting Kubota's unique focus area.
  – The way the Chair facilitates active discussions contributes to the improvement of the quality of such discussions.
- The Board of Directors has become more effective due to the measures taken in fiscal 2022 against the major issues extracted from the evaluation of effectiveness in fiscal 2021.

Major issues in fiscal 2021	Initiatives in fiscal 2022
Creating more opportunities to have discussions from a medium- to long-term perspective	Launched Value Up Discussion Meetings (VUDMs)* to create opportunities to discuss managerial issues that concern the entire Group from a medium- to long-term perspective. <Deliberations at VUDMs in fiscal 2022> January : Constructive Dialogue with Stakeholders April : Looking Back on VUDM and its Future October : Group Risk Management
Strengthening the monitoring function for the progress of important projects	Shared a list of projects needing follow-ups within the Board of Directors every six months to visualize their current state
Building a risk management structure for the entire Group	After a series of discussions on Group Risk Management at VUDMs and the Board of Directors Meetings, it was decided to establish the Kubota Group Risk Management Committee in January 2023, which periodically assesses the risk environment for the Group and promotes measures against risks that could seriously impact management.

* Value Up Discussion Meetings provide an opportunity for the Board of Directors Members to openly discuss topics designed to enhance corporate value. The meetings have been held periodically since July 2021.

(2) Meanwhile, in order to ensure sustainable business growth toward the realization of the Long-Term Vision GMB2030, Kubota is expected to address the following challenges to further improve the effectiveness of the Board of Directors.

- Deepen discussions on medium- to long-term growth strategies
  – Expand the proposals to deepen discussions on Kubota's medium- to long-term goals and their feasibility, taking into account adequate understanding among stakeholders.
  – Strengthen the operational function for further utilization of VUDMs

- Strengthen the function of the Nomination Advisory Committee
  – Clarify the requirements for candidates of the next-generation management team and their selection process
  – Strengthen the promotion of the development of next-generation management candidates and their monitoring
- Create a board succession system that supports advanced effectiveness
  – Build a system that helps to maintain Kubota's distinctive Board of Directors, which contributes to sustainable, resilient growth

3. Action plan to enhance effectiveness in fiscal 2023

In response to the evaluation results for fiscal 2022, Kubota will primarily formulate and implement the following action plan for fiscal 2023 to further enhance discussions and improve the effectiveness of the Board of Directors.

Major issues in fiscal 2022	Action plans for fiscal 2023
Deepen discussions on medium- to long-term growth strategies	Extract topics concerning medium- to long-term growth strategies that should be addressed preferentially, examine the timing for monitoring each topic from a supervisory perspective, and review the proposals for the Board of Directors Meetings and VUDMs.
Strengthen the function of the Nomination Advisory Committee	The Nomination Advisory Committee examines the direction in formulating a succession plan for next-generation management team members.
Create a board succession system that supports advanced effectiveness	Establish a mechanism for continuously examining the state of the Board of Directors and provide opportunities to discuss the 'ideal state' of the Board that is unique to Kubota with a focus on the Board's roles and functions, in order to accelerate the realization of the Long-Term Vision GMB2030.

Value Up Discussion Meetings

The Company regularly holds Value Up Discussion Meetings to provide members of the Board with opportunities to discuss topics bringing about sustainable growth and increasing corporate value. The purpose of the meeting is to exchange opinions and share information, and the contents of discussions are communicated to the executive as necessary.

Past Contents of Deliberation

Timing and Theme of Meeting	Key Topics of Deliberation
July 2021 "Carbon Neutrality"	Response toward promoting carbon neutrality, initiatives for greenhouse gas emissions reductions and negative emission
October 2021 "K-ESG Management"	K-ESG management approach, Materiality of K-ESG management
January 2022 "Constructive Dialogue with Stakeholders"	Realization of growth strategy and views on accountability, approach to pursuing IR and SR activities for institutional investors and individual investors
April 2022 "Looking Back on VUDM and its Future"	Purpose and vision of VUDM, operation method, and selection of themes to address
October 2022 "Group Risk Management"	Risk identification process and company-wide risk control system

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 meets the Compensation Advisory Committee, more than half of whose members are 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 promotion-related efforts.

The content and results of deliberations by the Compensation Advisory Committee about the president's 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 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 Long-Term Vision and Mid-Term Business Plan, training situation for the president successor candidates, and K-ESG promotion-related efforts.

Remuneration

Remuneration for the Year Ended December 31, 2022

Currently, the Company is committed to shift to business operations with ESG positioned at the core of management under the Long-Term Vision "GMB2030," with the aim of further strengthening the supervisory function of the Board of Directors (i.e. enhancing corporate governance). Under these circumstances, Kubota Corporation put in place the policy for remuneration, etc. for Directors as follows, as responsibilities and expectations of the Directors are increasing.

Basic policy for determination of remuneration, etc. for the Directors

a) The purpose of the remuneration for the Directors, excluding Outside Directors, is to encourage the Directors, excluding Outside Directors, to take the lead for sustainable growth while fulfilling social responsibilities as a company aiming to become a GMB.
- Motivate the Directors to achieve performance targets by reflecting in their remuneration quantitative and objective evaluation results based on financial performance indicators.
- Accelerate K-ESG management initiatives by reflecting evaluation results of the progress of the K-ESG in remuneration of the Directors.
- Encourage the Directors to hold shares of Kubota Corporation during their tenure and make them strongly aware of the need to sustainably improve corporate value through a remuneration system that is closely linked to shareholder value.
- Set the levels of remuneration and performance linkage so that the Directors may receive remuneration that is equivalent to or greater than the standard remuneration at other GMB companies defined by Kubota Corporation, in line with the achievement of the performance targets and K-ESG, and improvement of corporate value.

b) To achieve the purpose of the remuneration, transparency and objectivity must be ensured in the administration of the remuneration plan.
- Decisions on the development and administration of remuneration policies shall be reviewed by the Compensation Advisory Committee, where a majority of members are Outside Directors, before being determined by the Board of Directors' resolution.
- In order to fulfill accountability for shareholders precisely, disclosure shall be made not limited to the scope required by laws and regulations, but also to facilitate shareholders' understanding and dialogue with them.

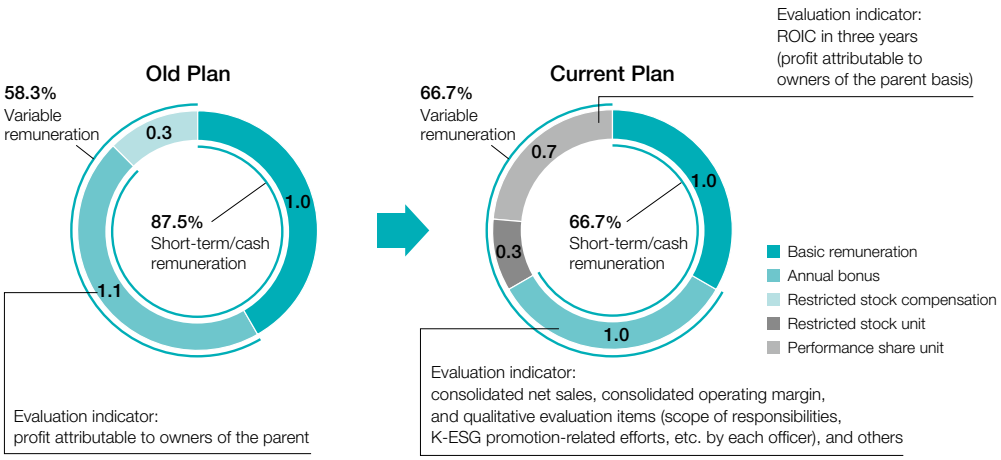
• Remuneration structure

The remuneration for the Directors, excluding Outside Directors, consists of basic remuneration, which is fixed, and performance-linked remuneration.

The composition ratio of basic remuneration to performance-linked remuneration for the President and Representative Director is generally set at 1:2, to secure a high level of performance linkage suitable for a competitive remuneration level. As for the remuneration structure for the Directors other than the President and Representative Director, the Directors at a higher corporate rank earn a greater portion of performance-linked remuneration, given the size of their duties, etc. of each corporate rank. The performance-linked remuneration consists of annual bonuses intended to encourage the Directors to achieve the business size and profitability targets of each fiscal year, and stock compensation (restricted stock unit and performance share unit) intended to share shareholder value and promote the maximization of medium- to long-term corporate value. The ratio of annual bonuses to stock compensation is generally set at 1:1.

The only remuneration for the Outside Directors is basic remuneration, which is a fixed remuneration, since the Outside Directors are expected to supervise the Board of Directors and give objective advice on management from positions independent from the conduct of business.

Image of Remuneration Composition Ratios for the President and Representative Director (Comparison of Old Plan and Current Plan)



Elements of Remuneration

Type of remuneration	Overview
Basic remuneration	**[Fixed remuneration set in proportion to the size of duties by corporate rank, etc.]** - The individual amount of basic remuneration shall be decided at the meeting of the Board of Directors based on the details of confirmation and deliberation by the Compensation Advisory Committee; the amount of total basic remuneration divided by 12 is paid monthly on the same pay day as employees' salaries.
Annual bonus	**[Cash remuneration intended to encourage the achievement of business size and profitability-related performance targets set for each fiscal year and accelerate the K-ESG management efforts]** - Consists of a portion linked to company-wide performance (50-70% of the bonus based on corporate rank), a portion of individual evaluation (10-30%), and portion of K-ESG evaluation (20%). - The portion linked to company-wide performance varies between 0% and 200% of the base amount in proportion to the degree of achievement in the targeted consolidated revenue and operating profit margin, which are key indicators under the Mid-Term Business Plan 2025. - The portion of individual evaluation varies between 0% and 200% of the base amount in proportion to the degree of achievement in strategic company-wide targets, specific targets in the efforts under the Mid-Term Business Plan 2025, financial targets for the area(s) the person is in charge of, etc. that are set at the beginning of the fiscal year based on individual responsibilities/jurisdiction. - The portion of K-ESG evaluation varies between 0% and 200% of the base amount in proportion to the degree of achievement in K-ESG promotion targets set at the beginning of the fiscal year. - The target setting in and the evaluation result of each evaluation category shall be decided at the meeting of the Board of Directors based on the details of confirmation and deliberation by the Compensation Advisory Committee: paid annually in March, in principle.
Restricted stock unit	**[Stock compensation intended to encourage continued shareholding while in service / office, through which the sharing of and improvements in shareholder value are promoted]** - The number of restricted stocks specified for each corporate rank shall be issued generally after the closing of each fiscal year, from the trust that sets Kubota Corporation as the entruster. In principle, the transfer restriction of issued share shall be lifted at the time of retirement (which means the point of time when they are no longer Directors or Executive Officers of Kubota Corporation; the same applies hereinafter).
Performance share unit	**[Stock compensation for the purpose of improving the shareholder value by achieving the medium- to long-term performance target]** - Restricted stocks are generally issued after the end of each performance evaluation period from the trust that sets Kubota Corporation as the entruster, in accordance with the results of the financial evaluation of the three-year performance evaluation period. In principle, the transfer restriction of issued shares shall be lifted when Directors, etc. retire. - Return on invested capital (ROIC) on a net income basis is used as a financial evaluation indicator to encourage the maximization of corporate value over the medium to long term through efficient profit generation on invested capital. The number of shares to be issued in proportion to the degree of achievement varies between 0% and 200%.

(Note) In accordance with the resolution of the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022, Kubota Corporation introduced a performance-linked stock compensation plan using a trust. This plan is a stock compensation plan by which a trust, established through the contribution of monies by Kubota Corporation, acquires Company shares, and the number of Company shares corresponding to the number of points to be granted by Kubota Corporation to each Director is delivered to each Director through the Trust. Consequently, Kubota Corporation has discontinued restricted stock compensation and granting restricted stocks under the previous plan.

• Remuneration level

In order to properly secure competitiveness in terms of compensation suitable for a GMB company, Kubota Corporation appropriately sets the level of remuneration for the Directors, excluding Outside Directors, based on their corporate ranks and duties, by using data on objective executive remuneration surveys conducted by an external specialized institution, etc. to identify a group of companies whose size, profitability, type of business, overseas networks, etc. are comparable to those of Kubota Corporation as a benchmark for comparison.

• Shareholding guideline

For the purpose of deepening the level of shared value with its shareholders, Kubota Corporation encourages the Directors, excluding Outside Directors, to hold Kubota Corporation's stock basically as follows:

President and Representative Director: stock worth three times the basic remuneration by five years from taking office

Other Directors: stock worth 2.4 to 2.7 times the basic remuneration by five years from taking office

• Clawback / recovery of remuneration, etc. (malus and clawback clauses)

The Company has compensation clawback clauses (i.e. malus and clawback clauses) for the restricted stock unit and the performance share unit to be granted to the Directors. If an incident of misconduct, etc. involving the Directors (including those retired) of Kubota Corporation arises or such a fact comes to light, the Company may claim the return, etc. of pre-issue points to receive shares, and all or part of the issued restricted stock and shares after the transfer restriction is lifted. The decision on claims for return, etc. and their details shall be reviewed by the Compensation Advisory Committee before being determined by the Board of Directors' resolution.

• Remuneration determination process

The Company's policy on the decision of the details of remuneration for the Directors and the details of individual remuneration, etc. shall be decided by resolution of the Board of Directors based on the results of objective deliberation by the Compensation Advisory Committee, a majority of whose members are Outside Directors. The review by the Compensation Advisory Committee shall be attended or observed by a compensation advisor, an external specialized institution, where necessary, for the purpose of providing an objective point of view as well as expert knowledge and information concerning compensation plans.

• Maximum remuneration amount of the Directors

In accordance with the resolution of the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022, maximum amount of monetary remuneration payable to the Directors is ¥900 million or less for the basic remuneration (¥160 million or less for the Outside Directors) and ¥1,060 million or less for the annual bonus. The maximum aggregate amount of stock remuneration for the Directors was set at ¥900 million or less per year.

• Remuneration of Audit & Supervisory Board Members

The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members. The remuneration for the Audit & Supervisory Board Members consists solely of "basic remuneration" considering the roles they play and the need to preserve their independence. The maximum aggregate amount of remuneration for the Audit & Supervisory Board Members is set at ¥250 million or less per year at the 132nd General Meeting of Shareholders held on March 18, 2022.

Compensation by Position

The aggregate compensation paid by Kubota Corporation for the year ended December 31, 2022, to the Directors and the Audit & Supervisory Board Members was as follows:

Position	Number of persons	Total amount of compensation (millions of yen)			
		Basic remuneration	Bonus	Restricted stock unit	Performance share unit
Directors (excluding Outside Directors)	6	362	238	120	55
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	120	—	—	—
Outside Directors	4	77	—	—	—
Outside Audit & Supervisory Board Members	4	49	—	—	—

(Note) The above amount includes compensation for the Outside Audit & Supervisory Board Member who has resigned upon the expiration of their term at the conclusion of the 132nd General Meeting of Shareholders held on March 18, 2022.

Training for Executives

For Outside Directors and Outside Audit & Supervisory Board Members, Kubota Corporation explains the corporate principles (Kubota Global Identity), business strategies, business portfolio and other information when they assume office and proactively provides them with opportunities to conduct inspections of our main factories and on-site inspections overseas. In addition, Outside Directors and Outside Audit & Supervisory Board Members can deepen their understanding of priority management issues and medium- to long-term objectives through preliminary briefings on the agenda for the Board of Directors meeting, discussions conducted at the "VUDM" and other opportunities.

For Senior Executive Officers and Executive Officers, the Company holds training hosted by external organizations for all newly appointed officers, featuring content pertaining to laws and regulations, and corporate governance. In addition, the Executive Officers' Meeting is held monthly to provide directions and information to the officers about policies and resolutions decided by the Board of Directors. Furthermore, to provide an opportunity for examining company-wide matters and areas other than the commissioned area, the Company holds, as part of training, a sub-committee meeting on different from the day of the Executive Officers' Meeting to continue lively discussions on priority management issues and other topics in small groups.

The Company holds multiple annual executive forums related to ESG, human rights, health and safety, the environment, quality, public relations, legal affairs, DX, compliance, etc. for all of its Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers. We invite external lecturers, etc., and continue to hold these forums for the purpose of acquiring and updating knowledge on the rapidly changing external environment by also using online distribution.


Corporate Governance Report
www.kubota.com/ir/policy/governance/data/cgre.pdf

Policy for Constructive Dialogue with Shareholders

Kubota, recognizing that constructive dialogue with shareholders and investors contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value, regularly stays abreast of the shareholder composition, makes timely and appropriate disclosure of a wide range of information ranging from financial information to non-financial information and promotes constructive dialogue with shareholders and investors. The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors. Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

The General Manager of Planning & Control Headquarters is in overall charge of directing and promoting IR. The department in charge of IR plays a central role in developing its IR activities through organic coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Secretary and Public Relations Dept., ESG Promotion Dept., General Affairs Dept. and Legal Dept.

(3) Feedback to management

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers' Meeting, and relevant departments by the President and General Manager of Planning & Control Headquarters as necessary.

(4) Dialogue with institutional investors and analysts

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

(5) Dialogue with individual shareholders and investors

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

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

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

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

1. Financial Information Disclosure Committee

   The Company has established the Financial Information Disclosure Committee so as to monitor and control financial information disclosure and, thereby, ensure its fairness, correctness, timeliness, and comprehensiveness. The committee consists of a committee chairperson, who is General Manager of Planning & Control Headquarters; committee members, who are General Manager or Deputy General Manager of Corporate Compliance and Risk Management Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Secretary and Public Relations Dept., General Manager of Accounting Dept., and General Manager of Corporate Auditing Dept.; and, as observers, one full-time Audit & Supervisory Board Member and one Audit & Supervisory Board Member specializing in finance. The committee meets periodically in order to draft and assess the Annual Securities Reports ("*Yukashoken Hokokusho*") and the Quarterly Reports ("*Shihanki Hokokusho*") pursuant to the Financial Instruments and Exchange Act. And the committee also meets in response to extraordinary events such as important decisions and material facts that must be disclosed immediately.

   In accordance with the intent and meaning of fair disclosure rules set out in the Financial Instruments and Exchange Act, the Company takes all reasonable care to avoid selective disclosure of information, such as by simultaneously releasing Japanese and English versions of results briefing materials with attached explanations and the minutes of question-and-answer sessions via the corporate website, and by working to enhance the timely and fair disclosure of information in order to promote proactive dialogue with investors.

2. Company regulations for information disclosure

   The Company has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has stipulated "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to promote awareness and ensure thorough efforts in regard to the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.


Information for investors
www.kubota.com/ir/

Management (As of March 24, 2023)

Directors and Executive Officers

President and Representative Director

Yuichi Kitao

Shares owned: 112,819
Time in office: 8 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: Executive Officer and GM of Tractor Div.
Jan. 2011: President of Kubota Tractor Corp.
Apr. 2013: Managing Executive Officer at Kubota Corporation
Oct. 2013: GM of Farm and Utility Machinery Div. and Farm and Utility Machinery International Operation 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: Executive Vice President and Representative Director, GM of Farm and Industrial Machinery Consolidated Div.
Jun. 2019: GM of Innovation Center
Jan. 2020: President and Representative Director (to present)

Executive Vice President and Representative Director
GM of Planning and Control HQ, GM of Global ICT HQ

Masato Yoshikawa

Shares owned: 64,046
Time in office: 6 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 & Control Dept.
Oct. 2010: GM of Corporate Planning & Control Dept.
Apr. 2012: Executive Officer
Oct. 2013: President of Kubota Tractor Corp.
Apr. 2015: Managing Executive Officer at 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 (to present)
Jan. 2020: Executive Vice President and Director
Jan. 2022: Executive Vice President and Representative Director

Executive Vice President and Director
GM of Farm and Industrial Machinery Consolidated Div., GM of Innovation Center

Dai Watanabe

Shares owned: 80,593
Time in office: 4 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: Executive Officer at 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 at 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. at 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: Executive Vice President and Director

Director and Senior Managing Executive Officer
GM of Research and Development HQ, GM of Kubota Global Institute of Technology, Deputy

Hiroto Kimura

Shares owned: 26,407
Time in office: 1 year

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: Executive Officer at Kubota Corporation and President of Siam Kubota Corporation Co., Ltd.
Sep. 2019: President of Kubota Research & Development Asia Co., Ltd.
Jan. 2020: Managing Executive Officer and Deputy GM of Innovation Center (to present) at Kubota Corporation, Deputy GM of Research and Development HQ, Deputy GM of ASEAN Farm and Industrial Machinery Strategy and Operations HQ
Jan. 2021: GM of Research and Development HQ and Carbon Neutral Promotion Dept. (to present)
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)

Director and Senior Managing Executive Officer
GM of Water and Environment Infrastructure Consolidated Div., Deputy GM of Innovation Center, GM of Tokyo Head Office

Eiji Yoshioka

Shares owned: 25,640
Time in office: -

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 at Kubota Corporation and President of Kubota Air Conditioner, Ltd.
Jan. 2016: Executive Officer and GM of Materials Div. at Kubota Corporation
Jan. 2019: In charge of Special Tasks Assigned by the 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)

Director and Managing Executive Officer
President of Kubota North America Corp., President of Kubota Tractor Corp.

Shingo Hanada

Shares owned: 5,843
Time in office: -

Apr. 1989: Joined Kubota Corporation
Apr. 2015: GM of Compact Tractor, Turf and Utility Vehicle Planning and Sales Promotion Dept.
Jan. 2017: GM of Agricultural Tractor Planning and Sales Promotion Dept.
Jan. 2018: GM of Turf & Utility Vehicle Business Unit and Turf & Utility Vehicle Business Promotion Dept.
Jan. 2019: 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 at Kubota Corporation, President of Kubota North America Corp. (to present) and President of Kubota Tractor Corp. (to present)
Mar. 2023: Director and Managing Executive Officer at Kubota Corporation (to present)

Outside Directors

Outside Director

Yuzuru Matsuda

Shares owned: 28,499
Time in office: 8 years and 9 months

Committee activity: Chair of the Nomination Advisory Committee and Compensation Advisory Committee

Apr. 1977: Joined Kyowa Hakko Kogyo Co., Ltd. (now Kyowa Kirin Co., Ltd.)
Jun. 1999: Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute at Fuji Plant
Jun. 2000: Executive Officer and Head of the Medical Comprehensive Research Labs
Jun. 2002: Director of the Board, Managing Director, and Head of the Comprehensive Planning Office
Jun. 2003: Representative Director of the Board, President and Chief Executive Officer
Oct. 2008: Representative Director, President and Chief Executive Officer at Kyowa Hakko Kirin Co., Ltd. (now Kyowa Kirin Co., Ltd.)
Jun. 2012: General Secretary of the Kato Memorial Bioscience Foundation
Jun. 2014: Outside Director at Kubota Corporation (to present) and Director (Part-time, Outside) at Bandai Namco Holdings Inc.
Jun. 2015: Outside Director at JSR Corporation
Jun. 2019: Director Emeritus of Kato Memorial Bioscience Foundation (to present)

Outside Director

Koichi Ina

Shares owned: 24,175
Time in office: 7 years and 9 months

Committee activity: Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles: Outside Director at Sansha Electric Manufacturing Co., Ltd.

Apr. 1973: Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation)
Jan. 1998: GM of the Motomachi Plant Machining Div.
Jun. 2000: GM of the Motomachi Plant Administration Div.
Jun. 2002: Director, Plant General Manager for the Honsha Plant and Motomachi Plant
Jun. 2003: Managing Officer and Head of the Global Production Promotion Center
Jun. 2004: Plant General Manager for the Akechi Plant
Jun. 2005: Plant General Manager for the Takaoka Plant and Tsutsumi Plant
Jun. 2006: Plant General Manager for the Miyoshi Plant
Jun. 2007: Senior Managing Director, and Chief Officer of the Manufacturing Group and Production Planning Group
Jun. 2009: Executive Vice President at Daihatsu Motor Co., Ltd.
Jun. 2010: President
Jun. 2013: Chairman
Jun. 2015: Outside Director at Kubota Corporation (to present)
Jun. 2019: Outside Director at Sansha Electric Manufacturing Co., Ltd. (to present)

* Shares owned is correct as of December 2022, time in office is correct as of March 2023.

Outside Director

Yutaro Shintaku

Shares owned: 8,825
Time in office: 5 years

Committee activity: Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles: Director of the Board (Outside Director) at Santen Pharmaceutical Co., Ltd.
Outside Director at Kozo Keikaku Engineering Inc.

Apr. 1979: Joined Toa Nenryo Kogyo K.K. (now 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 Group Managing Executive Officer, GM of Strategy Planning Dept., In charge of Human Resources Dept. and Accounting & Finance Dept.
Jun. 2010: President
Apr. 2017: Director and Corporate Advisor
Jun. 2017: Director of the Board (Outside Director) at Santen Pharmaceutical Co., Ltd. (to present) and Outside Director at J-Oil Mills, Inc.
Mar. 2018: Outside Director at Kubota Corporation (to present)
Apr. 2018: Guest Lecturer at the Hitotsubashi University Faculty of Commerce and Management and Graduate School of Business Administration
Apr. 2019: Specially Appointed Professor (to present)
Sep. 2019: Outside Director at Kozo Keikaku Engineering Inc. (to present)

Outside Director

Kumi Arakane

Shares owned: 7,720
Time in office: 2 years

Committee activity: Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles: External Director at Kagome Co., Ltd.
Outside Director at Toda Corporation

Apr. 1981: Joined Kobayashi Kosé Company Limited (now 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: Standing Audit & Supervisory Board Member
Mar. 2019: Outside Audit & Supervisory Board Member at Kubota Corporation
Mar. 2020: External Director at Kagome Co., Ltd. (to present)
Jun. 2020: Outside Director at Toda Corporation (to present)
Mar. 2021: Outside Director at Kubota Corporation (to present)

Outside Director

Koichi Kawana

Shares owned: 0
Time in office: -

Committee activity: Member of the Nomination Advisory Committee and Compensation Advisory Committee

Significant concurrent roles: Outside Director at Tokyo Electron Device Limited
Director (Part-time, Outside) at Bandai Namco Holdings Inc.
Outside Director (Audit and Supervisory Committee Member) at COMSYS Holdings Corporation
External Director at RENOVA, Inc.

Apr. 1982: Joined Japan Gasoline Co., Ltd. (now 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 Deputy GM of New Business Promotion Div.
Aug. 2007: GM of New Business Promotion Div.
Jul. 2009: Managing Director and GM of Global Marketing Div.
Jun. 2010: Representative Director and Senior Executive Vice President
Jul. 2011: Representative Director, President, and COO
Jun. 2012: Representative Director and President
Jun. 2017: Director and Vice Chairman
Jun. 2019: Outside Director at Tokyo Electron Device Limited, Director (Part-time, Outside) at Bandai Namco Holdings Inc., and Outside Director (Audit and Supervisory Committee Member) at COMSYS Holdings Corporation (to present)
Jun. 2020: External Director at RENOVA, Inc. (to present)
Dec. 2020: External Director at ispace, Inc. (to present)
Apr. 2021: President and Representative Director at Lublyst Inc. (to present)
Jul. 2021: Industry Advisor at Kohlberg Kravis Roberts & Co. L.P. (to present)
Mar. 2023: Outside Director at Kubota Corporation (to present)

Audit & Supervisory Board Members

Audit & Supervisory Board Member

Toshikazu Fukuyama

Shares owned: 18,300
Time in office: 8 years and 9 months

Committee activity: Chair of the Audit & Supervisory Committee

Apr. 1979: Joined Kubota Corporation
Oct. 2005: GM of Corporate Planning & Control Dept.
Oct. 2009: Vice President at Siam Kubota Industries Co., Ltd. (now Siam Kubota Corporation Co., Ltd.) and Director at Siam Kubota Leasing Co., Ltd.
Aug. 2010: Vice President at Siam Kubota Corporation Co., Ltd.
Jun. 2014: Audit & Supervisory Board Member at Kubota Corporation (to present)

Audit & Supervisory Board Member

Yasuhiko Hiyama

Shares owned: 23,400
Time in office: 5 years

Apr. 1981: Joined Kubota Corporation
Apr. 2008: President at Kubota Industrial Equipment Corp.
Apr. 2010: GM of Compact Tractor, Turf and Utility Vehicle Planning and Sales Promotion Dept.
Apr. 2012: GM of Farm Machinery Planning and Control 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)

Audit & Supervisory Board Member

Masashi Tsunematsu

Shares owned: 6,401
Time in office: 1 year

Apr. 1986: Joined Kubota Corporation
Jun. 2010: GM of Water Engineering & Solution Planning Dept.
Jan. 2018: GM of Environmental Business Promotion Dept.
Feb. 2019: GM of Water and Environment Infrastructure Management Dept.
Jan. 2022: GM of Water and Environment Infrastructure Consolidated Div.
Mar. 2022: Audit & Supervisory Board Member (to present)

* Shares owned is correct as of December 2022, time in office is correct as of March 2023.

Outside Audit & Supervisory Board Members

Outside Audit & Supervisory Board Member

Yuichi Yamada

Shares owned: 3,800
Time in office: 3 years

Committee activity: Observer at the Compensation Advisory Committee

Significant concurrent roles: External Audit & Supervisory Board Member at Japan Finance Corporation
Representative of Yuichi Yamada Certified Public Accountant Firm

Oct. 1984: Joined Asahi & Co. (now KPMG AZSA LLC)
Mar. 1988: Registered as a certified public accountant
Aug. 1997: Partner at Asahi & Co. (now KPMG AZSA LLC)
Aug. 2003: Senior Partner
Jun. 2008: Board member at AZSA & Co. (now also KPMG AZSA LLC)
Sep. 2011: Deputy Managing Partner of Tokyo Office
Jul. 2015: Chair of Tokyo Partners Meeting
Jun. 2016: Audit & Supervisory Board Member at Japan Finance Corporation (to present)
Jul. 2016: Representative of Yuichi Yamada Certified Public Accountant Firm (to present)
Jun. 2017: Outside Audit & Supervisory Board Member at Sumitomo Metal Mining Co., Ltd.
Mar. 2020: Outside Audit & Supervisory Board Member at Kubota Corporation (to present)

Outside Audit & Supervisory Board Member

Keijiro Kimura

Shares owned: 1,100
Time in office: 1 year

Significant concurrent roles: Senior Partner at 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 at Okada Aiyon Corporation
Sep. 2007: Outside Auditor at Nagaoka International Corporation
Jun. 2009: Outside Auditor at Charle Co., Ltd.
Jan. 2011: Senior Partner at Kyoei Law Office (to present)
Mar. 2015: Corporate Auditor (Outside) at Nippon Electric Glass Co., Ltd.
Mar. 2022: Outside Audit & Supervisory Board Member at Kubota Corporation (to present)

Outside Audit & Supervisory Board Member

Yuri Furusawa

Shares owned: 2,600
Time in office: 2 years

Significant concurrent roles: Independent Outside Auditor at Subaru Corporation

Apr. 1986: Joined the Ministry of Transport
Dec. 2000: Administrator at the Organisation for Economic Co-operation and Development (OECD)
Jul. 2004: Director for International Policy Planning, International Policy Planning Unit at the Ministry of Land, Infrastructure and Transport
Jul. 2006: Director for International Affairs and Crisis Management Division, Administration Department at the Japan Coast Guard
Jul. 2008: Counsellor at Cabinet Secretariat (assigned to the Assistant Chief Cabinet Secretary)
Aug. 2011: Deputy General Manager of International Sales Department, Shiseido Co., Ltd.
Jul. 2014: Assistant Vice-Minister for International Affairs at the Ministry of Land, Infrastructure, Transport and Tourism
Sep. 2015: Vice Commissioner at the Japan Tourism Agency
Jun. 2016: Councillor, Cabinet Secretariat, Cabinet Bureau of Personnel Affairs
Jul. 2019: Attached to the Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism
Mar. 2021: Outside Audit & Supervisory Board Member at Kubota Corporation (to present)
Jun. 2022: Independent Outside Auditor at Subaru Corporation (to present)

Executive Officers

Senior Managing Executive Officers

Yuji Tomiyama
Kazuhiro Kimura
Nikhil Nanda
Nobuyuki Ishii

Managing Executive Officers

Kazunari Shimokawa
Ryuichi Minami
Yoshimitsu Ishibashi
Yasukazu Kamada
Katsuhiko Yukawa
Muneji Okamoto
Koichi Yamamoto
Hirohiko Arai

Senior Executive Officers

Koichiro Kan
Tomohiro Iitsuka
Kazushi Ito
Mampei Yamamoto
Nobushige Ichikawa
Shinichi Fukuhara
Hideki Mori
Junji Ota
Takanobu Azuma

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
Patrick Verheecke
Sumio Morioka
Shinichi Yamada
Hitoshi Sasaki
Satoshi Suzuki

* Shares owned is correct as of December 2022, time in office is correct as of March 2023.

Internal Control/Risk Management

Internal Control/Risk Management

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.

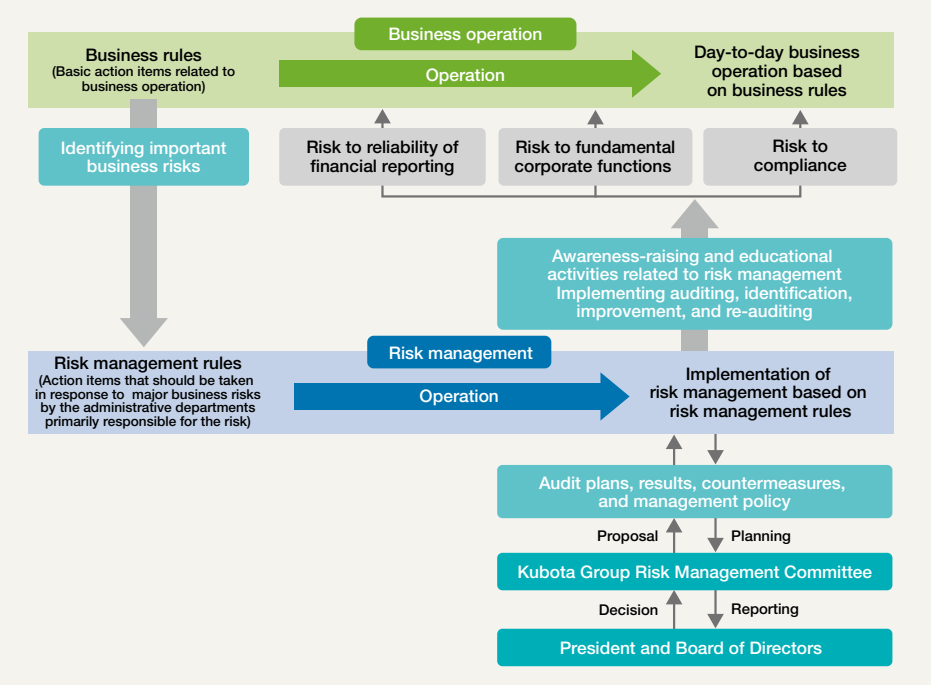
Risk management refers to the notion that "risk management rules" should set out appropriate operational action items that all administrative departments should implement, to the extent that the administrative departments are primarily responsible for some risks. The notion also requires that those departments 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.

In the internal control system, major risks in Kubota's business are classified into the following three categories:

1. Internal control over reliability of financial reporting
2. Internal control over the fundamental functions of the Company, such as fair trade, environmental conservation, and health and safety
3. Internal control over compliance, such as compliance with laws and regulations related to equipment, and import and export control

To avoid those risks, all administrative departments primarily responsible for some risks should implement promotional action items and conduct audits on the appropriate business departments. The outcomes of implementation and auditing should be reported to the President and the Board of Directors, together with the action items for the next fiscal year. Thus, the PDCA cycle for risk management is implemented in a manner outlined above.

Internal Control System Overview



Internal Control System Operation Activities (Risk Management Activities)

Kubota considers its risk management activities as part of its business activities. Based on its understanding that risk management is the foundation of business activities, Kubota is willing to exert its efforts to manage risks appropriately through continuous steady improvement via "immediate corrective actions upon any perception of inadequacies," by identifying risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting. At the same time, while accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

Kubota Group Risk Management Committee

In view of the changing public expectations regarding corporate risk management, we established the Kubota Group Risk Management Committee in January 2023 to adapt to these changes and to put in place a system able to respond flexibly to future changes.

With the aim of increasing the Kubota Group's corporate value, the committee's role is to maintain existing risk management activities relating to internal control risk and to put in place a new management system for risk with potential major impact on business operations.

To do this, the committee will undertake regular risk assessments of the Kubota Group in order to identify risks to be addressed as a priority. It is envisaged that subcommittees under the supervision of the Risk Management Committee will implement the risk response measures adopted and report back to the committee on their progress, which the committee will review before issuing instructions where necessary.

The director in charge of risk management will make regular reports to the Board of Directors on these risk assessments as well as on the associated response measures and policies and progress with their implementation.

System Diagram

Number of Audits and Contents of Risk Management

Risk management items		Risk to be avoided	Number of audited items for FY2022*1
Internal control over reliability of financial reporting	Financial reporting	• Risk to reliability of financial reporting	10,271
Internal control over the fundamental functions of the Company	Fair trade	• Bid-rigging and price fixing • Unfair trading concerning trading with distributors, etc. • Non-compliance with the Subcontract Act	103
	Environmental conservation	• Non-compliance with laws and regulations • Environmental accidents • Past environmental debt	12,889
	Health and Safety	• Occurrence of serious accidents • Occupational illnesses • Investigations and litigations	1,269
	Quality assurance	• Occurrence of quality problems detrimental to the Kubota brand, etc.	414
	Labor management	• Breach of duties of care as to safety of employees • Improper management of working conditions • Improper management of part-time employees, contractors and agency employees • Occurrence of labor problems outside Japan	6,997
	Information security	• Computer virus infection • Information leakage • Information system failure	3,128
	Intellectual property	• Infringement of other companies' intellectual property	820
Internal control over compliance	Compliance with laws and regulations related to equipment	• Non-compliance with laws and regulations of the Building Standards Act, the Fire Service Act, and the Industrial Safety and Health Act, etc. in connection with assets and facilities owned by Kubota	600
	Earthquake and other disaster response management	• Important managerial losses including danger to human lives due to earthquakes and other disasters, damage to equipment, and destruction of the information system	79
	Compliance with the Construction Business Act	• Non-compliance with the Construction Business Act	499
	Human rights advancement*2	• Occurrence of human rights violation issues	—
	Safe driving management	• Accidents arising from non-compliance with traffic laws and regulations and violating acts	121
	Prevention of illegal payments	• Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Improper payments to foreign public officials	15
	Classified information management	• The leakage of classified information including a development plan for a new product and sales plan	446
	Protection of personal information	• Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information	391
	Import and export control	• Non-compliance with laws and regulations related to importing and exporting, including the Customs Act, the Foreign Exchange and Foreign Trade Control Law, the Basel Convention, and laws related to chemical substances	83
	Compliance with laws and regulations related to logistics	• Non-compliance with the three major road laws, including the Road Traffic Act; and with the laws and regulations related to logistics activities, including the Labor Standards Act, etc.	607

*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 plan on operating a global hotline focusing on certain significant risks.

[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

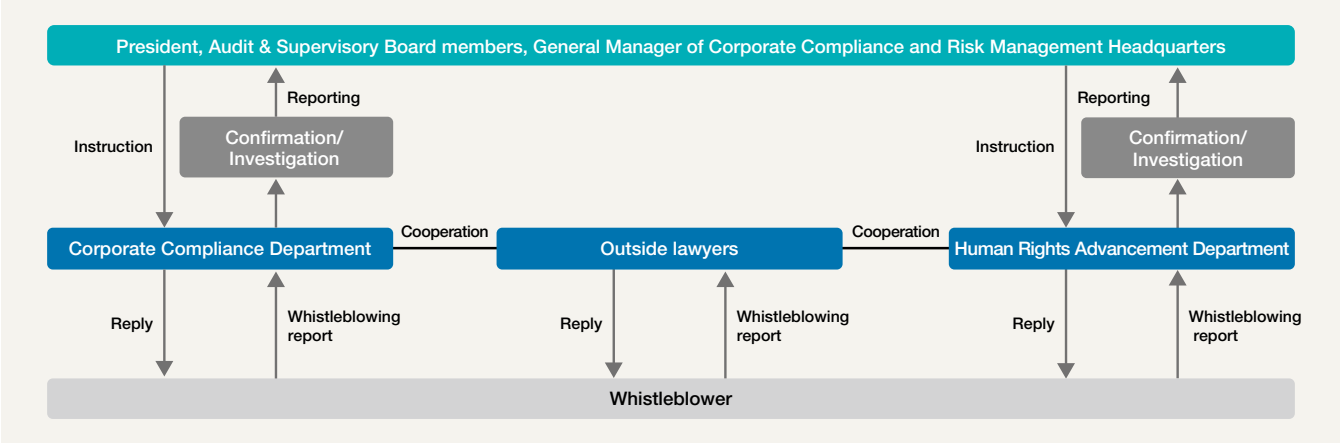
Period	Number of cases
Jan.–Dec. 2020	74
Jan.–Dec. 2021	122
Jan.–Dec. 2022	100

* Including enquiries and matters that were found not to be problematic as a result of investigation

[Other]

Moreover, a write-in column is available for every employee to make comments freely, if any, in the Kubota Group Employee K-ESG Awareness Survey (the former CSR Awareness Survey), which is answered anonymously. It is an opportunity for employees to give their frank reports and opinions, enabling the Company to develop an open corporate culture.

Flowchart of Kubota Hotline



Ensuring Reliability of Financial Reporting

Kubota has established and operates an internal control system in order to ensure the reliability of financial reporting for the entire Kubota Group, including its overseas subsidiaries.

Also to confirm the effectiveness of the system, the Corporate Auditing Department and the auditing divisions of the subsidiaries conduct internal audits regularly.

Kubota has also established a system for evaluating the effectiveness of internal controls on a consolidated basis. This assessment is based on the abovementioned auditing results, and conforms to the internal control reporting system related to financial reporting stipulated by the Financial Instruments and Exchange Act of Japan (J-SOX) and other ordinances.

Appropriate Tax Payment and Management

The Kubota Group's basic principle is to comply with the tax laws and regulations of each country, as well as with the relevant international tax standards (OECD Guidelines, etc.) and to enhance our corporate value by paying the appropriate amount of taxes. We believe tax payments are part of a company's key social responsibilities; therefore, we provide training and educational opportunities to our employees. We also disclose important tax-related matters to our stakeholders in a timely manner. We strive to establish trust with tax authorities by providing appropriate information in a timely manner and engaging with authorities openly and transparently.

Compliance with the Anti-Monopoly Act/Competition Law

We realize that full implementation of compliance is key to establishing Kubota as a Global Major Brand. The Kubota Group therefore engages in the risk management activities set out below to ensure advance prevention of any infringement of antimonopoly or competition law.

Education and Enlightenment Activities

Kubota continuously offers training programs on the Anti-Monopoly Act/Competition Law at its business divisions as well as its Group companies, for enlightenment and awareness-raising to ensure compliance. Legal training programs, which cover a broad range of legal matters including competition laws, are also provided for employees who are to be dispatched to overseas Group companies as managers.

Auditing and Risk Management Surveys

Kubota continuously conducts audits under the Anti-Monopoly Act/Competition Law, including on-site inspection, targeting its business divisions and Group companies in Japan. For overseas Group companies as well, Kubota gauges the status of risk management through document audits, email, and communication through online meetings and other venues.

Maintaining and Expanding the Consultation System

On matters related to business activities of Kubota and its Group companies that require examination under the Anti-Monopoly Act, Kubota implements necessary measures including facilitating advance consultation with lawyers and other external experts, based upon close communication with relevant business departments and Group companies.

Compliance with the Act against Delay in Payment to Subcontractors

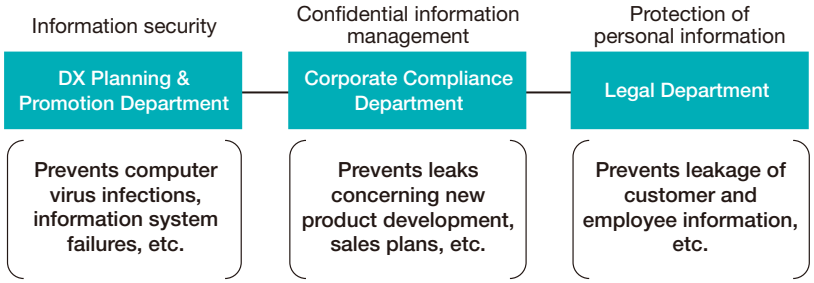
Kubota conducts on-site audits and written surveys targeting each of its business divisions and Group companies in Japan on a periodic basis. Kubota also offers periodic training programs to promote understanding of the Act against Delay in Payment to Subcontractors at each business site and Group company. In addition, we are developing voluntary risk management systems by holding ongoing discussions on risk with related departments regarding practices related to the Subcontract Act.

Information Management

As cyberattacks yearly grow more sophisticated and more complex, Kubota is aware that the appropriate protection and management of the personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

Information Management System

Depending on the type of information, Kubota appoints main divisions to conduct ongoing activities such as revising rules, auditing, and awareness-raising at their respective locations. These activities are also conducted at overseas bases. When necessary, these divisions cooperate with each other in risk management.



Information Security Initiatives

Under a Group-wide framework directed by the Company-wide information security supervisor, we assign 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.

Information Security Structure

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.

Information Security Education

We recognize that each employee also plays a vital role in dealing with information security threats. For this reason, we mandate periodic information security education for employees who handle information. We seek to gain greater understanding of measures each employee must observe, including how to deal with suspicious emails.

Information Security Audits

To raise the level of the information security response across the entire Kubota Group, we have established a common Group information security policy and conduct information security audits every year to ascertain compliance status.

Reinforcing Measures against New Threats

In dealing with the COVID-19 pandemic, the Kubota Group adopted more flexible working styles not restricted by time or place, such as working from home. We have been working on the implementation and reinforcement of the security infrastructure focusing on authentication, and endpoints, networks, and other elements based on a zero-trust approach to support such working styles and further improve security.

Prevention of Illegal Payments

The Kubota Group has placed particular focus on preventing bribery among risk management activities on the preventing of illegal payment, and will work to achieve SDGs Target 16.5: Substantially reduce corruption and bribery in all their forms.

Amid increasing international moves to anti-bribery, we marked December 9 – designated by the United Nations as International Anti-Corruption Day – by broadcasting a President's Message to all Kubota Group officers and employees every year. In the message, our top management made a clear commitment by declaring that 'KUBOTA Group never allows business based on unfair practices such as bribery.'

As a focused initiative to educate officers and employees on prevention of bribery, the Kubota Group operates a program of training sessions in Japan and overseas. In FY2022, we carried out web-based training and e-learning programs. In the web-based training, information on bribery-related legislation and enforcement conditions in each country is presented as well as case studies of bribery. The e-learning was prepared to have an impact on viewers by introducing a video message from the President of Kubota Corporation at the beginning, as well as incorporating video and comprehension testing into the program. Through ongoing training sessions, the Kubota Group seeks to disseminate the latest information and promote awareness of bribery prevention.

Message from Mr. Kitao, President, Kubota Corporation
(Screenshot of Thomson Reuters e-learning)

We have put together a Kubota Group Handbook for Anti-Bribery which outlines our Anti-Bribery Policy and the main points of our Anti-Bribery Guidelines. The Handbook is issued in a global version with universal content available in Japanese, English and French, and in individual country versions that supplement the universal content with more detailed information on the points to be noted and actions to be taken in the particular country or region. These are available for China, Thailand, Korea, Indonesia, Myanmar, the Philippines, Vietnam, and Mexico. Additionally, we issue a newsletter that collects and organizes information, for instance on the anti-bribery laws and regulations in various countries and cases where bribery has been exposed, and introduces this information to the departments within the company, mainly to the overseas bases.

Meanwhile, as an initiative directed outside the company, a 'Request to Suppliers' was posted on the Kubota website in the name of the General Manager of the Corporate Compliance and Risk Management Headquarters. The text outlined to suppliers the Kubota Group's approach to bribery prevention and asked for their understanding and cooperation in bribery prevention activities.

We have worked to enhance our internal reporting system with the aim of facilitating early detection and prevention of bribery and other improper activity. For example, we have been working to introduce a global whistleblowing hotline.

To verify these risk management activities, the Kubota Group has established the Committee on Prevention of Illegal Payments. In FY2022, document surveys were conducted at 11 companies in Japan and 45 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 (the former Company-wide Risk Management Committee was reorganized in January 2023), which is chaired by the President. Based on the feedback provided, the content of risk management activities is reviewed to improve the overall level.

The Kubota Group Anti-Bribery Policy (Excerpt)

As specified in the Kubota Group Charter for Action, we commit ourselves to "conducting corporate activities based on compliance with legal regulations and ethical principles." As such, Kubota Group never allows business based on unfair practices such as bribery.

The Group also strictly prohibits all of its companies, officers and employees from being involved in bribery.

President, Kubota Corporation

“Kubota Group Charter for Action & Code of Conduct”

All the employees working for the Kubota Group, including those overseas, are required at the time of joining the Group to submit a written “Confirmation Statement” that they will comply with the Kubota Group Charter for Action & Code of Conduct, and the corporate principles, the Kubota Global Identity.

Furthermore, various tools for education and awareness-raising are prepared with the aim of fostering a mindset based on compliance and the corporate principles.

“Kubota Group Charter for Action & Code of Conduct” (Itemized)

1. Winning Customer Satisfaction
   (1) Product Safety and Superior Quality
   (2) Responding to Customer Requests and Complaints
   (3) Appropriate Advertising and Labeling
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
   (1) Legal Compliance and Observance of Corporate Ethics Are Basic Conditions for Corporate Activities
   (2) Observance of Laws of Individual Countries and Regions, as well as International Rules
   (3) Early Detection and Prevention of Misconduct
   (4) Compliance with Fair Trade Laws and Regulations
   (5) Fairness and Transparency in Transactions
   (6) Compliance with Internal Rules
   (7) Prohibition of Activities Contrary to the Proper Interest of the Company
   (8) Preservation of Company Assets
   (9) Respect for and Usage of Intellectual Property
   (10) Management of Confidential Information
   (11) Security of Electronic Information
3. Respecting Human Rights
   (1) Respecting Human Rights
   (2) Prohibition of Harassment
   (3) Protection of Personal Information
4. Building up a Safe and Vibrant Work Environment
   (1) In-depth Supervision of Safety, Sanitation, and Health
   (2) Building up a Vibrant Work Environment
5. Conserving the Global and Local Environment
   (1) Environmental Conservation Efforts in All Business Activities
   (2) Global Environmental Conservation
   (3) Environmental Protection to Create a Symbiotic Relationship with Local Societies
   (4) Our Voluntary and Organized Efforts in Environmental Conservation
6. Achieving Symbiosis with International and Local Societies
   (1) Respect of Culture and Customs of All Countries and Regions
   (2) Compliance with Export and Import Laws and Regulations
   (3) Elimination of Relationships with Antisocial Elements
   (4) Proper Relationships with Political Groups and Government Organizations
   (5) Rules for Entertainment, Gifts, and Donations
   (6) Contributing to Society
   (7) Firm Commitment to Safe Driving
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability
   (1) Appropriate and Timely Disclosure of Corporate Information
   (2) Proper Accounting/Taxation Treatment
   (3) Emphasis on Internal Audits
   (4) Prohibition of Insider Trading

See here for the “Kubota Group Charter for Action & Code of Conduct”
www.kubota.com/sustainability/employee/conduct/

* Kubota makes adjustments to its “Kubota Group Charter for Action & Code of Conduct” as and when necessary in response to changes in the social environment as well as applicable laws, and partial revisions were made on January 1, 2019. Of particular note is the addition of “contractual obligations” to “We comply with all applicable legal regulations, specifications, standards, and contractual obligations with our customers and business partners” in “1. Winning Customer Satisfaction” in our “Code of Conduct.” We also clarified that guaranteeing safety for our customers is our utmost priority. These revisions were part of efforts to prevent recurrence of inappropriate actions regarding inspection reports, announced in FY2018.

Tools for Awareness-building

“Kubota Group Code of Conduct Guide”

A guide describing the “Kubota Group Charter for Action & Code of Conduct” in a straightforward way using illustrations and explanations. In September 2019, the guide was revised and issued to all domestic Kubota Group employees.

“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.

Poster for Awareness of Kubota Hotline

In accordance with the amendment of Whistleblower Protection Act of Japan on June 2022, major points of those were instructed by the in-group newsletter and a poster to build awareness. (Group companies in Japan)

Third-Party Comments

Katsuhiko Kokubu
Professor
Graduate School of Business Administration, Kobe University

As a Japanese corporation, the Kubota Group continues to engage in first-rate ESG activities that are evolving year after year. I have provided some comments below about the key topics in ESG Report 2023.

Environment

The Kubota Group has formulated a 2050 carbon neutrality roadmap. In particular, I greatly expect to see good results come out of the initiatives focused on supply chains, which aim to substantively reduce GHG emissions, as well as the Group's contributions to reducing GHGs through the creation of new solutions. In my view, what the Kubota Group can do to reduce GHGs in the whole of society, not just in the corporation, will be a focal point going forward.

Environmental activities do not come to an end when targets are achieved. The Kubota Group revises its targets and makes ongoing improvements to its initiatives if it achieves its goals ahead of schedule. This is also something highly commendable.

Society

The Kubota Group set a target of an employee engagement score as a KPI to measure improvements in employee growth and job satisfaction. While this score functions as a target for overall management, instead of just realizing improvements in the score, I hope that Kubota will utilize it to resolve real issues. Management will need to use this score as a reference and examine in detail how it can go about improving the sense of achievement among employees.

Another focal point is the opening of the Kubota Global Institute of Technology in the city of Sakai in Japan to bring together employees hitherto spread across multiple worksites. This means synergies can be generated from the Kubota Group's high-caliber R&D capabilities, which have the potential to spark innovation for the benefit of not only Kubota's businesses, but for society and the environment as well.

Governance

The Kubota Group is also continually improving its corporate governance. Last fiscal year it steadily implemented measures to strengthen transparency and effectiveness, mainly by carrying out a CEO performance assessment, formulating a succession plan, conducting a third-party evaluation of the effectiveness of the Board of Directors, and reviewing its compensation system for directors. However, one aspect of corporate governance is that the systems tend to become formulaic as they become more sophisticated. It is not just the formal evaluation of the effectiveness of governance, but substantial information about how the directors approach and fulfill their duties that is valuable. In that sense, the inclusion of opinions and commentary from the directors in the integrated report is a meaningful approach. I therefore hope to see Kubota build a more effective corporate governance structure by combining information disclosure on both format and substance.

In Response to the Third-party Comments

We are deeply grateful for Professor Kokubu's highly knowledgeable opinions regarding our ESG report again this year.

The social situation around the Kubota Group had changed considerably in 2022. Carbon neutrality and other environmental problems are driving change in the very fabric of society much faster than we imagined, and given the enormous changes that are afoot in social conditions and the increasingly greater focus on corporate governance and the like, we too are required, in no small part, to take a leading role. Accordingly, there was a need to further enhance the transparency of how we go about steadily fulfilling our social responsibilities and the disclosure thereof.

This is the second year we have disclosed matters of our sustainability in two booklets—the integrated report and the ESG report—with differing editorial policies. In editing the pages of this year's reports, we put a lot of effort into disclosing the finer details of our value creation story and how we put it into practice, based on the Kubota Group's philosophy and management capital. Having received valuable feedback and an evaluation from Professor Kokubu regarding the information we explained in detail in each section of the ESG report, I feel confident that what we were aiming to do has been achieved. From this point of view, I have become keenly aware once again that greatly expanding the mediums through which we disclose information is an important mission entrusted to us by society.

It is now etched in my mind that we are expected to make real impacts going forward because the next step is to transition to a phase in which we take substantial action to achieve the goals that Professor Kokubu so pointed out; namely, ESG issues—the formulation of our carbon neutrality roadmap, the establishment of KPIs for materiality, the opening of the Kubota Global Institute of Technology, and also the amendments to, and third-party assessment of, our executive compensation system—the format of which we had prepared up until this fiscal year.

The Kubota Group will continue to solve issues in society with an "On Your Side" approach and push ahead with initiatives so that we may earn the favorable response and participation of all our stakeholders by disclosing information that lives up to the expectations of society.

Kazuhiro Kimura

General Manager of Human Resources and General Affairs Headquarters
Senior Managing Executive Officer

GRI Content Index

GRI Standard No.	Disclosure	Relevant ESG REPORT 2023 section	Page No.
General Disclosures			
GRI 102: General Disclosures 2016			
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102-2	Activities, brands, products, and services	—	—
102-3	Location of headquarters	· Corporate Information	5
102-4	Location of operations	· Corporate Information	5
102-5	Ownership and legal form	· Corporate Information	5
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102-14	Statement from senior decision-maker	· The Founding Spirit of Kubota's Founder, Gonshiro Kubota	3
102-15	Key impacts, risks, and opportunities	· Mitigating and Adapting to Climate Change -Disclosure in Accordance with the TCFD Recommendations · Internal Control/Risk Management -Internal Control/Risk Management	 41 166
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102-16	Values, principles, standards, and norms of behavior	· The Founding Spirit of Kubota's Founder, Gonshiro Kubota · Corporate Principles · Internal Control/Risk Management -Internal Control/Risk Management	3 4 166
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102-32	Highest governance body's role in sustainability reporting	—	—
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102-40	List of stakeholder groups	—	—
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102-49	Changes in reporting	· Financial Highlights	11
102-50	Reporting period	· Editorial Note	1
102-51	Date of most recent report	· Editorial Note	1
102-52	Reporting cycle	· Editorial Note	1
102-53	Contact point for questions regarding the report	· Inquiries	Back Cover
102-54	Claims of reporting in accordance with the GRI Standards	· Guidelines consulted	1
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GRI 201: Economic Performance 2016			
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201-4	Financial assistance received from government	—	—
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GRI 202: Market Presence 2016			
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202-2	Proportion of senior management hired from the local community	—	—
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GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	· Conserving Biodiversity -Evaluating our Relationship with Biodiversity · Involvement with Local Communities -The Kubota e-Project -Emergency and Humanitarian Support -Resolving Issues (Food) -Resolving Issues (Water and Environment) -Resolving Issues (Other Areas) -Educating the Next Generation -Social Contribution Activities through Corporate Sporting Events	 62 140 141 142 143 145 145 148
203-2	Significant indirect economic impacts	· Relationships with Our Customers -R&D -Production / Quality Control · Relationships with Business Partners -Procurement · Relationships with Employees -Respecting Human Rights	 97 99 107 119
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GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	—	—
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GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	—	—
205-2	Communication and training about anti-corruption policies and procedures	· Internal Control/Risk Management -Internal Control/Risk Management	 166
205-3	Confirmed incidents of corruption and actions taken	—	—
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	n/a	—

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103-1	Explanation of the material topic and its boundary	· Environmental Management Basic Policy -Environmental Management Approach (Materiality in Environmental Management)	19
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103-3	Evaluation of the management approach	· Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results	30
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GRI 103: Management Approach 2016			
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103-2	The management approach and its components	· Environmental Vision	22
103-3	Evaluation of the management approach	· Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results	30
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GRI 302: Energy 2016			
302-1	Energy consumption within the organization	· Mitigating and Adapting to Climate Change -Trends in Energy Use at Business Sites and Energy Use per Unit of Sales (Graph)	38
		· Environmental Data -Overview of the Environmental Load on the Value Chain	82
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302-2	Energy consumption outside of the organization	· Environmental Data -Trends in Major Environmental Indicators	83
		-Calculation Standards of Environmental Performance Indicators (Energy and CO_2-related)	89
302-3	Energy intensity	· Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results	30
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		· Environmental Data -Overview of the Environmental Load on the Value Chain	82
		-Trends in Major Environmental Indicators	83
302-4	Reduction of energy consumption	· Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Measures to Reduce CO_2 Emissions)	36
302-5	Reductions in energy requirements of products and services	—	—
Water			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	· Environmental Management Basic Policy -Environmental Management Approach (Materiality in Environmental Management)	19
103-2	The management approach and its components	· Environmental Vision	22
103-3	Evaluation of the management approach	· Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results	30
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GRI 303: Water 2018			
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		-Survey on Regional Water Stress	57
303-2	Management of water discharge-related impacts	· Conserving Water Resources -Controlling Water Discharge	56
303-3	Water withdrawal	· Conserving Water Resources -Water Withdrawal	55
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GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	· Environmental Management Basic Policy -Environmental Management Approach (Materiality in Environmental Management) · Environmental Vision · Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results · Environmental Management Promotion System	 19 22 30 34
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
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	· Conserving Biodiversity -Approach to Conserving Biodiversity -Evaluating our Relationship with Biodiversity -LEAP Approach Assessment Results -Conservation of Biodiversity around Business Sites	 61 62 63 64
304-2	Significant impacts of activities, products, and services on biodiversity		
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304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	—
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GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	· Environmental Management Basic Policy -Environmental Management Approach (Materiality in Environmental Management) · Environmental Vision · Medium- and Long-Term Environmental Conservation Targets and Results · Environmental Management Promotion System	 19 22 28 34
103-2	The management approach and its components		
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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 · 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) · 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)	 28 36 39 82 83 89
305-2	Energy indirect (Scope 2) GHG emissions		
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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)	 30 36
305-5	Reduction of GHG emissions	· Mitigating and Adapting to Climate Change -Mitigation of Climate Change (Measures to Reduce CO_2 Emissions)	 36
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)	 60 86 92
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 Ozone-depleting Substances · 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)	 58 59 60 82 83 86 92

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103-2	The management approach and its components	· Environmental Vision	22
103-3	Evaluation of the management approach	· Medium- and Long-Term Environmental Conservation Targets and Results -Medium-Term Environmental Conservation Targets and Results	30
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		-Trends in Major Environmental Indicators	83
		-Calculation Standards of Environmental Performance Indicators (Water-related)	91
306-2	Waste by type and disposal method	· Working towards a Recycling-based Society -Waste, etc. from Business Sites	51
		· Environmental Data -Overview of the Environmental Load on the Value Chain	82
		-Trends in Major Environmental Indicators	83
		-Calculation Standards of Environmental Performance Indicators (Waste-related)	91
306-3	Significant spills	· Environmental Management -Compliance with Environmental Laws and Regulations	74
306-4	Transport of hazardous waste	—	—
306-5	Water bodies affected by water discharges and/or runoff	—	—
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	· Environmental Management Basic Policy	17
103-2	The management approach and its components	· Environmental Management Promotion System	34
103-3	Evaluation of the management approach	· Environmental Management -The Kubota Group's Environmental Management System	74
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GRI 103: Management Approach 2016			
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103-2	The management approach and its components	· Environmental Management Promotion System	34
103-3	Evaluation of the management approach	· Environmental Management -Green Procurement	76
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GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	—	—
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Employment			
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	—
401-3	Parental leave	· Relationships with Employees -Vision for Health & Productivity Management	132
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GRI 402: Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	—	—
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GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	· Relationships with Employees -Creating a Safe Workplace for All Employees	112
403-2	Hazard identification, risk assessment, and incident investigation	· Relationships with Employees -Creating a Safe Workplace for All Employees	112
403-3	Occupational health services	· Relationships with Employees -Vision for Health & Productivity Management	132
		-Key Issues and KPIs	133
403-4	Worker participation, consultation, and communication on occupational health and safety	· Relationships with Employees -Creating a Safe Workplace for All Employees	112

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403-5	Worker training on occupational health and safety	· Relationships with Employees -Creating a Safe Workplace for All Employees	 112
403-6	Promotion of worker health	· Relationships with Employees -Vision for Health & Productivity Management -Key Issues and KPIs	 132 133
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	· Relationships with Employees -Vision for Health & Productivity Management -Key Issues and KPIs	 132 133
403-8	Workers covered by an occupational health and safety management system	—	—
403-9	Work-related injuries	· Relationships with Employees -Vision for Health & Productivity Management -Key Issues and KPIs	 132 133
403-10	Work-related ill health	—	—
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GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	—	—
404-2	Programs for upgrading employee skills and transition assistance programs	· Environmental Management -Environmental Education and Enlightenment · Relationships with Our Customers -R&D -Maintaining and Improving Quality -Ensuring Skills to Maintain Customer Satisfaction · Relationships with Employees -Creating a Safe Workplace for All Employees -Respecting Human Rights -Promoting Diversity -Vision for Health & Productivity Management -Key Issues and KPIs -Personnel Measures in Tune with Globalization -Personnel Policies and HR System (Kubota) -Fostering a CSR-based Mindse	 77 97 101 103 112 119 123 132 133 134 135 136
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GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	· Relationships with Employees -Creating a Safe Workplace for All Employees -Promoting Diversity	 112 123
405-2	Ratio of basic salary and remuneration of women to men	—	—
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GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	· Internal Control/Risk Management -Internal Control/Risk Management	 166
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GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	n/a	—
Child Labor			
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	n/a	—
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	n/a	—
Security Practices			
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410-1	Security personnel trained in human rights policies or procedures	—	—
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GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	n/a	—
Human Rights Assessment			
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	—	—
412-2	Employee training on human rights policies or procedures	· Relationships with Employees -Respecting Human Rights	 119
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	—
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GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	—	—

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413-2	Operations with significant actual and potential negative impacts on local communities	—	—
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GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	—	—
414-2	Negative social impacts in the supply chain and actions taken	—	—
Public Policy			
GRI 415: Public Policy 2016			
415-1	Political contributions	n/a	—
Customer Health and Safety			
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	· Relationships with Our Customers -Production / Quality Control -Maintaining and Improving Quality	 99 101
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	—	—
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GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	—	—
417-2	Incidents of non-compliance concerning product and service information and labeling	—	—
417-3	Incidents of non-compliance concerning marketing communications	n/a	—
Customer Privacy			
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	n/a	—
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	n/a	—

ISO 26000 Comparison Table

Kubota initiatives that correspond to each of the 7 core subjects of ISO 26000, and each theme

7 Core Subjects of ISO 26000	Issue	Relevant ESG REPORT 2023 section	Page No.
Organizational governance		The Founding Spirit of Kubota's Founder, Gonshiro Kubota	3
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		Materiality Objectives and Indicators	9
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Human Rights	1: Due diligence 2: Human rights risk situations 3: Avoidance of complicity 4: Resolving grievances 5: Discimination and vulnerable groups 6: Civil and political rights 7: Economic, social, and cultural rights 8: Fundamental principles and rights at work	· Relationships with Employees -Respecting Human Rights	 119
Labour practices	1: Employment and employment relationships 2: Conditions of work and social protection 3: Social dialogue 4: Health and safety at work 5: Human development and training in the workplace	· Relationships with Our Customers -Ensuring Skills to Maintain Customer Satisfaction	 103
		· Relationships with Employees -Creating a Safe Workplace for All Employees -Promoting Diversity -Vision for Health & Productivity Management -Key Issues and KPIs -Personnel Measures in Tune with Globalization -Personnel Policies and HR System (Kubota) -Fostering a CSR-based Mindset	 112 123 132 133 134 135 136
The environment	1: Prevention of pollution 2: Sustainable resource use 3: Climate change mitigation and adaptation 4: Protection of the environment, biodiversity and restoration of natural habitats	· Environmental Management Basic Policy -Environmental Charter / Action Guidelines -Environmental Management Approach	 17 18
		· Environmental Vision -Environmental Vision -Toward the Realization of the Environmental Vision -Kubota's Initiatives -Background in establishing the Environmental Vision	 22 22 24 26
		· Medium- and Long-Term Environmental Conservation Targets and Results -Long-Term Environmental Conservation Targets 2030 and Results -Medium-Term Environmental Conservation Targets and Results -As an "Eco-First Company"	 28 30 33
		· Environmental Management Promotion System -Organization Structure -ESG Management Strategy Meeting -Environmental Manager Conferences	 34 34 35
		· Mitigating and Adapting to Climate Change -Non-financial Highlights (CO_2 Emissions) -Mitigation of Climate Change -Adaptation to Climate Change -Disclosure in Accordance with the TCFD Recommendations	 13 36 40 41
		· Working towards a Recycling-based Society -Non-financial Highlights (Waste Discharge) -Waste, etc. from Business Sites -Improvement of Resource Efficiency -Handling and Storage of Equipment Containing PCB (in Japan)	 13 51 54 54
		· Conserving Water Resources -Non-financial Highlights (Water Withdrawal) -Water Withdrawal -Controlling Water Discharge -Survey on Regional Water Stress	 13 55 56 57
		· Controlling Chemical Substances -Non-financial Highlights (VOC (Volatile Organic Compound) Emissions) -VOC Emissions -Release and Transfer of PRTR-designated Substances -Control of Ozone-depleting Substances -Control of Air Pollutants -Monitoring Groundwater -Reduction of Chemical Substances Contained in Products	 13 58 59 60 60 60 60

7 Core Subjects of ISO 26000	Issue	Relevant ESG REPORT 2023 section	Page No.
The environment	1: Prevention of pollution 2: Sustainable resource use 3: Climate change mitigation and adaptation 4: Protection of the environment, biodiversity and restoration of natural habitats	· Conserving Biodiversity -Approach to Conserving Biodiversity -Evaluating our Relationship with Biodiversity -LEAP Approach Assessment Results -Conservation of Biodiversity around Business Sites -Promoting Social Contribution Activities -Promoting Continuous Conservation Activities	 61 62 63 64 65 65
		· Expanding Environment-friendly Products and Services -Environmental Considerations in the Product Life Cycle -Internal Certification System for Eco-Products -Managing Used Products	 66 67 73
		· Environmental Management -Compliance with Environmental Laws and Regulations -The Kubota Group's Environmental Management System -Green Procurement -Supplier Management -Environmental Education and Enlightenment	 74 74 76 77 77
		· Environmental Communication -Environmental Communication Activities -Cooperation with Environment-related Industry Groups and Governments -Receiving Environmental Awards	 79 80 81
		· Environmental Data -Overview of the Environmental Load on the Value Chain -Trends in Major Environmental Indicators -Calculation Results of PRTR-designated Substances -Environmental Accounting -Status of Environmental Management System Certification Acquisition -Calculation Standards of Environmental Performance Indicators	 82 83 86 87 88 88
Fair operating practices	1: Anti-coruuption 2: Responsible political involvement 3: Fair competition 4: Promoting social responsibility in the value chain 5: Respect for property rights	· Relationships with Business Partners -Procurement	 107
		· Internal Control/Risk Management -Internal Control/Risk Management	 166
Consumer issues	1: Fair marketing, factual and unbiased information and fair contractual practices 2: Protecting consumers' health and safety 3: Sustainable consumption 4: Consumer service, support, and complaint and dispute resolution 5: Consumer data protection and privacy 6: Access to essential services 7: Education and awareness	· Mitigating and Adapting to Climate Change -Adaptation to Climate Change	 40
		· Expanding Environment-friendly Products and Services -Environmental Considerations in the Product Life Cycle -Internal Certification System for Eco-Products	 66 67
		· Relationships with Our Customers -R&D -Production / Quality Control -Maintaining and Improving Quality -Customer Service	 97 99 101 105
		· Relationships with Business Partners -Procurement	 107
		· Involvement with Local Communities -Emergency and Humanitarian Support	 141
		· Internal Control/Risk Management -Internal Control/Risk Management	 166
Community involvement and development	1: Community involvement 2: Education and culture 3: Employment creation and skills development 4: Technology development and access 5: Wealth and income creation 6: Health 7: Social investment	The Founding Spirit of Kubota's Founder, Gonshiro Kubota	3
		Corporate Principles	4
		· Relationships with Our Customers -R&D	 97
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Kubota

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We promised the Ministry of the Environment and environmental conservation as an environmental advanced company.

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