

February 25, 2022

Kubota Corporation

Summary of Evaluation on Kubota Corporation's Board of Directors' Effectiveness for Fiscal 2021

Kubota Corporation (hereinafter, "Kubota") aims for a shift to business operations that positions ESG at the core of management under the Mid-Term Business Plan 2025, and believes that it is important to strengthen the governance structure, which is an important prerequisite to making this change. Accordingly, Kubota works to strengthen the governance structure while increasing its corporate value through improving its Board of Directors' effectiveness by conducting evaluations of the Board of Directors every year.

The evaluation of the Board of Directors' effectiveness for fiscal 2021 was conducted, and the report is as follows:

1. Evaluation method

(1) Effectiveness evaluation questionnaire

The questionnaire based on questions compiled by a third-party organization was given to all Directors and Audit & Supervisory Board Members (total 14 persons).

Evaluation major items: Composition of the Board of Directors/ Operations of the Board of Directors/ Role and Contribution of Members/ Leadership of Chair/ Setting of Corporate Strategy and Direction/ Risk Management/ Monitoring of Management Resources (Personnel, Goods, Funds)/ Creation of Synergies/ Response to Stakeholders/ Monitoring of Execution and Performance/ Analysis of Management Decisions/ Sound Decision-making/ Culture of the Board/ Effectiveness of Committees on Nominations and Remuneration/ Oversight of Successor Planning and Election and Dismissal of Directors/ Oversight of Remuneration Plan/ Utilization of Effectiveness Evaluation/ Own Contribution to the Board of Directors

(2) Discussion between Outside Directors and Audit & Supervisory Board Members

Four Outside Directors and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) analyzed the results of the questionnaire and discussed issues.

(3) Discussion at Board of Directors Meeting

The issues identified in (1) and (2) were shared, and all the Directors and Audit & Supervisory Board Members discussed the future action plans.

2. Evaluation results

The results of the questionnaire and discussions indicate that Kubota's Board of Directors is functioning effectively, sufficiently exercising both its decision-making function and supervisory function. The overview of the evaluation results is as follows:

- (1) As a result of the following initiatives in fiscal 2021 that respond to major issues extracted from the evaluation of effectiveness in fiscal 2020, Kubota improved the quality of discussions and strengthened its monitoring functions for management, which contributed to the improvement of effectiveness.

Task: Creating more opportunities to have discussions from a medium- to long-term perspective

Initiative details:

- Starting quarterly Value Up Discussion Meetings to provide members of the Board with opportunities to discuss topics related to increasing corporate value. Major themes for 2021 included carbon neutrality and ESG management.
- Reviewing and identifying requirements to be resolved by the Board of Directors to establish an environment where medium- and long-term issues can be reported on and discussed in a preferential manner.
- Briefing Outside Directors on matters to be discussed by the Board of Directors prior to board meetings in order to stimulate discussions.

Task: Strengthening the monitoring function for the progress of important projects

Initiative details: Building a management system in which matters discussed at the Board of Directors meetings that require follow-up are listed and shared with the secretariat of the Board of Directors and the members of the Board to ensure timely reporting on their progress.

Task: Ensure diversity

Initiative details: Elect a female Director and promote discussions from various perspectives.

(2) The following opinions have been expressed for the further improvement of effectiveness.

- Clarifying the correlation between each agenda item and the Kubota's business strategy will stimulate discussions from a medium- to long-term perspective.
- Even more vigorous discussion regarding risk management is necessary for a more robust monitoring function.
- We should have broader discussions on creating further synergies in Kubota's business areas of food, water, and the environment with an eye to realizing the Long-Term Vision "GMB2030."

3. Action plan to enhance effectiveness in fiscal 2022

In response to the above remarks, Kubota will primarily formulate and implement the following action plan for fiscal 2022 to further enhance discussions and improve the effectiveness of the Board of Directors.

- (1) Identify points of discussion and materials that clarify the correlation between each issue and the Kubota's business strategy in order to further enhance discussions from a medium- to long-term perspective.
- (2) Develop a system for ensuring timely reporting on the progress of important matters related to improving corporate value.
- (3) Establish a Group-wide management system from a risk-based perspective.
- (4) Create opportunities to discuss the creation of further synergies in Kubota's business areas of food, water, and the environment.

[Reference: Process for making the Board of Directors more effective]

Kubota employs a continuous cycle for improvement, where it evaluates of 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, as shown in the diagram below.

