


# 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 philosophy 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 	<b>From January 2022 to December 2022</b> * 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. <a href="http://www.un.org/sustainabledevelopment/">www.un.org/sustainabledevelopment/</a>	Boundary of the ESG REPORT 2023	<b>In principle, the entire Kubota Group is covered.</b> * Some statements may refer to the non-consolidated Kubota.
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Guidelines consulted	Financial Report
<ul style="list-style-type: none"> <li>• <i>GRI Sustainability Reporting Standards, 2016</i>, Global Reporting Initiative   GRI content index can be found on p.177.</li> <li>• ISO 26000, guidance on social responsibility   A comparison chart for the guidelines above can be found on p.185.</li> <li>• <i>Environmental Reporting Guidelines 2018</i>, Ministry of the Environment</li> </ul>	Kubota Corporation and 217 affiliates (198 subsidiaries and 19 equity method affiliates)

Environmental Report	Social Report / Others
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).	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.

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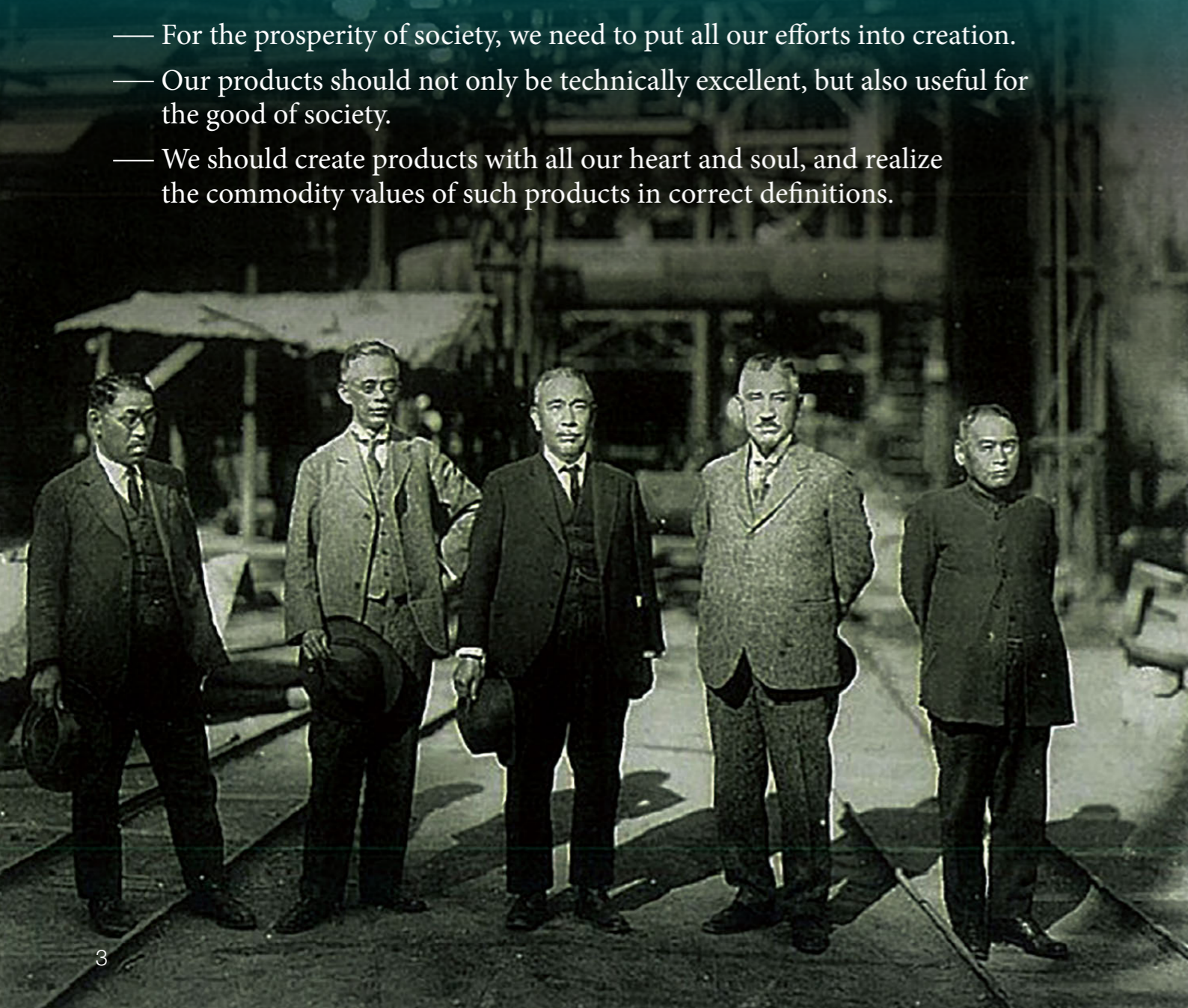
# Founded in 1890

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

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

The Founding Spirit of Kubota's Founder, Gonshiro Kubota

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



Corporate Principles

## Kubota Global Identity

### Spirits

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

### Brand Statement

# For Earth, For Life



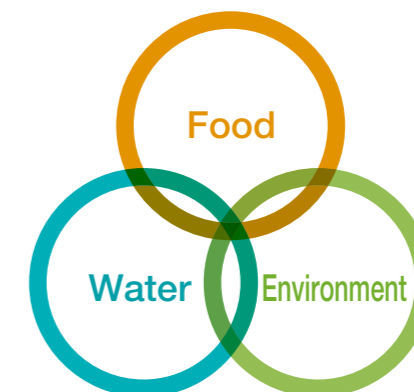
For Earth, For Life —  
the Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

### Mission

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

The world has many problems in the areas of food, water, and the environment, which are indispensable for human beings. Those problems are not separate themes, but linked closely to each other. The population growth has a great influence on environmental changes, brings problems to water resources, and leads to the short supply of food. The Kubota Group considers food, water, and the environment as a singular theme and contributes to solve problems in these areas.

**KUBOTA GLOBAL LOOP = Relations among food, water, and the environment**  
Food, water, and the environment are not separate themes, but linked closely to each other.



KUBOTA GLOBAL LOOP



**Corporate Data** (as of December 31, 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%

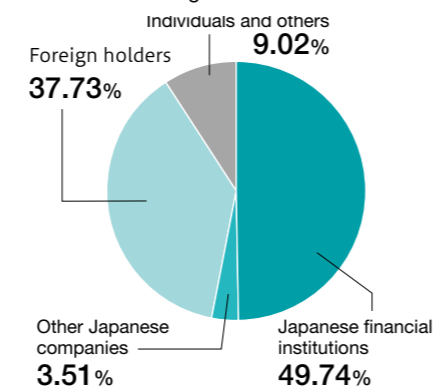
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 1-3, Kyobashi 2-chome, Chuo-ku,  
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**Share & Shareholder Information** (as of December 31, 2022)

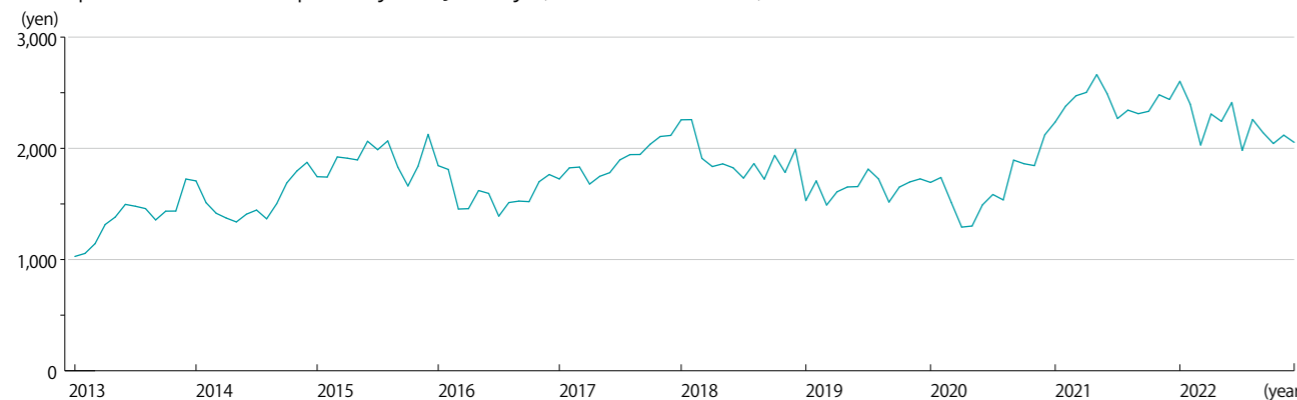
Basic share information

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.

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.

Sustainability

Emissions compared to 2014  
**23.6% decrease**

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

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.

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.

MSCI ESG rating  
**AAA**

The Kubota Group was ranked as a “Leader” among 30 companies from the construction machinery, agricultural machinery, large-car-gov-vehicle industries.

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.

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.

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”

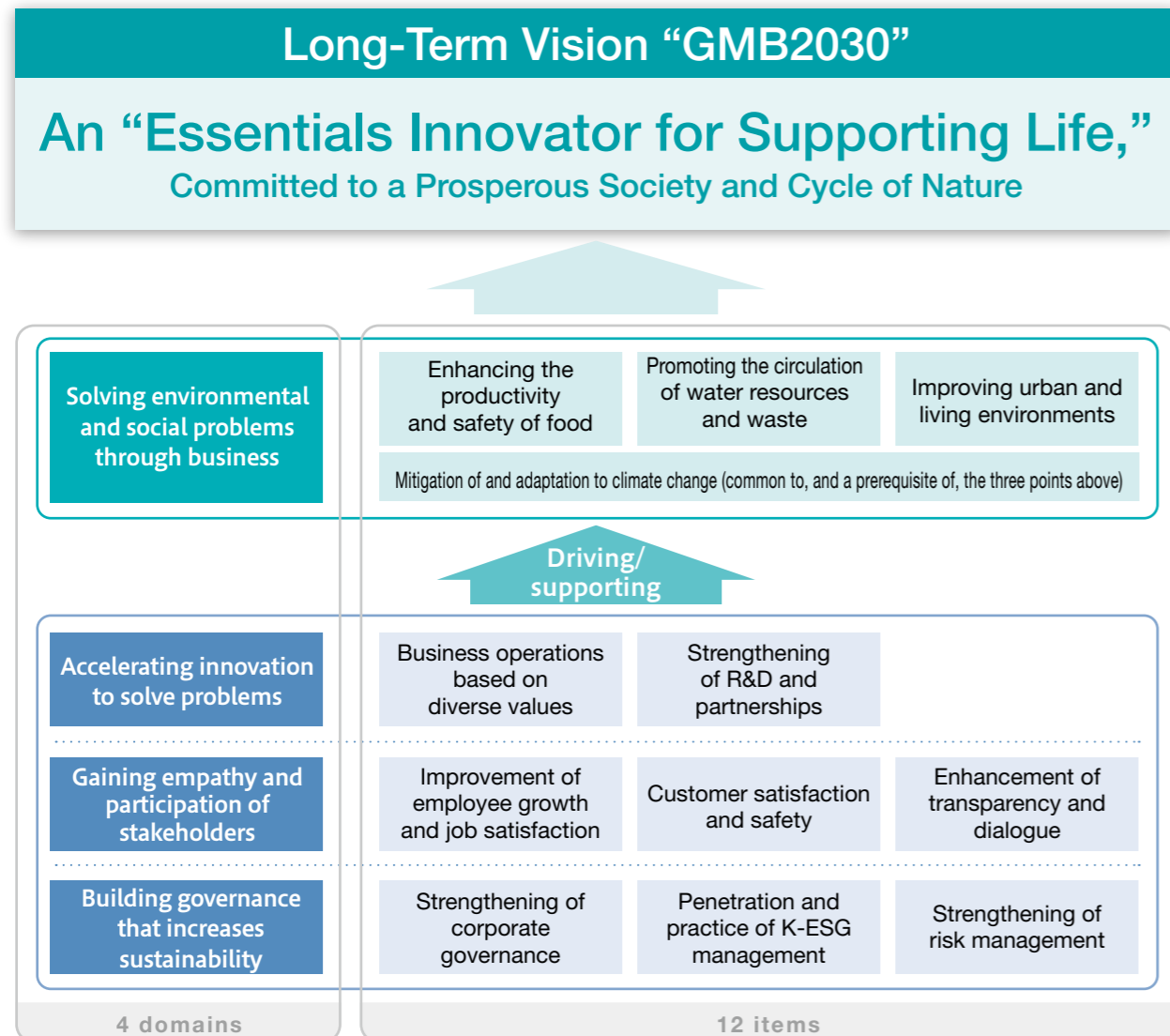
## K-ESG Management Initiatives

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.



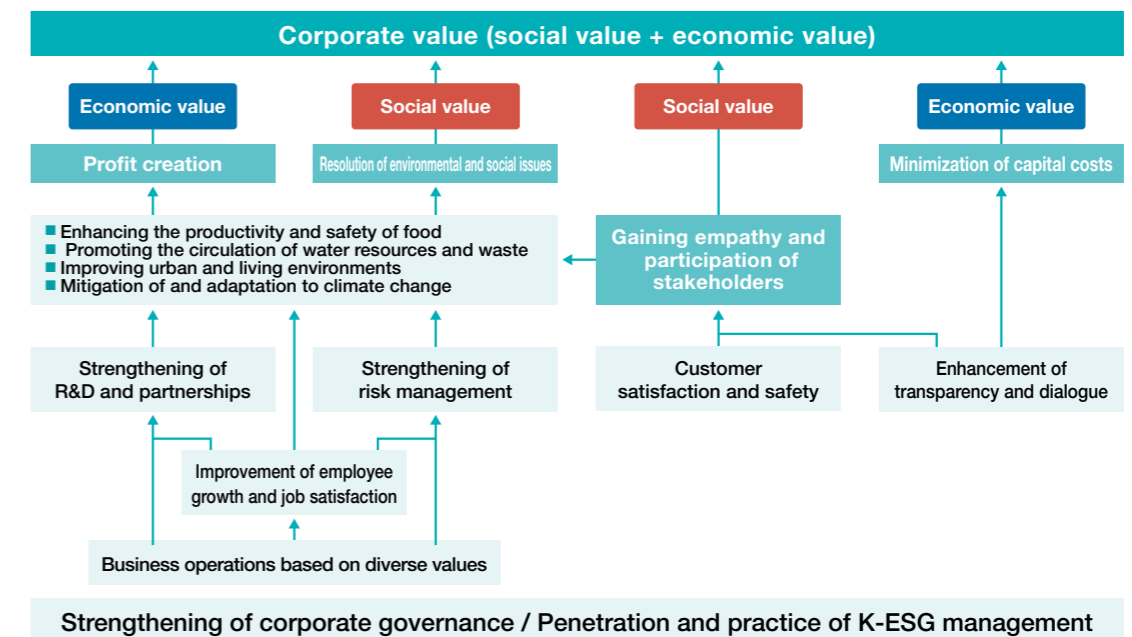
## Materiality Identification Process

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.



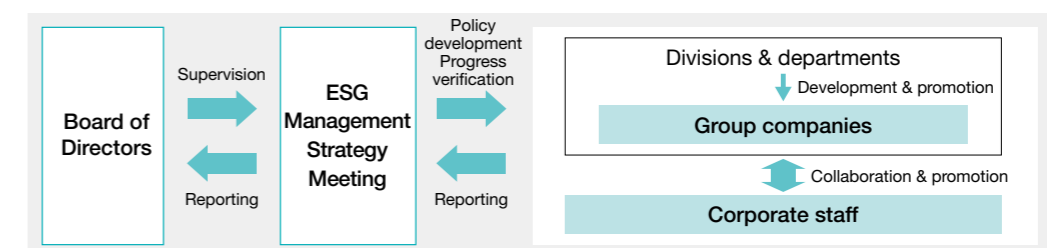
## Interrelationship Between Areas of Materiality

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	Indicators	Medium- and long-term targets	FY2022 results/topics
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	• 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.
Promoting the circulation of water resources and waste			• 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.
Improving urban and living environments			• 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.
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.	• 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)
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.	<ul style="list-style-type: none"> <li>• Progress on diversity among executive officers</li> <li>• Proportion of female managers</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of foreign executive officers: 10% (by 2025)</li> <li>• Proportion of female managers: 7% (by 2030)</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of foreign executive officers: 6% (as of January 1, 2023)</li> <li>• Proportion of female managers: 4.3% (as of January 1, 2023)</li> <li>• Implemented measures to raise psychological safety, such as by dropping hierarchical patterns of address</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Progress on the R&amp;D system</li> <li>• R&amp;D results</li> </ul>	To be disclosed	<ul style="list-style-type: none"> <li>• Opened the Kubota Global Institute of Technology in Japan and an R&amp;D site in North America</li> <li>• Invested in three AgriTech start-ups</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Employee engagement score</li> <li>• DX personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement score: 70 (by 2030)</li> <li>• DX personnel: 1,000 (by 2024)</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement score: 51</li> <li>• DX personnel: 638</li> <li>• Fostered a culture of taking on challenges and growth through 1-on-1 meetings with executives from business and indirect divisions</li> <li>• Established the Kubota Data Ground Corporation</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> </ul>	To be disclosed	<ul style="list-style-type: none"> <li>• Pressed ahead with improvement activities based on customer questionnaires, and maintained customer satisfaction evaluations (in Japan and North America)</li> </ul>
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.	<ul style="list-style-type: none"> <li>• External institution rating</li> </ul>	<ul style="list-style-type: none"> <li>• Acquire the highest possible rating from a major external ratings agency (by 2025)</li> </ul>	<ul style="list-style-type: none"> <li>• Selected for the sixth year in a row for the Asia Pacific section of the Dow Jones Sustainability Indices</li> <li>• Acquired a AAA rating, the highest level, from MSCI ESG</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Effectiveness of the Board of Directors</li> </ul>	To be disclosed	<ul style="list-style-type: none"> <li>• Incorporated ROI 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</li> <li>• Received the Governor of Tokyo Award at the Corporate Governance of the Year® 2022 Awards</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Penetration of the corporate principles and vision among employees</li> </ul>	<ul style="list-style-type: none"> <li>• Penetration score: 75 (by 2025)</li> </ul>	<ul style="list-style-type: none"> <li>• Penetration score: 52</li> <li>• 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)</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Progress toward the creation of a risk management system</li> </ul>	Construct a global risk management system and implement due diligence (by 2025)	<ul style="list-style-type: none"> <li>• Established the Kubota Group Risk Management Committee</li> <li>• We carried out risk assessments and started to attach priority levels to the risks we need to address</li> </ul>

\* 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.