28 HIGHLIGHT 2021 **ENVIRONMENT** SOCIETY GOVERNANCE

Social Problems to be Addressed by the Kubota Group and

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

- Sources: *1 FAOSTAT, Food and Agriculture Organization of the United Nations
 *2 World food supply and demand projections to 2027, Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries (March 2018)
 *3 World Population Prospects 2017, United Nations
- - *4 2018 Revision of World Urbanization Prospects, United Nations

 - *5 Progress on Drinking Water, Sanitation and Hygiene 2017, WHO/UNICEF
 *6 Design-Build-Operate system, in which everything from design and construction to operation and maintenance are all contracted out to a single private business

respect for others, integrity,

customer-first values and a bottom-up approach.

*7 Demonstration businesses spearheaded by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) since 2011 to promote the use of innovative sewage technology

wide activity.

Contributions to SDGs

ENVIRONMENT

Main related SDGs	The Kubota Group's SDGs KPI	Examples of main initiatives for achieving KPIs in FY2020
2 ZERO HUNGER	Contribution to food production through further spread of agricultural machinery	 Trial start of agricultural machinery sharing service to assist new farmers and expand business scale Opening of Kubota's Farm on roughly 350,000m² of land in Thailand as a community-based demonstration farm to help develop local agriculture Partnership with a local company and commencement of mass production of tractors at production sites in India, the world's largest farm machinery market
市中市市	Promotion of smart agriculture using IoT and robot technologies (Kubota Smart Agri System (KSAS))	 Expansion of lineup—from 28 through to 60 horsepower—of straight self-steering tractors for the domestic market Continuation of development of battery-powered tractors Unveiling of full-size "dream tractor" concept model based on the theme of agricultural sustainability Expansion of partnerships with, and equity stakes in, companies worldwide that possess proprietary technology in order to accelerate the shift to smart agriculture
G CLEAN WATER AND SANTATION 3 GOOD MARIN AND WILL-BIRG	Contribution to the development of sustainable water infrastructure by offering more products, technologies, and services relating to water, sewage and water treatment facilities.	 Founding of a fellowship for young researchers at Japanese universities to engage in research on futuristic water supply topics Delivered submerged membranes and <i>Johkasou</i> to improve the water environment in China and Southeast Asia Kubota's KTZ-type large <i>Johkasou</i> for treating household wastewater from large buildings outside of sewage works areas received the Chairman's Award at the 46th Outstanding Environmental Systems Awards hosted by the Japan Society of Industrial Machinery Manufacturers
	Contribution to efficient operations in the water environment field by exploiting all-around abilities and IoT in water- related products, water treatment technology, mapping/design technology, construction and other areas	 Participation in water treatment plant construction for the city of Hirosaki under a DBO*⁶ contract, as well as participation in operation management business for the city's waterworks Order from the city of Hiroshima for the construction, operation, and maintenance of a water supply monitoring system that uses KSIS to integrate water supply monitoring with a cloud-based mapping system Participation in MLIT's B-DASH Project*⁷ with a demonstration business that leverages IoT- and Al-driven technology for efficient preventive maintenance and management of manhole pumps
11 SUSTANABLE CITIES AND COMMUNITES 7 AUGUST AND COMMUNITES 7 AUGUST AND COMMUNITES 10 AUGUST AND COMMUNITES 11 SUSTANABLE CITIES AND COMMUNITES 12 AUGUST AND COMMUNITES 13 AUGUST AND COMMUNITES 14 AUGUST AND COMMUNITES 15 AUGUST AND COMMUNITES 16 AUGUST AND COMMUNITES 17 AUGUST AND COMMUNITES 17 AUGUST AND COMMUNITES 18 AUGUST AND COMMUNITE	Contribution to the development of environment-friendly, sustainable urban infrastructure	 Development of large-scale industrial diesel engines—alongside the continued development of the 200 HP range, development is underway on the 300 HP range, Kubota's most powerful class Currently proceeding with development of micro hybrid engine Development of a smartphone app to streamline construction machinery repairs Start of building of a new manufacturing site in the US for small construction machinery with the goal of further promoting of those in that area Ongoing development of eco-friendly construction machinery (battery-powered small construction machinery) Participation in the Japan Hydrogen Association to promote global partnerships and the creation of hydrogen supply chains with the goal of utilizing hydrogen to help lower CO₂ emissions Start of joint demonstration testing on the effectiveness of organic fertilizer produced from domestic animal waste by harnessing the power of insects
	Contribution to development of sustainable, resilient urban infrastructure that is resistant to disasters	 Delivery of extra-large diameter (2600 mm) earthquake-resistant ductile iron pipes (US-type, R method) to the Tokyo Metropolitan Government Delivery of drainage pump vehicles for flood disaster relief to MLIT, MAFF, and municipal governments Development of an Al-powered diagnosis system for use on river and waterway pump gates for flood prevention
Common points for food, water and the environment: Expansion of eco-products (sales ratio of eco-products) Sales ratio of Eco-Products for FY2020: 66.2%		
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Endeavoring to improve indicators in the categories of quality assurance, environment, procurement, safety, and personnel	(Quality Assurance) Number of recalls: 3 cases (Environment) CO ₂ emissions from the Kubota Group in Japan: 26.3% reduction compared to FY2014 (Procurement) Promotion of CSR procurement: CSR procurement questionnaire survey conducted at 170 suppliers; response to the regulations of conflict minerals (Safety) No class-A incidents: Not achieved (Personnel) Percentage of employees with disabilities: 2.44% Percentage of employees taking childcare leave: 59.1% (male)/100% (female) Attainment of Health KUBOTA 21 targets: promoting activities toward 2022 targets

For more information on the 17 SDGs, see:

https://www.un.org/sustainabledevelopment/sustainable-development-goals/