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## GOVERNANCE

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# Governance Report

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## Corporate 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.

### 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 management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

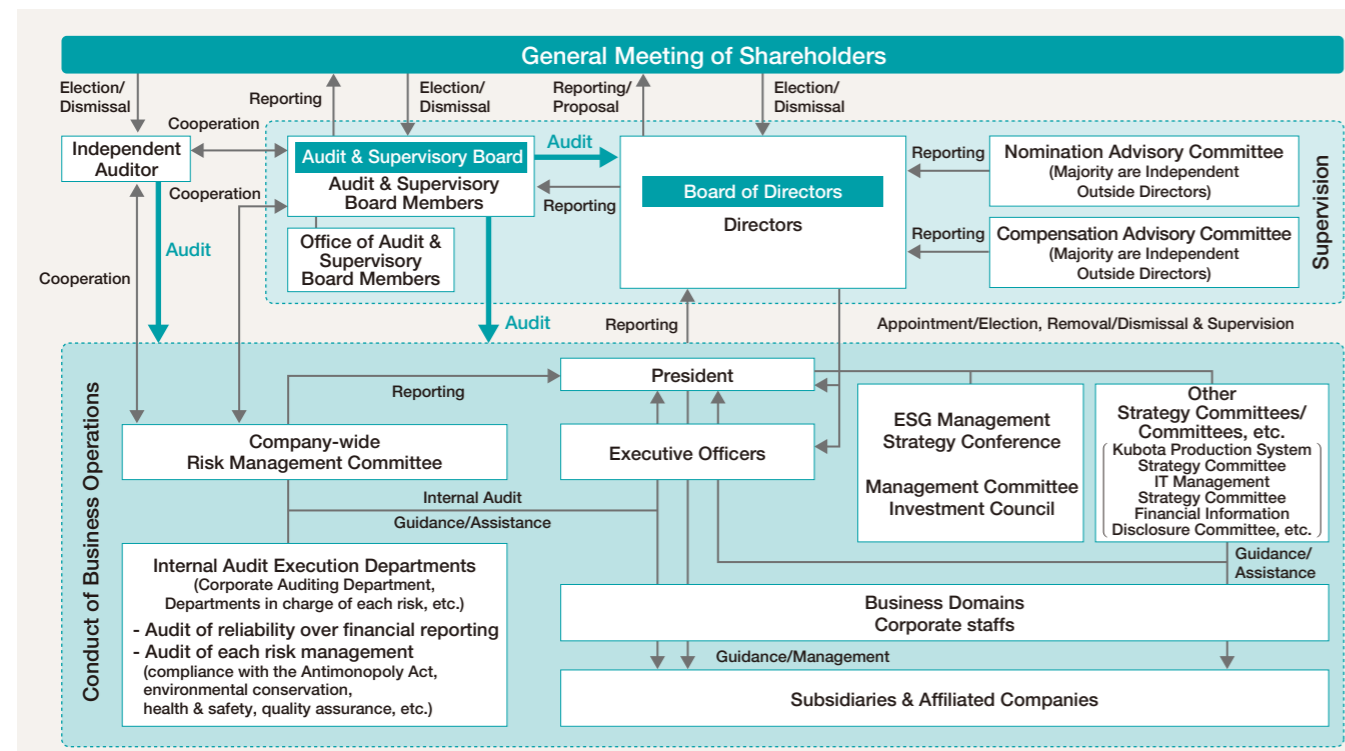
### Corporate Governance System

#### 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 attain sustainable growth and increase its corporate value in the medium to long term while securing sound, efficient, and effective 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.

Moreover, the Board of Directors holds a meeting once a year to report the results of risk management activities. This is done in order to verify that there are no inadequacies in the internal control system that could have a serious impact on corporate management with regards to the organization and operation of the management system for key risks identified by the Company.

### 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 body of the Board of Directors.

To incorporate the 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 four 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 will add matters related to electing as well as dismissing a president along with succession planning to its agenda and actively discuss the qualities and abilities required of the Company’s top management in addition to training methods.

#### Activity Report of the Nomination Advisory Committee (Period: January 1, 2021 - December 31, 2021)

1	19-Mar-21	Deliberation on the operation of the Nomination Advisory Committee for fiscal 2021
2	21-Oct-21	Deliberation on the candidates for Director and Advisor
3	1-Dec-21	Deliberation (in writing) on the candidates for Advisor, etc.
4	15-Dec-21	Deliberation on revising the roles of the Nomination Advisory Committee Discussion on the qualifications of candidates for President and his/her training policy

The Compensation Advisory Committee met eight 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 stock compensation system. The committee decided to establish a new remuneration plan to be applied from fiscal 2022 in order to realize the Company’s Long-Term Vision as set forth in “GMB2030,” set competitive remuneration levels appropriate for GMB, and introduce an evaluation system that is strongly linked to growth over the short, medium and long term.

#### Activity Report of the Compensation Advisory Committee (Period: January 1, 2021 - December 31, 2021)

1	9-Feb-21	Deliberation (in writing) on the annual bonus and stock compensation for the Directors and Executive Officers
2	19-Mar-21	Deliberation on the pros and cons of revising the remuneration plan
3	20-Apr-21	Deliberation on the remuneration plan for fiscal 2022 and onward
4	16-Jun-21	Deliberation on the concept of the new remuneration plan
5	5-Aug-21	Deliberation on the remuneration levels
6	16-Sep-21	Deliberation on the design of the new remuneration plan
7	5-Nov-21	Deliberation on the design of the new remuneration plan
8	8-Dec-21	Deliberation on the design of the new remuneration plan

#### Composition of Members (as of March 18, 2022)

Those in brackets [ ] indicate percentage of attendance in fiscal 2021.

			Nomination Advisory Committee	Compensation Advisory Committee
Outside Director	Yuzuru Matsuda	[100%]	●*1	●*1
Outside Director	Koichi Ina	[100%]	●	●
Outside Director	Yutaro Shintaku	[100%]	●	●
Outside Director	Kumi Arakane	[100%]	●	●
Chairman and Representative Director	Masatoshi Kimata	[100%]	●	
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	[—]		▲*2

\*1 Chairperson  
\*2 Observer (appointment on March 18, 2022)

### 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.

## Officers (as of March 18, 2022)

### Directors and Audit & Supervisory Board Members



	Name	Position and Responsibility at Kubota Corporation and Important Concurrent Positions		Name	Position and Responsibility at Kubota Corporation and Important Concurrent Positions
1	Masatoshi Kimata	Chairman and Representative Director, Director of Nippon Telegraph and Telephone West Corporation	9	Yutaro Shintaku	Outside Director, Director of Santen Pharmaceutical Co., Ltd., Director of J-Oil Mills, Inc., Executive Trustee of Tonen International Scholarship Foundation, Special Professor of Hitotsubashi University Business School, Director of KOZO KEIKAKU ENGINEERING Inc.
2	Yuichi Kitao	President and Representative Director	10	Kumi Arakane	Outside Director, Director of Kagome Co., Ltd., Director of TODA CORPORATION
3	Masato Yoshikawa	Executive Vice President and Representative Director, General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters	11	Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)
4	Toshihiko Kurosawa	Director	12	Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)
5	Dai Watanabe	Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center	13	Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)
6	Hiroto Kimura	Director and Managing Executive Officer, General Manager of Research and Development Headquarters, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Dept.	14	Yuichi Yamada	Outside Audit & Supervisory Board Member, Audit & Supervisory Board Member of Japan Finance Corporation, Representative of Yuichi Yamada Certified Public Accountant Firm
7	Yuzuru Matsuda	Outside Director, Director of JSR Corporation, Director Emeritus of Kato Memorial Bioscience Foundation	15	Yuri Furusawa	Outside Audit & Supervisory Board Member
8	Koichi Ina	Outside Director, Director of Sansha Electric Manufacturing Co., Ltd. Chairman of Central Japan Industries Association	16	Keijiro Kimura	Outside Audit & Supervisory Board Member, Representative Partner of Kyoei Law Office

### Executive Officer

Senior Managing Executive Officer	Managing Executive Officer	Senior Executive Officer	Executive Officer
Yuji Tomiyama	Yasuo Nakata	Yoshimitsu Ishibashi	Koichiro Kan
Kazuhiro Kimura	Takao Shomura	Yasukazu Kamada	Hirohiko Arai
Eiji Yoshioka	Kazunari Shimokawa	Katsuhiko Yukawa	Shinichi Fukuhara
Nikhil Nanda	Mutsuo Uchida	Ryoji Kuroda	Tomohiro Iitsuka
	Nobuyuki Ishii	Muneji Okamoto	Hideki Mori
	Kazuhiro Shinabe	Koichi Yamamoto	Kazushi Ito
	Ryuichi Minami	Shingo Hanada	Junji Ota
			Mampe Yamamoto
			Takanobu Azuma
			Toshiyuki Taneda
			Shiro Watanabe
			Todd Stucke
			Hideo Takigawa
			Hiroyuki Araki
			Takashi Ichikawa
			Yoshifumi Makino
			Wataru Kondo
			Tadahito Suzui
			Hiroyuki Tanihara
			Koichi Nakagawa
			Yuji Kambara
			Shinya Tsuruda

## 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 (four of the ten Directors are Outside Directors).

##### [Independence Criteria for Outside Directors]

The Company has established the Independence Criteria for Outside Directors, 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 does not satisfy independence from the Company if any of the following items applies to that person.

- 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 member.
- 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 ten years before his/her appointment.
- 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.
- 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.
- 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.
- 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).
- 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.
- 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 director appointments.
- 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).
- 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 (four out of seven 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 (as of March 18, 2022)

### Outside Directors

Name	Designation as Independent Director	Reasons for Appointment
Yuzuru Matsuda	○	Mr. Matsuda has extensive experience in managing a comprehensive manufacturer of biotechnology and offers a wide perspective on matters. He also has experience as an outside director of other companies. Therefore, the Company judged that he has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Koichi Ina	○	Mr. Ina has extensive experience in managing an automotive manufacturer and offers a wide perspective on matters. He also has deep knowledge in the field of manufacturing as an engineer and from having been engaged in various management positions in plant operations. Therefore, the Company judged that he has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Yutaro Shintaku	○	Mr. Shintaku has experience and a record of accomplishments at having actively promoted global strategy acting as management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. Therefore, the Company judged that he has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
Kumi Arakane	○	Ms. Arakane's career at a cosmetics company provided her with the experience of being involved in corporate management as a Director, as well as being in charge of various areas of business including product development, research, quality control and purchasing. Therefore, the Company judged that she has the ability to contribute to strengthening supervisory functions of the Company's Board of Directors. Moreover, since she satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.

### Outside Audit & Supervisory Board Members

Name	Designation as Independent Audit & Supervisory Board Member	Reasons for Appointment
Yuichi Yamada	○	Mr. Yamada has considerable knowledge relating to accounting and financial matters as a certified public accountant. He has gained extensive experience and 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 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. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
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. Moreover, since she satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.
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 through his expert viewpoints and from an independent standpoint. Moreover, since he satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.

## Composition of the Board of Directors and the Audit & Supervisory Board (as of March 18, 2022)

### Skills Matrix

	Name	Position	Out-side	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 of Audit & Supervisory Board Member
				Priority items related to medium- to long-term strategies						Fundamental items for management							
				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	Masatoshi Kimata	Chairman and Representative Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	9 years and 9 months	
	Yuichi Kitao	President and Representative Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	7 years and 9 months	
	Masato Yoshikawa	Executive Vice President and Representative Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	5 years	
	Toshihiko Kurosawa	Director		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	3 years	
	Dai Watanabe	Director and Senior Managing Executive Officer		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	3 years	
	Hiroto Kimura	Director and Managing Executive Officer		●	●	●	●	●	●	●	●	●	●	—	—	—	
	Yuzuru Matsuda	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	7 years and 9 months	
	Koichi Ina	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	6 years and 9 months	
	Yutaro Shintaku	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	—	4 years	
	Kumi Arakane	Director	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (3 of 3)	1 year	
Audit & Supervisory Board	Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (14 of 14)	7 years and 9 months	
	Yasuhiro Hiyama	Audit & Supervisory Board Member (Full-time)		●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (14 of 14)	4 years	
	Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)		●	●	●	●	●	●	●	●	●	●	—	—	—	
	Yuichi Yamada	Audit & Supervisory Board Member	●	●	●	●	●	●	●	●	●	●	●	100% (13 of 13)	100% (14 of 14)	2 years	
	Yuri Furusawa	Audit & Supervisory Board Member	●	●	●	●	●	●	●	●	●	●	●	100% (11 of 11)	100% (11 of 11)	1 year	
	Keijiro Kimura	Audit & Supervisory Board Member	●	●	●	●	●	●	●	●	●	●	—	—	—		

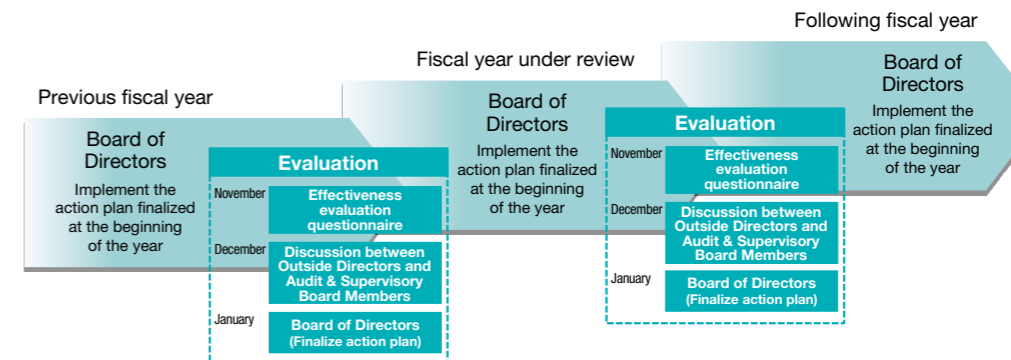
(Notes) 1. Experience in corporate management among the items of the list above refers to experience as president at a company listed on the first section of a stock market.  
 2. The attendance of the Meetings of the Board of Directors and the Audit & Supervisory Board held during fiscal 2021.  
 3. Ms. Kumi Arakane resigned from her position as Audit & Supervisory Board Member and assumed office as Director on March 19, 2021. She attended all 13 meetings of the Board of Directors as Director or Audit & Supervisory Board Member and all three Audit & Supervisory Board Meetings held during fiscal 2021 until her resignation as Audit & Supervisory Board Member.  
 4. Ms. Yuri Furusawa attended all 11 meetings of the Board of Directors and all 11 Audit & Supervisory Board Meetings held after her appointment on March 19, 2021.  
 5. Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agendas in order to improve the effectiveness of the Board.

## 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.

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 of 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:

- 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 K-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.

- The following opinions have been expressed for the further improvement of effectiveness.
  - Clarifying the correlation between each agenda item and 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.

- 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.
- Develop a system for ensuring timely reporting on the progress of important matters related to improving corporate value.
- Establish a Group-wide management system from a risk-based perspective.
- Create opportunities to discuss the creation of further synergies in Kubota's business areas of food, water, and the environment.

## Value Up Discussion Meetings

The Company started quarterly 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.

### Contents of Discussion

- July 2021 “Carbon Neutrality”  
[Main Contents of Discussion]
  - Attitude toward carbon neutrality
  - Efforts to reduce GHG emissions and develop negative emissions technologies
- October 2021 “K-ESG management”  
[Main Contents of Discussion]
  - Definition of K-ESG management
  - Materiality for K-ESG management
- January 2021 “Constructive Dialogue with Shareholders”  
[Main Contents of Discussion]
  - Approach to realizing growth strategies and accountability
  - IR and SR activities for institutional and individual investors

## Remuneration

### Remuneration for the Year Ended December 31, 2021

#### Basic policy regarding remuneration

The Company aims to have a remuneration plan that achieves sustainable and stable growth in the business areas of food, water, and the environment and sharing value with shareholders. In order to increase fairness and transparency, this policy is determined at the meetings of the Board of Directors after it has been deliberated by the Compensation Advisory Committee.

The Compensation Advisory Committee is composed of Outside Directors, the Director in charge of secretarial affairs, and the Director in charge of financial affairs. In order to ensure fairness and transparency, a majority of members of the committee are Outside Directors and a chairman is also appointed from the Outside Directors. One Outside Advisory & Supervisory Board Member attends the committee as an observer.

#### Composition of remuneration and composition ratio thereof for Directors

The remuneration for the Directors, excluding Outside Directors, consists of “basic remuneration,” which is set by corporate rank, “performance-linked remuneration (bonuses for Directors),” which is a short-term incentive linked to performance in a single fiscal year, and “restricted stock compensation,” which is regarded as a medium- to long-term incentive. The remuneration for the Outside Directors consists solely of “basic remuneration” considering the roles they play and the need to preserve their independence.

Directors, excluding Outside Directors, receive “basic remuneration,” “performance-linked remuneration” and “restricted stock compensation” amounting to approximately 45%, 40% and 15% of the total remuneration, respectively.

#### Basic remuneration

In addition to the “basic remuneration” set by corporate rank, the Company pays an additional allowance for the Directors and the Representative Directors (eligible persons only). The basic remuneration is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders, in consideration of operating results and other factors. The individual basic remuneration is determined in March, and if a Director is promoted or demoted during a term of office, the basic remuneration for such Director is increased or decreased according to their corporate rank. The Company has adopted an annual pay scheme from April every year to March of the following year. The annual amount is divided by 12 according to the payment calculation period for employees and paid on the same date as the payment date for employee salaries every month.

#### Performance-linked remuneration (bonuses for Directors) for a single fiscal year

The Company does not fix the ratio of performance-linked remuneration, and it is designed so that the ratio of performance-linked remuneration to total remuneration for the Directors, excluding Outside Directors, increases as profit for the year increases, with the higher the corporate rank, the higher the ratio of performance-linked remuneration.

Performance-linked remuneration is decided by determining a bonus table for each corporate rank in conjunction with “profit attributable to owner of the parent,” which is the indicator representing results of business activities and constitutes the source of funds for shareholder return, taking into consideration the degree of performance achievement in organizations of which the individual is in charge. The individual performance-linked remuneration is determined and paid in March after the total amount is approved at the Ordinary General Meeting of Shareholders.

#### Restricted stock compensation

The Company has adopted the restricted stock compensation plan as an incentive for the Directors, excluding the Outside Directors, to continuously increase corporate value and to further promote shared value with shareholders. The restricted stock is granted by the payment date following the resolution at the Board of Directors’ meeting held in March to allocate the stock, and the transfer restriction period is from the payment date of the monetary compensation claims to the retirement date of the eligible Director from the position of Director or Executive Officer of the Company. Under the restricted stock compensation plan, restricted stock is also granted to the Senior Managing Executive Officers and Managing Executive Officers who are not Directors.

#### Procedure for determining the amount of remuneration

In order to ensure fairness and transparency, the amount of remuneration of the Directors is decided at the meeting of the Board of Directors in light of the recommendation by the Compensation Advisory Committee. The Compensation Advisory Committee met eight times during the fiscal year and deliberated on the consistency of levels of compensation paid to the Directors, Executive Officers, and Advisers, and the adequacy of the stock compensation system. The adequacy of compensation levels is verified by the Compensation Advisory Committee, based on the management compensation database of major Japanese companies by an external specialized institution.

#### Individual remuneration

Regarding the remuneration paid to each Director, the determination of the specific amounts is delegated to the President and Representative Director based on a resolution of the Board of Directors in order to reflect a comprehensive evaluation of the business conditions. In addition, since the President and Representative Director determines the amounts within the range for total remuneration, etc. approved at the General Meeting of Shareholders and based on the standards deliberated by the Compensation Advisory Committee, the details of the remuneration, etc. paid to individual Directors are in accordance with the policy for determining remuneration, etc.

#### Maximum remuneration amount of the Directors

The maximum aggregate amount of cash remuneration for the Directors was set at ¥510 million or less per year (¥80 million or less per year for the Outside Directors) at the 131st General Meeting of Shareholders held on March 19, 2021. The maximum aggregate amount of stock remuneration for the Directors was set at ¥300 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 ¥144 million or less per year at the 119th General Meeting of Shareholders held on June 19, 2009.

#### Compensation by Position

The aggregate compensation paid by Kubota Corporation for the year ended December 31, 2021, to the Directors and the Audit & Supervisory Board Members was as follows:

Position	Number of persons	Total amount of compensation (millions of yen)	Total amount by type (millions of yen)		
			Remuneration	Bonuses	Restricted stock compensation
Directors (excluding Outside Directors)	6	¥738	¥328	¥306	¥103
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	78	78	—	—
Outside Directors	4	63	63	—	—
Outside Audit & Supervisory Board Members	4	43	43	—	—

(Notes) The above includes compensation for a Director who has retired and an Outside Audit & Supervisory Board Member who has resigned at the conclusion of the 131st General Meeting of Shareholders held on March 19, 2021.

## Review of the Remuneration Plan (as of 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 reviewed the remuneration plan for the Directors as responsibilities and expectations of the Directors are increasing. Following is the policy for determination of remuneration, etc. and its calculation method for the Directors and Executive Officers.

### Basic policy for determination of remuneration, etc. for the Directors

- 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.
- 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.

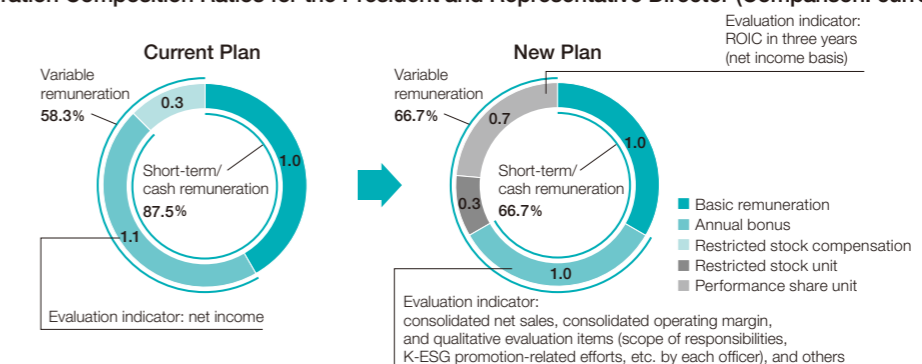
#### Remuneration structure

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: current plan vs. new plan)



## Elements of Remuneration

Type of remuneration	Overview
Basic remuneration	<b>[Fixed remuneration set in proportion to the size of duties by corporate rank, etc.]</b> - 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	<b>[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]</b> - 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	<b>[Stock compensation intended to encourage continued shareholding while in service / office, through which the sharing of and improvements in shareholder value are promoted]</b> - 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	<b>[Stock compensation for the purpose of improving the shareholder value by achieving the medium- to long-term performance target]</b> - 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 result 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.

## Training for Executives

The Company conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. For newly appointed Outside Directors and Outside Audit & Supervisory Board Members, the Company explains the corporate spirit, 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.

Following their appointment, the Company holds multiple annual executive forums related to ESG, human rights, health and safety, the environment, quality, public relations, legal, DX, compliance, etc. for all of its Directors, Audit & Supervisory Board Members and Executive Officers. Based on the format of inviting external lectures, those in attendance were provided with opportunities to acquire and update knowledge necessary for company management by also using online distribution. Moreover, the Company conducts inspections and engages in discussions with on-site executives at its overseas affiliates, and at the regional offices in Japan, so that those in attendance, including Outside Directors and Outside Audit & Supervisory Board Members, can gain a deeper understanding of the Group's business activities and make appropriate management decisions.



Corporate Governance Report  
[www.kubota.com/ir/news/data/cgre.pdf](http://www.kubota.com/ir/news/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/](http://www.kubota.com/ir/)

## Internal Control

### 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 hand.

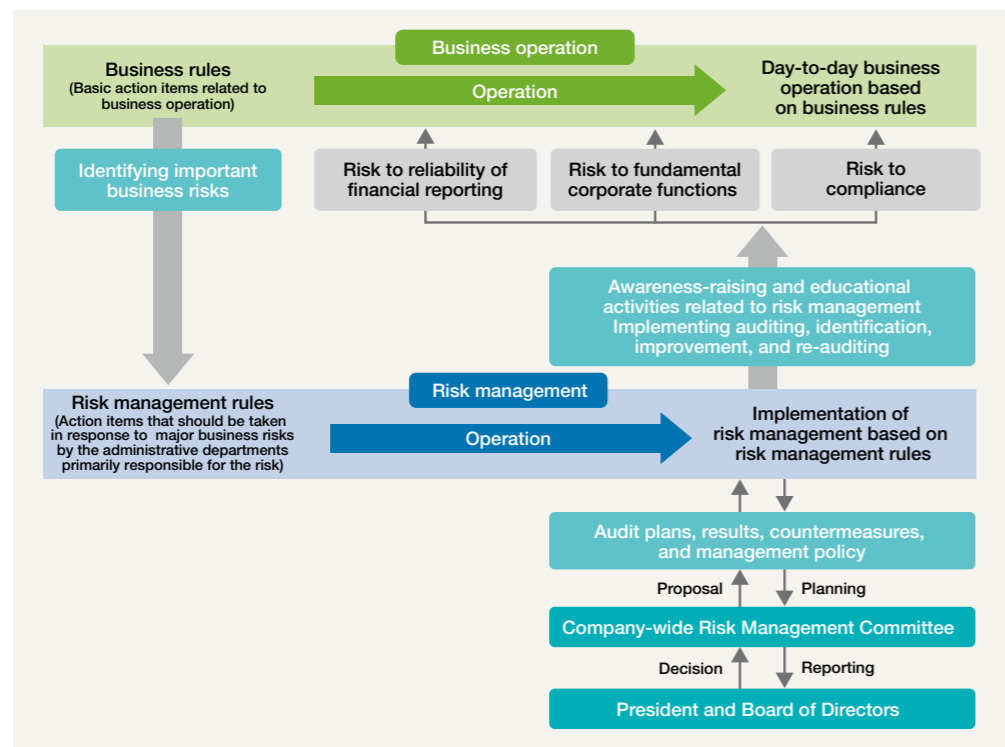
Risk management refers to the notion that “risk management rules” should set out appropriate operational action items that all administrative departments should implement, to the extent that the administrative departments are primarily responsible for some risks. The notion also requires that those departments 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.

### Number of Audits and Contents of Risk Management

Risk management items		Risk to be avoided	Number of audited items for FY2021*1
Internal control over reliability of financial reporting	Financial reporting	• Risk to reliability of financial reporting	12,144
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	87
	Environmental conservation	• Non-compliance with laws and regulations • Environmental accidents • Past environmental debt	12,687
	Health and Safety	• Occurrence of serious accidents • Occupational illnesses • Investigations and litigations	1,202
	Quality assurance	• Occurrence of quality problems detrimental to the Kubota brand, etc.	263
	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	7,306
	Information security	• Computer virus infection • Information leakage • Information system failure	2,303
	Intellectual property	• Infringement of other companies’ intellectual property	796
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	580
	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	103
	Compliance with the Construction Business Act	• Non-compliance with the Construction Business Act	538
	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	140
	Prevention of improper payments	• Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Improper payments to foreign public officials	19
	Classified information management	• The leakage of classified information including a development plan for a new product and sales plan	347
	Protection of personal information	• Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information	327
	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	44
	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.	602

\*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 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 will also be made available to officers 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 clearly state:

- “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 whistleblowing system
- The objective of the system, protection of whistleblowers, handling of anonymity, etc.

### [Number of cases reported (in Japan)]

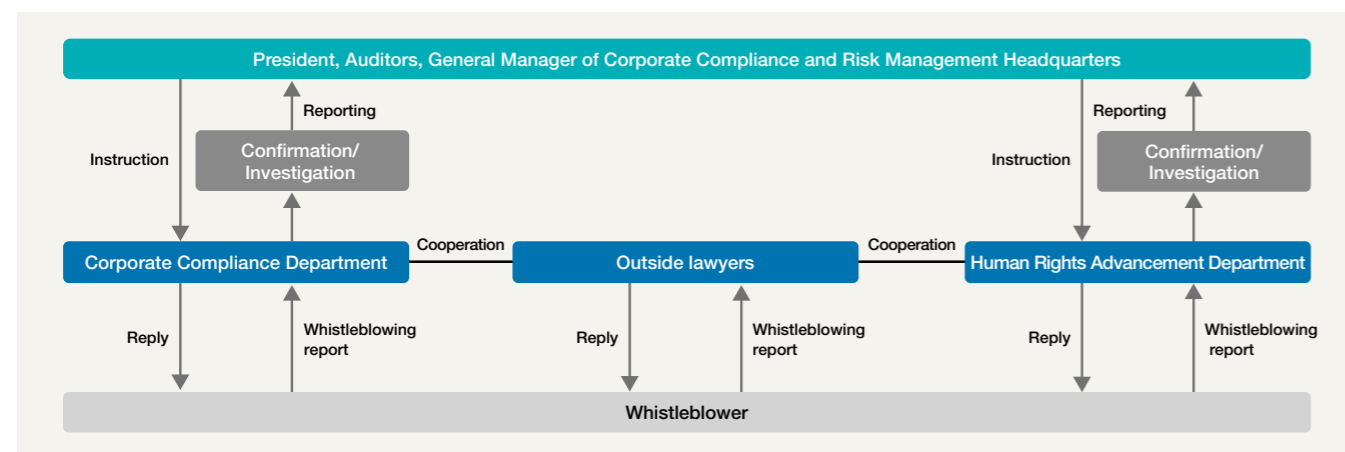
Period	Number of cases	Period	Number of cases
Jan.–Dec. 2016	30	Jan.–Dec. 2019	59
Jan.–Dec. 2017	52	Jan.–Dec. 2020	74
Jan.–Dec. 2018	71	Jan.–Dec. 2021	122

\* 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



## Securing Reliability of Financial Reporting

Kubota has established and operates an internal control system in order to confirm 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 created 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. The Kubota Group made global tax payments of ¥53.1 billion during the fiscal year ended December 2021.

## 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.

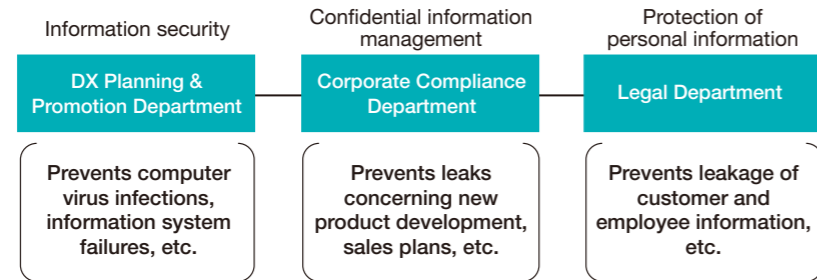


## Information Management

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

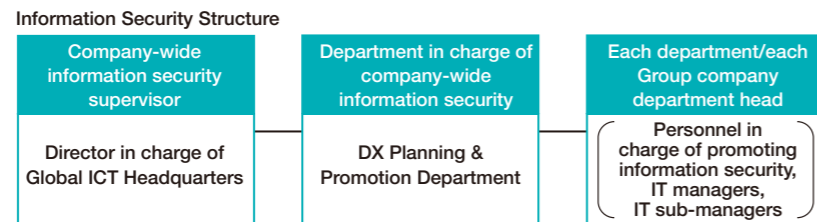
Depending on the type of information, Kubota appoints main divisions to conduct ongoing activities such as revising rules, auditing, and awareness-raising at their respective locations. These activities are also conducted at overseas bases. When necessary, these divisions cooperate with each other in risk management.



### Information Security Initiatives

Under a Group-wide framework directed by the Company-wide information security supervisor, we assign personnel in charge of promoting information security (IT Managers) at each department/each Group company and implement Group-wide security measures based on the policies formulated by the department in charge.

We have also established Kubota-CSIRT, an organization for managing information security-related incidents/accidents. In the case of such incidents or accidents in the Group, we promptly share information, responding rapidly and taking measures to minimize damage.



### System Response and Monitoring

To guard against computer viruses, unauthorized intrusion into systems and networks from the outside, or other threats, we have implemented and are centrally managing multilayered security measures worldwide, including the use of antivirus software and robust authentication mechanisms.

### 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 worked to implement and reinforce the security infrastructure needed to support such working styles.

## 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 FY2021, 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. We also conducted compliance training targeting executive officers. The training drew 35 participants in Japan, who heard a lecture by an outside lawyer on global governance and leadership (lecture materials were distributed to officers overseas).

Additionally, 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.

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.

To verify these risk management activities, the Kubota Group has established the Committee on Prevention of Illegal Payments. In FY2021, document surveys were conducted at 12 companies in Japan and 47 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 of the activities are periodically reported to the President, the Board of Directors, and the Audit & Supervisory Board through the company-wide Risk Management Committee, composed mainly of Directors, and based on their feedback, the contents of activities are occasionally revised, thereby improving the level of the activities.



Message from Mr. Kitao, President, Kubota Corporation (Screenshot of Thomson Reuters e-learning)

### 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)

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| <ol style="list-style-type: none"> <li>1. Winning Customer Satisfaction               <ol style="list-style-type: none"> <li>(1) Product Safety and Superior Quality</li> <li>(2) Responding to Customer Requests and Complaints</li> <li>(3) Appropriate Advertising and Labeling</li> </ol> </li> <li>2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles               <ol style="list-style-type: none"> <li>(1) Legal Compliance and Observance of Corporate Ethics Are Basic Conditions for Corporate Activities</li> <li>(2) Observance of Laws of Individual Countries and Regions, as well as International Rules</li> <li>(3) Early Detection and Prevention of Misconduct</li> <li>(4) Compliance with Fair Trade Laws and Regulations</li> <li>(5) Fairness and Transparency in Transactions</li> <li>(6) Compliance with Internal Rules</li> <li>(7) Prohibition of Activities Contrary to the Proper Interest of the Company</li> <li>(8) Preservation of Company Assets</li> <li>(9) Respect for and Usage of Intellectual Property</li> <li>(10) Management of Confidential Information</li> <li>(11) Security of Electronic Information</li> </ol> </li> <li>3. Respecting Human Rights               <ol style="list-style-type: none"> <li>(1) Respecting Human Rights</li> <li>(2) Prohibition of Harassment</li> <li>(3) Protection of Personal Information</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>4. Building up a Safe and Vibrant Work Environment               <ol style="list-style-type: none"> <li>(1) In-depth Supervision of Safety, Sanitation, and Health</li> <li>(2) Building up a Vibrant Work Environment</li> </ol> </li> <li>5. Conserving the Global and Local Environment               <ol style="list-style-type: none"> <li>(1) Environmental Conservation Efforts in All Business Activities</li> <li>(2) Global Environmental Conservation</li> <li>(3) Environmental Protection to Create a Symbiotic Relationship with Local Societies</li> <li>(4) Our Voluntary and Organized Efforts in Environmental Conservation</li> </ol> </li> <li>6. Achieving Symbiosis with International and Local Societies               <ol style="list-style-type: none"> <li>(1) Respect of Culture and Customs of All Countries and Regions</li> <li>(2) Compliance with Export and Import Laws and Regulations</li> <li>(3) Elimination of Relationships with Antisocial Elements</li> <li>(4) Proper Relationships with Political Groups and Government Organizations</li> <li>(5) Rules for Entertainment, Gifts, and Donations</li> <li>(6) Contributing to Society</li> <li>(7) Firm Commitment to Safe Driving</li> </ol> </li> <li>7. Fulfilling Responsibilities for Improving Management Transparency and Accountability               <ol style="list-style-type: none"> <li>(1) Appropriate and Timely Disclosure of Corporate Information</li> <li>(2) Proper Accounting/Taxation Treatment</li> <li>(3) Emphasis on Internal Audits</li> <li>(4) Prohibition of Insider Trading</li> </ol> </li> </ol> |
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 See here for the “Kubota Group Charter for Action & Code of Conduct”  
[www.kubota.com/sustainability/employee/conduct/](http://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. It was then used in group reading sessions held at each workplace. The reading out of the “Kubota Group Charter for Action & Code of Conduct” continued at Group companies in Japan in 2020 (done remotely due to concerns about COVID-19).

### “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.

### Learning from hotline cases

This is a feature appearing in the Company newsletter, which is issued every other month. Using examples from the Kubota Hotline for whistleblowers, readily relatable cases that could occur at any workplace are presented as a way of improving individual commitment to and awareness of compliance and preventing recurrence. Following an outline of the real-life example in the form of a *manga* cartoon, its main points are discussed.