



# KUBOTA REPORT 2020

<Digest Version>

For Earth, For Life  
**Kubota**



## P.3 -

### The Kubota Group Mission

Introducing the Company's founding spirit and corporate philosophy that have been passed down over 130 years, and its business fields.

## P.5 -

### The Kubota Group—Tackling Issues the World Over

Today, the Kubota Group operates businesses in over 120 countries around the world, with an overseas sales ratio of around 67%. This section introduces the Group's global development and strengths.

## P.9 -

### Top Message

"Through further innovation, we will contribute to the world in the fields of food, water, and the environment, looking ahead to the post-COVID-19 society."

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## P.11-

### Kubota's Unique Sustainability as a Platform Provider Supporting Life

This section introduces Kubota Group products and services that support a sustainable global cycle and human life.

## P.17-

### Special 130th Founding Anniversary Interview Contributing to the SDGs through Innovation

Journalist Hiroko Kuniya offers advice on achieving the SDGs.

## P.23-

### ESG Initiatives

This section introduces the Kubota Group's main environmental, social, and governance (ESG) initiatives for sustainable growth.

#### Editorial note

The objective of this report is to provide our stakeholders with an overview of the business and CSR activities of the Kubota Group from a global viewpoint in an easy-to-understand manner. The Kubota Group is taking on the challenge of solving global issues through business activities, in view of the concepts of SDGs\*, the goals for world sustainable development.



\* For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website.  
[www.un.org/sustainabledevelopment/](http://www.un.org/sustainabledevelopment/)

- Relationship between the Digest Version and the Full Report Version

#### Digest Version

We have compiled a concise and clear summary, focusing on visual presentation to make the entire picture of the Kubota Group easier to understand.

#### Full Report Version

In addition to the content of the Digest Version, we issue more detailed information in a PDF format.

[www.kubota.com/report/](http://www.kubota.com/report/)

- Period covered by the KUBOTA REPORT From January 2019 to December 2019

\* Matters outside the above period are partially included.

- Boundary of the KUBOTA REPORT

In principle, the entire Kubota Group is covered.

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

#### About the Cover



The cover picture represents the continued desire of the Kubota Group over 130 years since its founding to be involved at every stage in the water cycle, supporting the lives of people on earth.

The cover was designed by the Design Center at Kubota's Research and Development Headquarters.

# The Kubota Group Mission

As the coronavirus pandemic sweeps the world, the most fundamental way to prevent the spread of infections is to wash one's hands. In Japan, this can be practiced thanks to a nearly 100% water supply coverage.

Some 130 years ago when Japan was rapidly modernizing, Kubota's founder Gonshiro Kubota became the first person in the country to domestically produce water pipes in order to save people's lives from the spread of cholera.

Ever since the company was founded by society. Going forward, we will contribute to the environment—all of which are essential to our mission.

Founded in **1890**

Business foundation

① ② ③

Founded as a casting manufacturer  
Started production of castings for weighing equipment and daily commodities

- Food
- Water
- Environment

**1893**

Initiated the production of the first cast iron pipes for water supply in Japan



Kubota iron pipe shipping site around 1905

**1947**

Developed the cultivator, a pioneering piece of equipment in the mechanization of agriculture



First cultivator

**1960**

Developed a tractor to support farming villages suffering from labor shortages



A ride-on upland farming tractor

## 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.

d, we have always done everything in our power to help solve the challenges faced  
ntinue to contribute to the international community in the areas of food, water, and  
ential for people's livelihoods.

### Together with the development of society

### Becoming a global corporation

### Aiming to achieve the SDGs

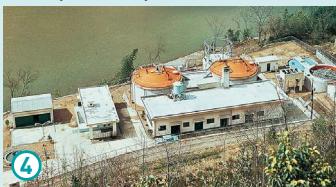
2030

④ ⑤ ⑥

⑦ ⑧ ⑨

**1962**

Entered the water treatment business and tackled the emerging water pollution problem



Night soil treatment plant in Miyoshi, Hiroshima, the first project after the Division was formed

**1968**

Mass produced the original model of the modern rice transplanter



The original model for modern rice transplanters

**1974**

Started manufacturing mini excavators, supporting small-scale urban construction



Fully revolving small hydraulic shovel, the base model for subsequent Kubota mini excavators

**2011**

Became the first company in the world to acquire the U.S. CARB certificate, responding swiftly to global emissions regulations



An engine conforming to stage 4 emission standards

**2014**

Established a large upland farming tractor manufacturing company in France



Large tractor for use in expansive farmland

**2015**

Constructed water supply and sewage treatment facilities, etc. in Myanmar



Water purification plant constructed in Thilawa Industrial Park

The Kubota Group's business areas

SDGs related to specific businesses

See pages 11-12 (global environment topics).



**Food**

2 ZERO HUNGER



1 NO POVERTY



**Water**

6 CLEAN WATER AND SANITATION



3 GOOD HEALTH AND WELL-BEING



**Environment**

11 SUSTAINABLE CITIES AND COMMUNITIES



7 AFFORDABLE AND CLEAN ENERGY



14 LIFE BELOW WATER



15 LIFE ON LAND



### Brand Statement

**For Earth, For Life**  
**Kubota**

### 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.

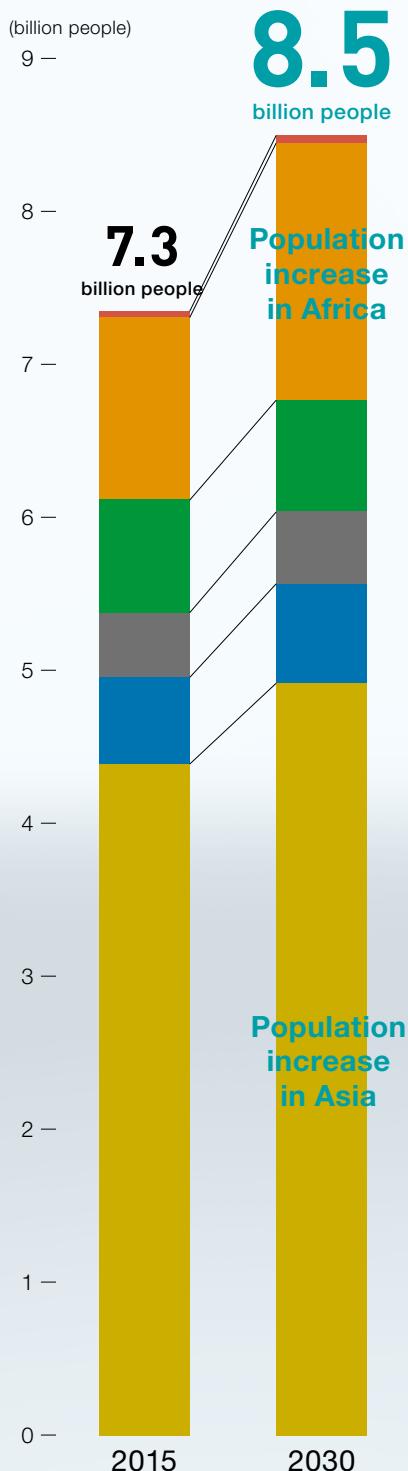


# The Kubota Group—Tackling Issues the World Over

The globalization of companies is currently facing a turning point due to the cor  
More so than ever before, the Kubota Group intends to expand community-based

## Population Trends by Region

■ Asia ■ North America ■ South America  
■ Europe ■ Africa ■ Oceania



Source: Kubota Corporation, based on data from the Ministry of Internal Affairs and Communications

onavirus pandemic.  
business operations to get a better idea of local issues and needs.

## EUROPE



France  
Large upland farming tractors for France, the largest farming country in the EU



France  
Engines that swiftly meet global emission standards and power various types of industrial machinery



Germany  
Mini excavators for narrow residential streets that remain unchanged since medieval times

## NORTH AMERICA

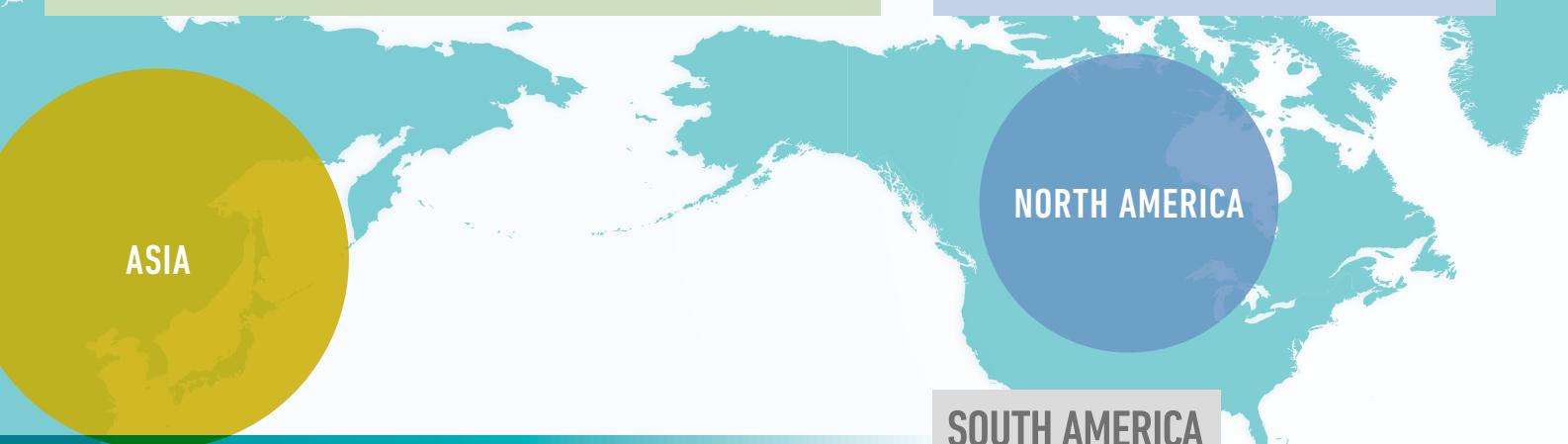


US  
Meeting the needs of the upland farming market by creating synergies between tractors and implements



US  
Meeting various construction demands as a general manufacturer of small construction machinery

## ASIA



company that local residents  
wants.

## OCEANIA



## SOUTH AMERICA



Peru  
Combine harvesters that greatly contribute to the harvesting of rice, one of Peru's staple foods

## ASIA



India  
Powerful and highly durable multipurpose tractors that can withstand heavy-duty use



Singapore  
Compact-body mini excavators for urban construction sites



China  
Combine harvesters that meet the performance and after-sales customer support needs of specialist harvesting subcontractors



Thailand  
Tractors finely attuned to the history of rice growing, from traditional farming methods through to mechanization



Vietnam  
*Johkasou* to meet rapidly growing demand for water environmental conservation in Southeast Asia

# The Kubota Group in Numbers



■ Group companies

**188**

Overseas group companies

**128**



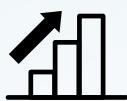
■ Consolidated employees

**41,027**



■ Business footprint

**120** + countries



■ Revenue

**¥1,920.0 billion**

Overseas revenue **¥1,294.7 billion**



Overseas revenue ratio

2000

**18.7%** ▶ **46.1%** ▶ **67.4%**

2019



■ Operating profit (Operating margin)

**¥201.7 billion (10.5%)**



(As of December 31, 2019)

■ Total tractor production volume

More than  
**four million**  
units worldwide  
(cumulative)



Kubota tractors are used in agricultural settings throughout the world, where they contribute to food production.

■ Share of Thailand Tractor Market / Share of Asian Combine Harvester Market

**No.1**



Refined on the front lines of Japanese rice cultivation, Kubota agricultural machinery has an excellent reputation in Asia's leading rice growing countries.

■ Sales Volume of Mini Excavators

**Global No.1**  
for 18 consecutive years



Kubota pioneered the mini excavator, and has been quick to expand into overseas markets. These machines have earned high praise on building sites around the world.

\* Since 2002, from "Off-highway research 2019."

■ Submerged membrane unit deliveries

More than  
**6,000**  
worldwide



Kubota's submerged membrane units—which decontaminate sewage and industrial wastewater—help solve wastewater treatment issues worldwide.

■ Total engine production volume

More than  
**30 million units**  
worldwide  
(cumulative)



Kubota engines support global industry with characteristic high-efficiency, energy- and labor-saving performance.

■ Engine Line-up

Approximately  
**2,000**  
models

Kubota produces an abundant lineup of engines to meet every kind of customer need.

■ European Emissions Regulations

**Stage V**  
compliant

Kubota also has made engines that meet Europe's rigorous emissions regulations. We support local industry while considering the environment.

■ Global Supply Record of Ductile Iron Pipes

Over  
**70**  
countries



Kubota water pipes are world renowned for durability and performance. They are currently used in the water infrastructure of over 70 countries.

■ Adoption Rate of Kubota Facilities for High-purity Water Treatment Facilities in Japan

Approximately  
**80%**

\* Based on activated charcoal-treated water volume



Products supported by Kubota's advanced water treatment technologies are used in many water purification facilities in Japan.

# Top Message

**Through further innovation, we will contribute to the world in the fields of food, water, and the environment, looking ahead to the post-COVID-19 society.**



The Kubota Group marked its 130th founding anniversary in February 2020.

Since its foundation in 1890, the Group has delivered various products into the world that contribute to life and society, including modern water piping upgrades with iron water pipes and agricultural machinery that increases food production while saving labor.

Today, the world faces an unprecedented crisis in the form of novel coronavirus disease (COVID-19).

At this time, we believe the Kubota Group's mission is to solve social issues through excellent products, technologies and services, and provide ongoing support the future of the Earth and humanity, treating "food, water, and the environment" as a single system.

The Kubota Group aims to realize the concept of "Global Major Brand Kubota" (GMB Kubota), trusted by a maximum number of customers and capable of making a maximum contribution to society. We will constantly envisage and predict the future from the perspective of the world, staying one step ahead and identifying issues in advance, which we will solve as we promote further innovation in the spirit of "On Your Side," with the entire Kubota Group uniting together and working as a team.

## **I The Kubota Group's Vision**

### **Transforming ourselves from a provider of individual products to a provider of total solutions**

The global economy is on the cusp of a major upheaval. Looking out over the coming 10 years in the Kubota Group's business fields of food, water, and the environment, we expect significant changes in the business environment. The Group will not be able to survive simply by selling products and services as it has done in the past.

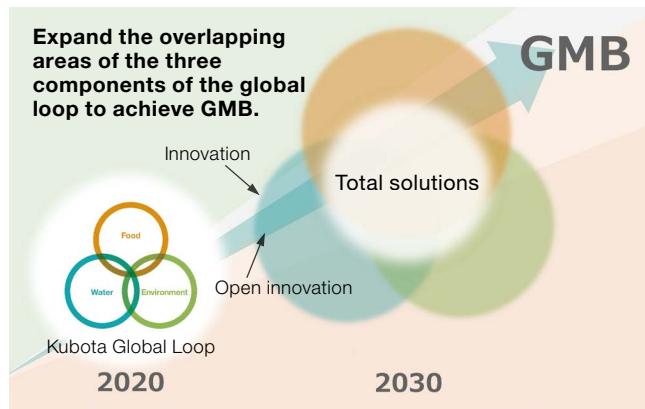
I believe that innovation is the key to future growth in this environment. Right now, most of our product development

targets a two to three year horizon. Going forward, we will need to project changes coming in 10 or 20 years' time in our product development, and also create new services and businesses. To lay the foundation for a R&D structure to carry out this work, we are looking to establish a new development base for advanced technologies in Sakai City, Osaka Prefecture. As we move forward, our concept is to strengthen the connections between our development bases around the world, centered on this new base, and to develop a structure that can ride the waves of environmental change. We will also expand the Innovation Center globally, focusing our efforts to create new products, technologies, services, and businesses through open innovation with external partners such as start-ups, companies in other industries, universities, and research institutions.

I also want the Company to aim to develop the capability to bring all of these together to provide total solutions. To take Japanese farming villages as an example, these villages are facing a host of issues such as population aging, depopulation, and associated shortages of agricultural workers. The Kubota Group is already providing the Kubota Smart Agri System (KSAS) service (see page 14), a farm support system that provides various digital information needed for agriculture to enable even inexperienced people to run agricultural operations smoothly. The system already provides information such as yields for each farm, fertilizer application, and machinery operation status and location, and in future we aim to build an agri-platform that includes various information such as agricultural machinery sharing and harvest sales data. Going further, by adding technologies and products from the water and environment business, we will be able to provide a range of total solutions for the whole area. I believe we can also propose systems for automatically managing the water volume in rice paddies (see page 16) and agricultural operations that utilize energy generated using methane fermentation technologies.

Another strength of the Kubota Group is that it is developing these wide ranging business not only in Japan but globally. In

our vision for Kubota, each of the three components of the Kubota Global Loop: food, water, and the environment, will expand their overlapping domains as closely connected themes until they ultimately become one. We will build a structure that can create new businesses in coordination with any sector, and proceed to pioneer businesses and technologies that facilitate Kubota's original social contributions.



## Contribution to the SDGs (1)

### Developing businesses closely aligned with local issues and needs

To accelerate our contribution to solutions for global food and water issues through our business activities, I believe we must also take up challenges in new areas geographically.

In our initiatives for the SDG “Zero hunger,” we will also focus on India and Africa, where advances in mechanization of agriculture are needed. In Africa, for example, targets have been established for doubling rice production by 2030 and increasing the self-sufficiency ratio. The Kubota Group has started with the popularization of cultivators. Recently, the demand for tractors and combine harvesters has grown in response to the increased operating efficiency and reduced harvest losses brought about by mechanization. By selling these products and helping to popularize them, we hope to contribute to increased food production.

In addition, for the SDG of “Clean water and sanitation,” we will contribute to upgrading water supply and sewage infrastructure in areas where it is needed by providing products, technology and services related to pipe systems and water treatment facilities.

## Contribution to the SDGs (2)

### Ambitious Approach to Climate Action

Climate change poses a significant risk to the Kubota Group because of the changes in agricultural format arising from the shift of arable land due to temperature increases. In January 2020, the Group announced its agreement with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD)\*. Up to now, we have been developing and manufacturing clean engines that pass rigorous emission gas regulations. Going forward, we will make a concerted effort to develop products that have even lower CO<sub>2</sub> emissions, while also conducting research and development on electrification of

agricultural and construction machinery, along with products that run on hydrogen and other fuels. In the water and environment business, there is a possibility that global agriculture can be transformed into an industry that is highly resilient against climate change and natural disasters. Low penetration rates of irrigation mean that crop yields are heavily affected by phenomena such as droughts or heavy rains. With the impact of climate change going forward, agricultural areas are expected to see increasing desertification, and contributing to water management in agricultural areas is to become one of the Kubota Group’s missions going forward.

\* A recommendation for companies to voluntarily disclose information on the status of their response to climate change, the impacts on their business, and so forth.

## A Message to Our Stakeholders

### Kubota Continues to Tackle Social Issues Going Forward as it Did When it Was Founded

The history of the Kubota Group began in Japan’s era of modernization in the middle of the Meiji-period, when founder Gonshiro Kubota sought to save people from cholera, which was rampant at the time. He succeeded in creating Japan’s first domestically produced water pipes, and commenced mass production. In the 130 years since then, we have contributed to our modern water supply system and developed motors, agricultural machinery, and environmental treatment technologies. In this way, by always directly tackling the issues of society in each era, we have continued to serve society as a “platform provider supporting life.”

As I mentioned above, the world is currently facing an unprecedented crisis in the form of COVID-19. The Kubota Group is committed to playing the role of a “platform provider supporting life” in the face of crises such as these by driving further innovation. We will contribute by focusing our comprehensive capabilities in the areas that underpin humanity: “food, water, and the environment.” We aim to achieve resilient management that can respond agilely to this global paradigm shift.

Furthermore, as we go forward it will be necessary to have a strong awareness on Environment, Social, and Governance (ESG) perspectives in order for the Kubota Group to continue being seen as a sincere company that provides necessary products, technologies, services and solutions. We will therefore bolster our CSR management while working to realize GMB Kubota.

I ask for your continued support for the Kubota Group going forward.

May 2020

**Yuichi Kitao**

President and Representative Director,  
Kubota Corporation

# Kubota's Unique Sustainability as a Platform Provider Supporting Life

The Earth is based on a cycle of water moving through the sea, the air, and the land. In the sea and the air, Both of these issues are caused by human activities on land. As a platform provider sustaining life, the Kubota the cycle of a beautiful Earth and increase its resilience.

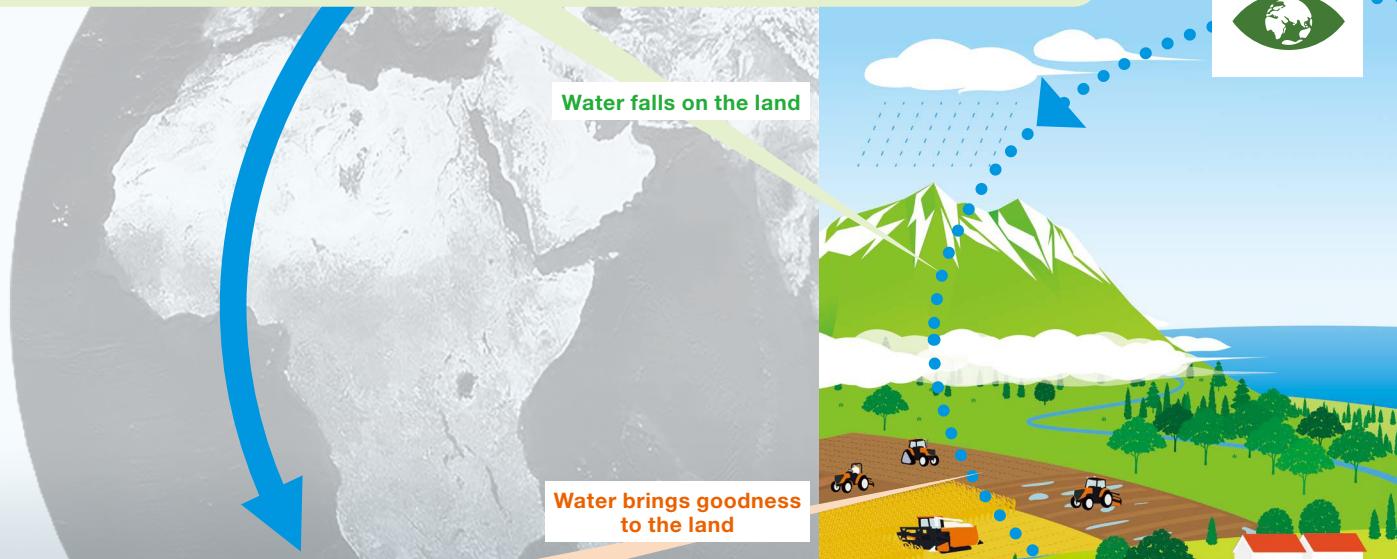
## Issues

### ① Harmony with Nature—Protecting forests and rivers

- Reduction in CO<sub>2</sub> absorption ability due to deforestation
- Reduced water retention ability of water-source forests
- Destruction of eco-systems
- Droughts and desertification due to global warming
- Landslides and flooding in downstream areas
- Dilapidation of rural areas and increase in abandoned farmland

## Kubota's Solutions

- ▶ Construction machinery, agricultural machinery (preservation of forests, rivers, and rural areas / preservation of eco-systems) ▷ P.13
- ▶ Water supply and sewage facilities, decentralized domestic wastewater treatment plant “Johkasou” (preserve water quality in water source and upstream areas) ▷ P.15 · 16



## Issues

### ② Efficient Food Production—Gentle on the environment, enriching for people

- Increase in CO<sub>2</sub> emissions in food production processes
- Groundwater pollution due to excess chemical fertilizer and agrochemicals
- Stall in agriculture due to abnormal weather
- Shortage of agricultural workers due to declining rural populations

## Kubota's Solutions

- ▶ Agricultural machinery (efficient and safe food production / curbs on excessive chemical fertilizer and agrochemicals) ▷ P.13
- ▶ Smart agriculture (agriculture with fewer CO<sub>2</sub> emissions / automated driving and robotic technologies) ▷ P.14
- ▶ Agricultural water pipeline (stable supply of agricultural water / drought prevention) ▷ P.15 · 16



# For Earth, For Life

Kubota

pollution of the oceans and the climate change are problems that will soon become irreversible.  
Group will work to enrich people's lives while tackling various issues at every stage on the Earth to restore

## Issues

### ④ Working toward a Recycling-based Society

— Sending water on to the next stage in the cycle

- River and ocean pollution due to wastewater from homes and factories
- Environmental and atmospheric pollution due to waste emissions and incineration
- Waste plastic problem

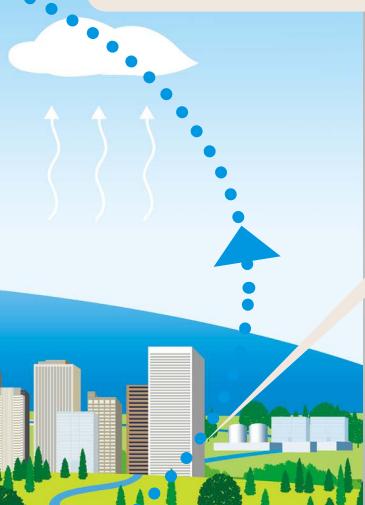
## Kubota's Solutions

- ▶ **Sewage treatment facilities, decentralized domestic wastewater treatment plant "Johkasou"** (prevention of water pollution / phosphorus recovery and conversion into fertilizer / treatment of domestic and industrial wastewater)
- ▶ **Waste incinerator facilities, etc.** (waste compaction / recycling of waste products / exhaust gas detoxification / maintaining clean cities)
- ▶ **Crushing and recycling facilities** (reuse and effective use of resources)

▷ P.15・16



14 LIFE BELOW WATER



## Issues

### ③ Maintenance of Social Infrastructure

— For a healthy and comfortable life

- Increase in CO<sub>2</sub> emissions following economic development
- Increase in water demand
- Impact of natural disasters on life-supporting infrastructure
- Rampant transmissible disease

Water brings richness to the lives of people

## Kubota's Solutions

- ▶ **Water supply and sewage facilities, pipe systems** (stable supply of safe water / preserving public health)
- ▶ **Engines, construction machinery** (compliance with emissions regulations in each country / motive power for diverse industrial machinery)
- ▶ **Products and services that help to prepare for natural disasters**

▷ P.15・16

▷ P.13

▷ P.29・30

\* The Company's initiatives on the SDGs are described in detail in the Special Interview section on p.17-20.  
For information about environment-friendly "Eco-Products" see p.24

# The Kubota Group's Products and Services

## Farm & Industrial Machinery

### Agricultural Machinery and Agricultural-related Products

As a world-leading manufacturer of agricultural machinery for both dry- and wet-field farming, we will continue to contribute to stable food production in each country and region.



**Tractors:**  
used mainly in agricultural operations, including tillage, leveling and transportation.

**Implements:**  
connected to tractors and used for a variety of tasks.



**Combine harvesters:**  
used for simultaneous harvesting and threshing of crops such as rice, wheat and pulses.



**Rice transplanters:**  
used to transplant rice seedlings to rice paddies, contributing significantly to labor saving.



**Utility vehicles:**  
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.

### Construction Machinery

As a dedicated manufacturer of mini excavators, we will continue to pursue the realization of productive living environments around the world whilst meeting demand for use in various settings, such as infrastructure development.



**Mini excavators:**  
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.



① **Skid steer loaders:** ② **Wheel loaders:**  
③ **Compact track loaders:**  
used mainly for transporting and stacking tasks (at construction sites, farms, etc.).

### Engines

As a global leader in compact industrial engines, we will continue to support industrial development around the world and contribute to environmental conservation.



Diesel



Gasoline, LPG, natural gas



Tractors



Power shovels



Forklifts



Light towers



Wheel loaders



Excavator loaders



Rollers



Electricity generators

Kubota has an extensive lineup of engines to satisfy the diverse demands for application, horsepower and fuel type. Our range also covers regional differences in exhaust gas regulations and usage environments.

## The Kubota Group's ICT×IoT Agricultural Machinery

### Kubota Aims for Smart Agriculture

As the farming population is aging and the scale of farms is expanding, it is globally crucial to grow agricultural produce efficiently with higher yield and quality.

By promptly introducing ICT (information and communication technology) and robotic technology in agriculture, Kubota will realize smart agriculture that reduces labor and increases precision, contributing to the abundant and stable production of food.

#### Kubota Smart Agri System (KSAS)

A system to support farm operations by integrating advanced technologies with ICT. KSAS visualizes agricultural data, enabling efficient farm operations with no need to rely on experience and intuition.



#### Kubota Agricultural Machinery with GPS

Using GPS (global positioning system), Kubota has developed an autonomous tractor capable of performing unmanned automatic operations under manned monitoring, as well a combine harvester that carries a human operator while performing autonomous operations, and a rice transplanter able to self-steer to keep a straight line of travel.



**Agri Robo Tractor** capable of performing unmanned automatic operations



**Agri Robo Combine harvester** with automated driving assist function



**Rice transplanter** with keeping straight function

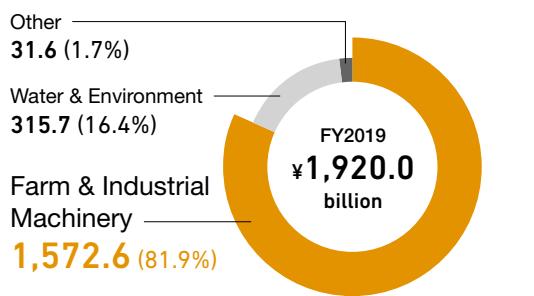
## Business Overview (Farm & Industrial Machinery)

### Results of FY2019

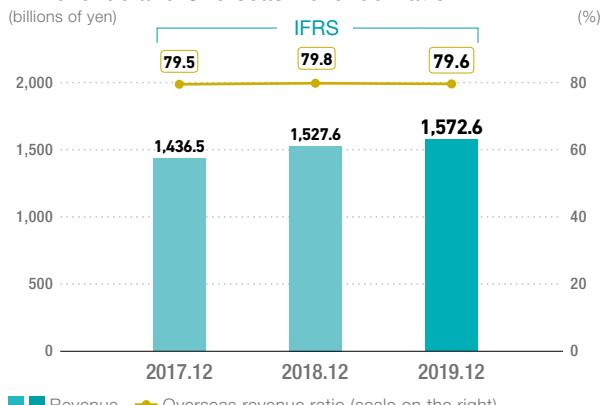
Revenue in this segment increased by 2.9% from the prior year to ¥1,572.6 billion, and accounted for 81.9% of consolidated revenue. Domestic revenue increased by 3.8% from the prior year to ¥320.6 billion, and overseas revenue increased by 2.7% from the prior year to ¥1,252.0 billion.

Operating profit in this segment increased by 1.8% from the prior year to ¥204.5 billion due to some positive effects mainly from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States, which compensated for some negative effects from increased fixed costs and the yen appreciation.

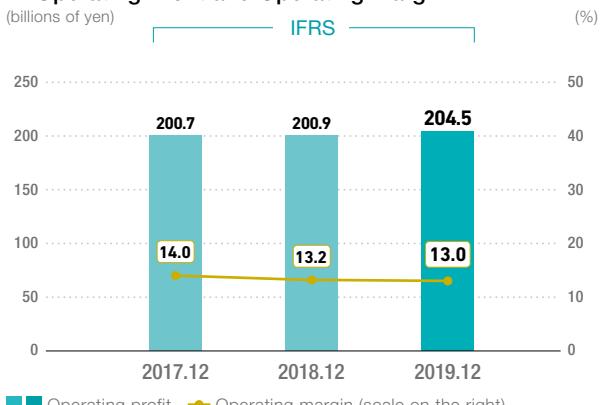
#### Revenue by Reportable Segment (billions of yen)



#### Revenue and Overseas Revenue Ratio



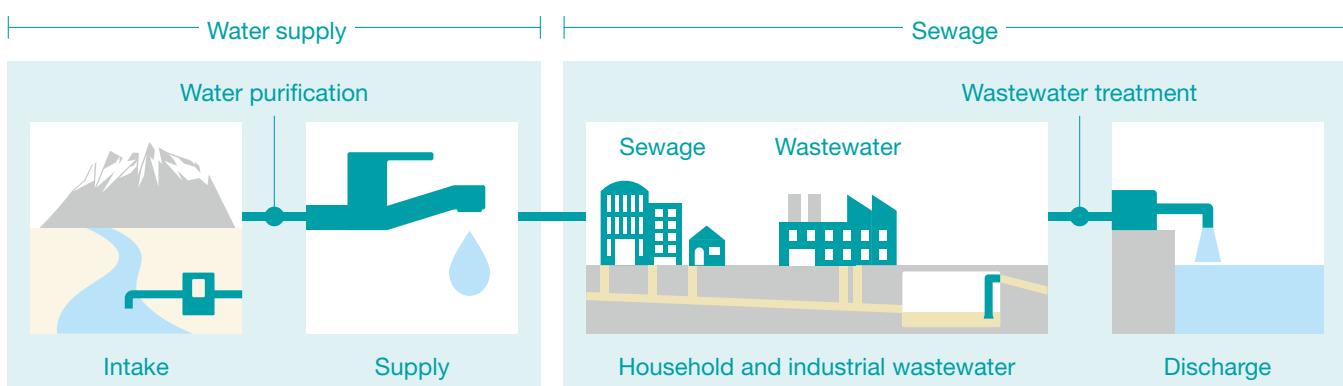
#### Operating Profit and Operating Margin



# Water & Environment

## Pipe Systems and Water Treatment Facilities

Once again, water is growing increasingly important due to the spread of the coronavirus pandemic. The Kubota Group will continue to enrich people's lives as a world-class general manufacturer of water and environmental hygiene-related equipment for both water supply and sewerage systems.



**Ductile iron pipes:**  
used in infrastructure, including water, sewage and agricultural water pipelines.



**Plastic pipes:**  
used in infrastructure, including water and sewage lines, and gas piping.



**Submerged membranes:**  
used to purify wastewater, including industrial and domestic sewage.



**Pumps:**  
used to pump water in water and sewage lines, agriculture and forestry, and in the rainwater market.



**Valves:**  
used to control the flow of fluids or gases in water, sewage, agriculture, etc.



**Johkasou:**  
used to treat wastewater in areas where there are no sewage lines.

## Incinerating, melting, crushing, and recycling waste

We will continue to help build a recycling-oriented society whilst contributing to global environmental protection.



**Waste incinerator plants and ash and melting furnace plants:**  
used to incinerate and reduce the volume of municipal waste, as well as to contribute to decarbonization of society by using the large quantity of waste heat to generate electricity.



**Crushing and recycling plants:**  
used to crush and sort recyclable garbage to enhance its resource value so that it can be reused or turned into raw materials or fuel.

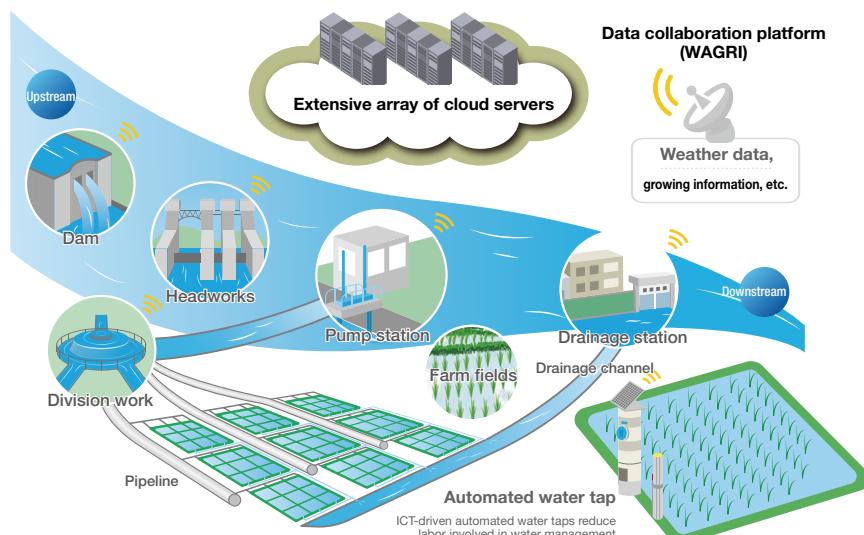
## The Kubota Group's ICT×IoT Water & Environment

### Kubota aims for IoT-monitored water and environment infrastructure



Kubota has developed the Kubota Smart Infrastructure System (KSIS), a new service utilizing IoT in the water and environment field. At present, R&D projects in partnership with the NTT Group, including facility diagnosis using AI, are under way, and planned to be released as a practical service.

KSIS offers comprehensive solutions covering everything from individual products and plant devices to systems and after-sales services, thereby helping customers inside and outside Japan solve their problems.



#### ■ Farm Water Management System WATARAS

WATARAS is a farm water management system developed by Japan's National Agriculture and Food Research Organization (NARO) that allows users to remotely and automatically control water flowing in and out of rice paddies whilst monitoring water levels on a smartphone or PC.

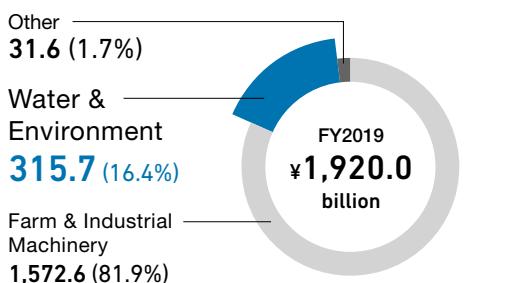
## Business Overview (Water & Environment)

### Results of FY2019

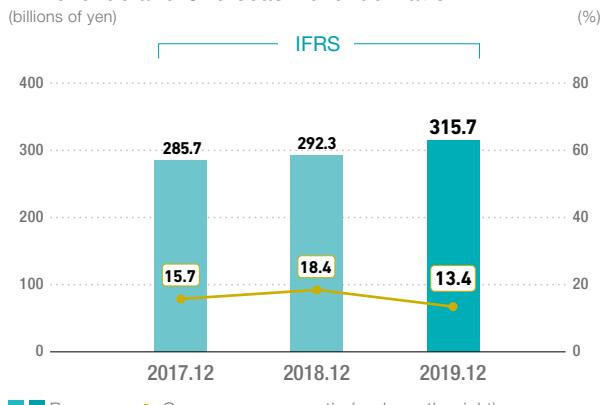
Revenue in this segment increased by 8.0% from the prior year to ¥315.7 billion, and accounted for 16.4% of consolidated revenue. Domestic revenue increased by 14.7% from the prior year to ¥273.5 billion, and overseas revenue decreased by 21.6% from the prior year to ¥42.3 billion.

Operating profit in this segment increased by 34.5% from the prior year to ¥26.7 billion mainly due to significantly increased sales in the domestic markets.

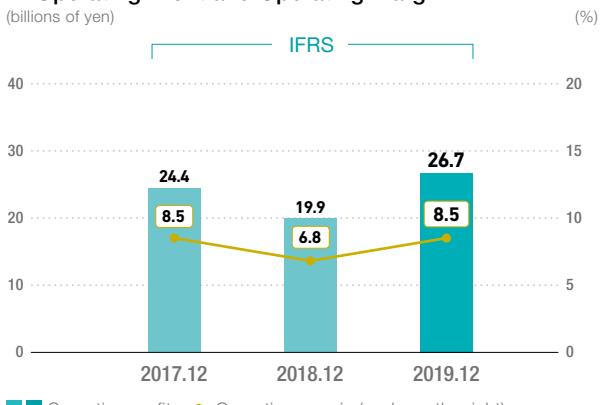
#### ■ Revenue by Reportable Segment (billions of yen)



#### ■ Revenue and Overseas Revenue Ratio



#### ■ Operating Profit and Operating Margin





## Special 130th Founding Anniversary Interview

# Contributing to the SDGs through Innovation

Journalist

Hiroko Kuniya



Chairman and Representative Director,  
Kubota Corporation

Masatoshi Kimata

Over the 130 years since its foundation in 1890, the Kubota Group has contributed to the world in the areas of food, water and the environment. As we continue to support the future of the earth and humanity by solving social issues through superior products, technologies and services, our mission is to remain aligned with the sustainable development goals (SDGs) of the United Nations.

As we mark our 130th founding anniversary, we have invited journalist Hiroko Kuniya, who has been active in reporting on the SDGs and awareness raising activities, to take part in a dialogue with Chairman Kimata about the Kubota Group's initiatives for achieving SDGs.

### Hiroko Kuniya

A project professor at Keio University's Graduate School of Media and Governance. Following her career as an anchor, she is currently active as a trustee (special mission) at the Tokyo University of the Arts, a board member at the non-profit think tank, Renewable Energy Institute, and has also been appointed as a National Goodwill Ambassador for Japan by The Food and Agriculture Organization of the United Nations (FAO).

### Solving SDG Issues through Global Open Innovation

**Kuniya** After seeing the KUBOTA REPORT 2019, I felt that the Company is actively promoting management from environmental, social, and governance (ESG) perspectives. Could you tell me about the meaning of the title of last year's Top Message, "Setting SDGs as a compass, we are driving forward at full speed toward the realization of the 'Global Major Brand Kubota'."

**Kimata** This is a message that I myself also find inspiring. The Kubota Group is promoting management with an emphasis on the fields of food, water and the environment, but I believe that its contribution to the SDGs is not as good as it might be. For example, in the field of food, we provide customers with agricultural machinery, but this does not contribute to the overall food production system including agriculture, and this will be a major theme for us going forward.

## "What should Kubota do going forward? I think it should contribute to the overall food production system."

**Kuniya** Our current food production system has an extremely high environmental load, doesn't it? For example, the CO<sub>2</sub> emissions related to the production, processing, transportation, and so forth of discarded food are said to account for around 8% of CO<sub>2</sub> emitted by humanity overall; and with the global population projected to reach 9.7 billion in 2050, food security is also becoming a significant issue. So while there are many types of environmental load that need to be greatly reduced in the fields of food and agriculture, would you agree that there are also significant business opportunities for Kubota?

**Kimata** That's right. If we can improve on food losses, then the form of the agriculture sector itself may also need to be changed. So I tell our employees to have a sense of crisis. On the other hand, this will also help to reduce the environmental load, so I think that a key point for the Kubota Group's survival will be to move from providing agricultural machinery to contributing to the construction of food production systems that curb food and energy losses, reduce CO<sub>2</sub> emissions, and help to save labor and personnel.

**Kuniya** That is an important perspective, I agree. Also, the forests that absorb that CO<sub>2</sub> are decreasing, so we face major challenges such as how to prevent the area of agricultural land from expanding further, how to avoid the use of large quantities of chemical fertilizers and protect biodiversity, while improving the balance of nitrogen and phosphorus and ensuring that people have food to eat.

**Kimata** The Kubota Group is engaged in the service water purification and sewage treatment business, so for example as a water environment solution in the field of water we are promoting an initiative to use fertilizer components such as phosphorous recovered during the sewage treatment process for agriculture. Also, I believe that the uptake of robotics technologies that do not require labor or human work and of smart agriculture that utilizes ICT, IoT, and AI is absolutely essential for developing environmentally friendly agriculture into strong, attractive business.



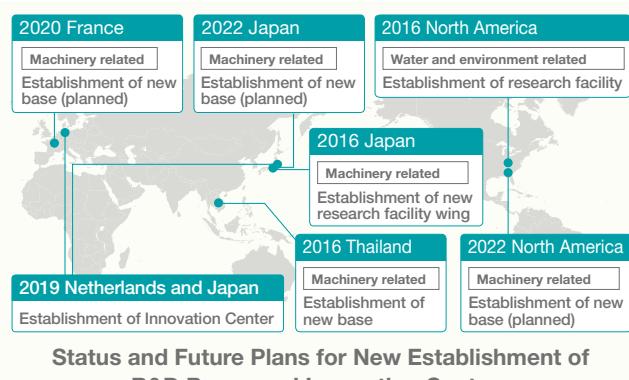
A concept tractor of the future developed to commemorate Kubota's 130th anniversary. The tractor operates completely autonomously without a human driver thanks to AI and electrification technologies, presenting Kubota's vision for the future of farming.

**Kuniya** So rather than applying new fertilizer, you are reusing the recovered phosphorous and so forth.

**Kimata** That's right. Our research is already under way.

**Kuniya** To return to the topic of agriculture, I've heard that researchers in Japan are looking at devising new methods for cultivating rice in a way that will reduce methane emissions that occur with the traditional method if flooding the paddies when planting.

**Kimata** There are also research results showing that methane production can be reduced by extending the drying period for cultivated paddy fields. The Kubota Group is also proposing a change in the method of agriculture to wet direct seeding, where seed rice coated with iron powder is sown directly in a flooded paddy field, or dry direct seeding into a dry field. These methods require less labor time than the conventional method of raising and planting seedlings, saving energy and labor. We will focus on providing total solutions for this kind of agriculture with a global perspective, particularly in Asia. An important part of promoting this kind of initiative is alliances with outside partners such as venture companies, companies from other industries, universities, and research institutions. In 2019, Kubota established Innovation Centers in Japan and Europe. Our policy is to create new value through open innovation.



Kubota aims to create new value by promoting open innovation through investment in outside partners and joint research.

**Kuniya** They say that the various technologies needed for achieving the SDGs can be found in Japanese companies. The problem is in how to liaise with diverse stakeholders and create a new business model using technology. I think it is very significant that you have established open innovation spaces.

### The Road to Achieving SDGs Expected by the Next Generation

**Kuniya** The message of SDGs on social change is "transforming our world." I am very interested in how companies respond to this message, or how it is received by top management. What do you think about his point?

**Kimata** I really want to leave it up to the younger generation who will be responsible for society going forward. In terms of businesses that contribute to the fields of food, water and the environment, and that align with the 17 SDGs, I think it is important that the younger generation should be the ones doing the thinking, rather than following what corporate officers or top management have to say. Thankfully, the Kubota Group is beginning to be recognized externally as a company that seeks to contribute to the SDGs. I'm delighted to see that this is also leading to an increase in people seeking to join the Company who are interested in contributing to society through business.

**Kuniya** That sounds ideal. And have you yourself felt that awareness of the SDGs and sustainability is spreading throughout the Company?

**Kimata** I have felt that it is spreading, particularly among young employees. Our employee awareness survey from last year indicates that around 60% of them consider it their own personal issue. By looking to the younger generation for their ideas, we might see a major shift in thinking, such as creating zero-emission agricultural machinery, or creating something that actively utilizes and absorbs CO<sub>2</sub>. I expect to see a new environmental business that goes beyond simply reducing CO<sub>2</sub>.

**Kuniya** In the field of water, where there are concerns over chronic worldwide shortages, we might see ideas for development of products that generate water on site, for example, rather than the traditional concept of carrying water through pipes. No doubt Kubota has engaged in various activities to raise awareness around the SDGs and sustainability. What is the principle or approach that you would most like all employees to share?

**Kimata** First, I'd like to ask them to recognize anew that the Kubota Group's business itself contributes to society. In addition, I want them to aspire to make Kubota a company that local residents are glad to have in their towns. If this concept grows, then I think that people around the world may say they are glad to have Kubota in it. By setting the SDGs as our compass, I think that each employee now thinks individually as they engage in business about whether each new product development or investment aligns with

our goal of bringing joy to society. I believe that this standard for determination was established through the SDGs. Moreover, I hope to find sympathy and agreement for this way of thinking not only among the Kubota Group, but by many of our suppliers, and that we can work together as one to solve issues.

### Kubota's Challenges and Mission for Achieving the SDGs

**Kuniya** What do you see as the Company's strengths and weakness and its opportunities and risks in realizing the SDGs?

**Kimata** First of all, I think that the Kubota Group's strengths are the fields of food, water and the environment, which are its priority fields. Moreover, we need to reduce CO<sub>2</sub> emissions as we grow going forward, and by taking this as an opportunity, our first priority is to clear the most stringent regulations. In addition, we must not shy from investing in R&D to develop electric tractors, electric small-scale construction machinery, hybrids, and others that can dramatically reduce CO<sub>2</sub> emissions. The risks are from flood damage due to climate change. The typhoons of 2019 not only hammered agriculture, but also had a significant impact on our supply chains. Naturally we must strengthen management of risks to business, but I am keenly aware that Kubota has an increasingly important contribution to make through all of its business activities to increasing the resilience of villages and urban infrastructure.



Mini excavators and tractors under development. Kubota will focus its efforts on development of engines that have reduced CO<sub>2</sub> emissions while also conducting R&D on products that are electrified or fueled by hydrogen, etc.

**Kuniya** Among the SDGs, No. 13 Climate Change presents both a risk and a target area where Kubota can leverage its strengths. How about weaknesses?

**Kimata** I think we still have issues to address in creating workplaces where diverse people can participate actively.

**Kuniya** It is certainly difficult to drive innovation without a diverse workforce. Kubota's ratio of female managers was 3.0% in FY2019, which is a very low level. I hope that the Company actively work to promote participation by women.

**"A diverse workforce is essential for driving innovation. I hope that the Company actively work to promote participation by women."**



## **“We will strive to conduct sincere corporate operations so that local people are glad to have Kubota in their districts and towns.”**

**Kimata** Thank you for your valuable opinion. I think that we must make the Company an attractive place for women to work as well. In particular, increasing the number of female managers and the female hiring rate for new recruits are indicators that we should manage as a Company, and I aim to see steady progress on these going forward.

**Kuniya** The number of women entering agriculture appears to be increasing as well, so it will be important to pay attention to female opinions in and outside the Company in promoting smart agriculture going forward. Furthermore, on the environmental front, Kubota has already announced Long Term Environmental Conservation Targets 2030, which I think is very progressive. However, don't you think it would be good for the Company to set even further reaching, more ambitious targets going forward?

**Kimata** 2020 is our 130th founding anniversary, and we are currently drafting our vision for 10 years from now, “GMB2030.” In this vision, we will discuss issues along the lines you have suggested, so I hope you will look forward to seeing the results.

**Kuniya** Nowadays, a sustainable global environment is seen as the foundation of the economy. Every company is called upon to consider how far it can reduce the impact of business on the environment. This is indeed what is required under TCFD\*<sup>1</sup>.

**Kimata** The Kubota Group also announced its agreement with TCFD in January 2020. Going forward, I would like us to not only take protective measures, but as a progressive company, also add one or two initiatives that can solve various environmental issues. In fact, one of the initiatives that the Kubota Group is working on in its Water & Environment business is radioactive waste treatment services\*<sup>2</sup> in Futaba-Machi, Fukushima Prefecture. In this project we are using industrial waste treatment technology\*<sup>3</sup> that we applied in the past in Teshima, Kagawa Prefecture. At the time, we didn't imagine that the technology would be used later on in the project in Futaba-Machi, but we developed the current technology after being advised by experienced external scholars that we met on the Teshima project that the technology might be effective for reducing the volume of waste containing radioactive substances.

**Kuniya** It appears that among the technologies of Japanese companies, there are many more that can help solve social issues. I remember covering the Teshima project in a program in the past, so I know it well.



Computer-generated image of the completed facility for reducing the volume of radioactive substances in Futaba-Machi, Fukushima Prefecture. This project utilizes original technologies developed by the Kubota Group through its involvement in a previous industrial waste treatment project in Teshima, Kagawa Prefecture\*<sup>3</sup>.

**Kimata** Thank you for covering our project even though it was not well known.

**Kuniya** The program covered Kubota's earthquake-resistant water pipes, as well as its problem involving asbestos. Looking at the Group's website, I see that it has continued to make payments of Relief Funds and donations to medical research funds. What kind of lasting impact do you think this experience had on Kubota's management?

**Kimata** I think that the management team has really been filled with an awareness of the need to operate and manage the Company honestly. As I mentioned before, we aim to make all of our stakeholders glad that Kubota exists, in our environmental initiatives, in our community contributions, and in our recruitment activities. In addition, we hope that this response will be heard from local towns throughout the world, and that each small pocket of support will spread, enabling us to help make the world a little better.

(January 2020)

\*<sup>1</sup> The Financial Stability Board (FSB) announced Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for voluntary ascertainment and disclosure by companies and other organizations of the risks and opportunities arising from climate change, and its financial impact.

\*<sup>2</sup> Operations treating waste material contaminated by radioactive substances.

\*<sup>3</sup> An operation over 14 years starting in 2003, in which Kubota carried out processing of illegally dumped waste at an intermediate processing facility, including a proprietary rotating melting furnace.

# Financial Highlights

## Summary of the results of operations for the year ended December 31, 2019

For the year ended December 31, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥69.7 billion [3.8%] from the prior year to ¥1,920.0 billion. Domestic revenue increased by ¥48.0 billion [8.3%] from the prior year to ¥625.4 billion because revenue in Water & Environment, whose businesses are mainly related to public works projects, increased mainly due to significantly increased sales of environment-related products and strong sales of ductile iron pipes. In addition, revenue in Farm & Industrial Machinery also increased mainly due to solid sales of farm equipment and engines. Overseas revenue increased by ¥21.7 billion [1.7%] from the prior year to ¥1,294.7 billion mainly due to strong sales of tractors and construction machinery along with gradual economic expansion in the United States while there were some negative impacts mainly of the yen appreciation and inclement weather.

Operating profit increased by ¥12.3 billion [6.5%] from the prior year to ¥201.7 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States. These positive effects compensated for some negative effects such as increased fixed costs and the yen appreciation. Profit before income taxes increased by ¥11.8 billion [6.0%] from the prior year to ¥209.0 billion because operating profit increased. Income tax expenses were ¥53.0 billion. Share of profits of investments accounted for using the equity method was ¥3.1 billion. Profit for the year increased by ¥8.9 billion [6.0%] from the prior year to ¥159.1 billion. Profit attributable to owners of the parent increased by ¥10.5 billion [7.6%] from the prior year to ¥149.1 billion.

## Five-year Summary of Key Financial Data

\* Terminologies, which differ between U.S. GAAP and IFRS, are presented together in the format, "U.S. GAAP / IFRS."

\* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, some indicators for a 12-month period (January 1 to December 31, 2015) are provided for reference.

	U.S. GAAP			IFRS			U.S. GAAP
	2015.12 (9 months)	2016.12	2017.12	2017.12	2018.12	2019.12	2015.12 (12 months, reference data)
<strong>Operating results for fiscal year (billions of yen)</strong>							
Revenues / Revenue	¥ 1,244.8	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,688.6
Operating income / Operating profit	166.9	188.8	198.8	200.0	189.3	201.7	222.9
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	169.5	197.0	212.9	214.0	197.2	209.0	224.0
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	110.1	132.5	136.4	134.2	138.6	149.1	149.4
Capital expenditures <sup>*1</sup>	35.3	65.4	52.2	52.2	64.1	86.7	53.9
Depreciation and amortization <sup>*1</sup>	31.2	43.4	45.3	45.1	49.6	48.9	41.4
R&D expenses	29.6	43.0	48.1	43.4	53.8	53.1	39.4
Net cash provided by operating activities	197.0	185.0	222.3	137.2	89.1	82.4	205.9
<strong>As of fiscal year-end (billions of yen)</strong>							
Total assets	¥ 2,532.9	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 2,532.9
Shareholders' equity / Equity attributable to owners of the parent	1,140.3	1,198.8	1,301.3	1,291.1	1,339.9	1,442.8	1,140.3
Interest-bearing debt / Interest-bearing liabilities	768.7	818.0	836.6	834.1	839.3	903.0	768.7
<strong>Per share data (yen)</strong>							
Earnings per share (EPS)	¥ 88.47	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 119.93
Book-value per share (BPS)	916.28	966.19	1,054.86	1,046.55	1,087.44	1,182.72	916.28
Annual cash dividend	28	30	32	32	34	36	—
<strong>Financial indicators</strong>							
Operating margin (%)	13.4	11.8	11.4	11.4	10.2	10.5	13.2
ROA <sup>*2</sup> (%)	—	7.6	7.7	7.8	6.9	6.9	9.0
ROE <sup>*3</sup> (%)	—	11.3	10.9	10.8	10.5	10.7	13.5
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	45.0	44.9	45.6	45.6	46.3	46.0	45.0
Payout ratio (%)	31.6	28.1	29.0	29.5	30.2	29.6	—
Shareholder return ratio <sup>*4</sup> (%)	33.9	32.7	38.6	39.3	32.3	42.7	—
Net debt equity ratio <sup>*5</sup> (times)	0.55	0.54	0.47	0.47	0.46	0.49	0.55

<sup>\*1</sup> Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 Leases are not included.

<sup>\*2</sup> ROA:

[U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)

[IFRS] Profit before income taxes ÷ Total assets (average of beginning and end of fiscal year)

<sup>\*3</sup> ROE:

[U.S. GAAP] Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)

[IFRS] Profit attributable to owners of the parent ÷ Equity attributable to owners of the parent (average of beginning and end of fiscal year)

<sup>\*4</sup> Shareholder return ratio:

[U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation

[IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent

<sup>\*5</sup> Net debt equity ratio:

[U.S. GAAP] (Interest-bearing debt – Cash and cash equivalents) ÷ Shareholders' equity

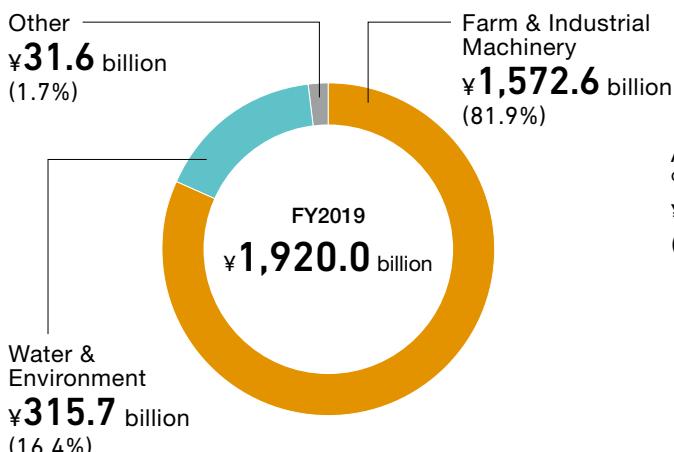
[IFRS] (Interest-bearing liabilities – Cash and cash equivalents) ÷ Equity attributable to owners of the parent



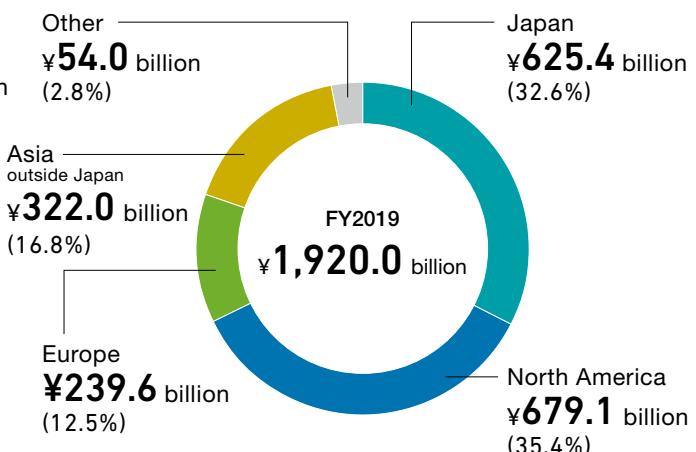
Please refer to the Annual Securities Report for detailed financial information.

[www.kubota.com/company/ir/financial/yaho/](http://www.kubota.com/company/ir/financial/yaho/)

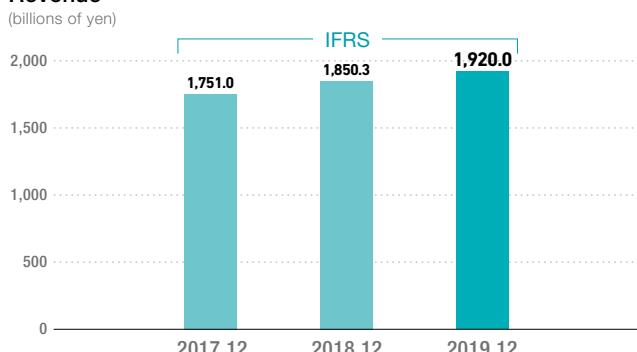
### Revenue by Reportable Segment



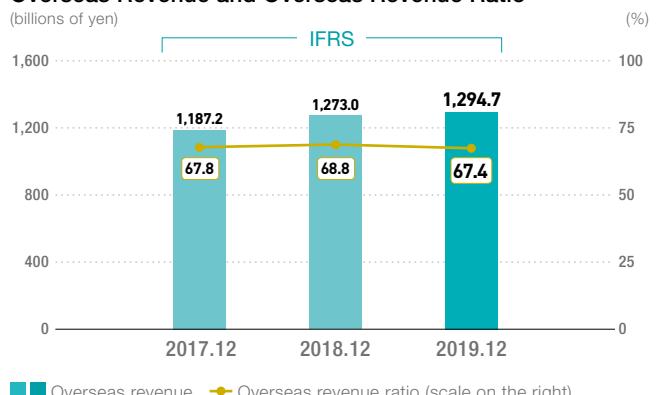
### Revenue by Region



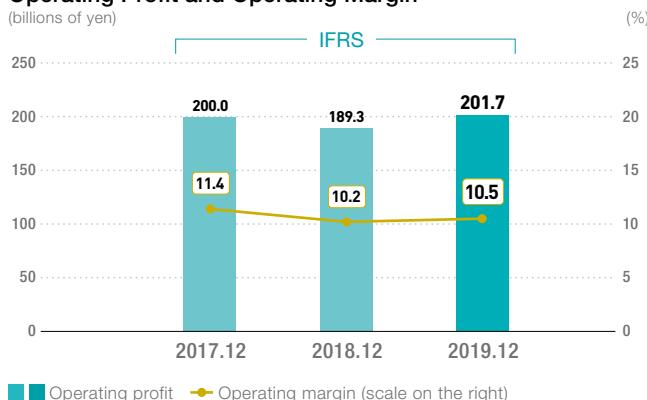
### Revenue



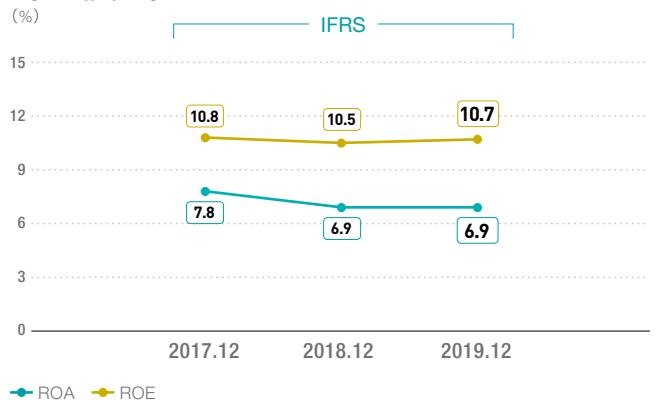
### Overseas Revenue and Overseas Revenue Ratio



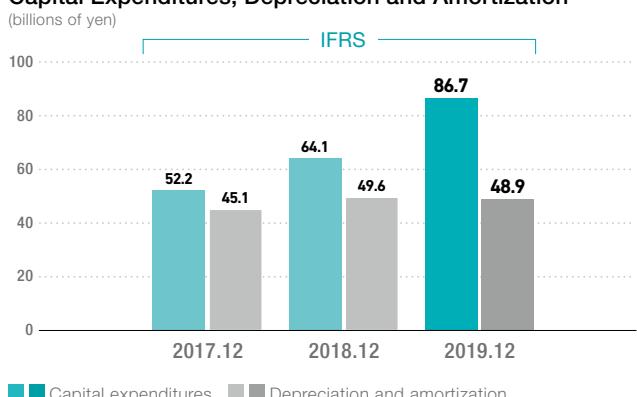
### Operating Profit and Operating Margin



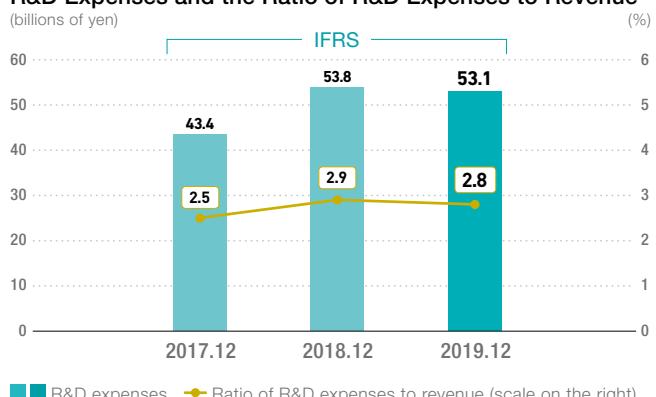
### ROA\*2 and ROE\*3



### Capital Expenditures, Depreciation and Amortization\*1



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



■ Capital expenditures ■ Depreciation and amortization

■ R&D expenses ■ Ratio of R&D expenses to revenue (scale on the right)

The Kubota Group will contribute to the development of a sustainable society by engaging in environmental management practices under its brand statement “For Earth, For Life.”

## Kubota Group's Environmental Management

The Kubota Group balances its business growth and contribution to environmental conservation through its environment-friendly products, technologies, services and corporate activities and aims for ongoing synergistic development with society in order to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

The Group is committed to the development of society and the conservation of the global environment through the delivery of products, technologies and services that help solve social problems in the fields of food, water, and the living environment and through the reduction of the environmental loads and environmental risks of its corporate activities.

For more details on the Kubota Group's environmental conservation activities, please visit our website.  
[www.kubota.com/company/environment/](http://www.kubota.com/company/environment/)



## Environmental Management Initiatives

As a sustainable company promoting environmental management in light of the SDGs, the Paris Agreement, and various other social developments, the Kubota Group has formulated medium- and long-term targets for environmental conservation and is working to reduce its environmental impacts from manufacturing and enhance its lineup of environmentally friendly products and services. We are also endeavoring to raise employee awareness about the environment.



Long-Term Environmental Conservation Targets 2030 (excerpt)			
<b>Tackling Climate Change</b>  CO <sub>2</sub> Reduce CO <sub>2</sub> emissions from the Kubota Group in Japan by <b>30 %</b> (compared to the base year RY2014)	Related SDGs 13 CLIMATE ACTION	<b>Efforts to Develop Environment-friendly Products</b>  eco PRODUCTS Increase the sales ratio of Eco-Products* certified products to <b>80 % or over</b>	Related SDGs 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		* Environment-friendly products that satisfy the Group's internal standards.	

Medium-Term Environmental Conservation Targets 2020 (excerpt)			
<b>Tackling Climate Change</b>  CO <sub>2</sub> Improve CO <sub>2</sub> emissions per unit of production by <b>14 %</b>	13 CLIMATE ACTION	<b>Conserving Water Resources</b>  Water drop Improve water consumption per unit of production by <b>10 %</b>	6 CLEAN WATER AND SANITATION
<b>Working towards a Recycling-based Society</b>  Recycling bin Improve waste discharge per unit of production by <b>10 %</b>	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>Controlling Chemical Substances</b>  Chemical flask Improve VOCs* emissions per unit of production by <b>10 %</b>	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

\* Volatile organic compounds

## Reducing On-site Environmental Impacts

### Mega Solar Installation



Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China): Reduction of CO<sub>2</sub> emissions with the installation of solar panels capable of generating electricity equivalent to 3.6MW

### Oil Recycling



Kubota Utsunomiya Plant: Reduction of waste volume with the installation of gear oil recycling equipment

### In-process Wastewater Recycling



P.T. Kubota Indonesia (Indonesia): Reduction of water consumption with the use of recycled water for paint booth water curtains

## Expanding Environment-friendly Products and Services

The Kubota Group conducts environmental assessment of products in the design and development stages and promotes environment friendliness over the entire product life cycle, from the procurement of raw materials to the disposal of products. The Group internally certifies exceptionally environment-friendly products as Eco-Products and is working to expand its lineup of certified products.

### Products Certified as Eco-Products in RY2019 (excerpt)



Agri Robo combine harvester  
WRH1200A



Ride-on-type rice transplanter  
NAVIWEL  
NW8S-GS



Skid steer loader  
SSV75 (Australia)



High-efficient twin screw  
press dehydrator  
SHD-080W



Small-size Johkasou, Decentralized  
wastewater treatment plant  
KZ II type  
KZ II-5

Compliant with exhaust  
gas regulations

Compliant with exhaust  
gas regulations

Compliant with exhaust  
gas regulations

Conserving resources

Saving energy,  
conserving resources

## Environment Awareness Activities

The Kubota Group endeavors to raise awareness among employees about environmental issues by designating June every year as "Environment Month" and taking part in environmental communication activities with local communities.



Environment Month poster (2019)



Seaside cleanup (France)



Planting mangroves (Thailand)

Kubota obtained the highest-rating in  
"CDP\* Water Security Program 2019"



\* An international NPO that promotes environmental initiatives by measuring corporate and city progress on climate change measures, management of water resources, and forest protection.

Kubota supports the recommendations\*  
of the Task Force on Climate-related  
Financial Disclosures (TCFD)



\* Recommendations that call on companies to voluntarily disclose information about their climate change strategies and the impacts of climate change on their business operations.

The Kubota Group aims to increase the satisfaction of its various stakeholders and enhance its corporate value by implementing the PDCA cycle in each category.

 For more details, please see the Full Report version  
on our website.  
[www.kubota.com/report/](http://www.kubota.com/report/)



## Promoting a Range of Social Contribution Activities around the World

The Kubota Group is promoting social contribution activities in Japan and other countries around the world. These include encouraging education for the next generation and sports, local clean-up activities and environmental conservation.

### Developing the Next Generation

#### ■ KUBOTA SMART FARMER CAMP (Thailand)



SIAM KUBOTA Corporation Co., Ltd. (Thailand) is helping younger-generation farmers to become more knowledgeable about farming, fostering their motivation to take up farming by instilling a positive attitude, teaching them various skills, and more.

#### ■ Kubota TERRA-KOYA Summer Camp (Japan)



Kubota sponsors the “TERRA-KOYA” summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since this program began in 2007, a total of 268 children have participated.

### Promoting Sport

#### ■ Rice Paddy Rugby (Japan)



Kubota manages the Kubota Spears, a rugby team based in Funabashi, Chiba. The team participated in a nationwide “Rice Paddy Rugby” program out of a desire to promote awareness of rugby among the general public.

### Coexistence with Local Communities

#### ■ Cooperation in Rural Community Development Programs (India)



Kubota Agricultural Machinery India Pvt. Ltd. has a cooperative arrangement with a local Rotary Club to regenerate wells for household water use, and to install facilities for water treatment to produce potable water.

### Response to Asbestos Issues

Kubota takes very seriously the fact that some residents and employees living in proximity of the former Kanzaki Plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

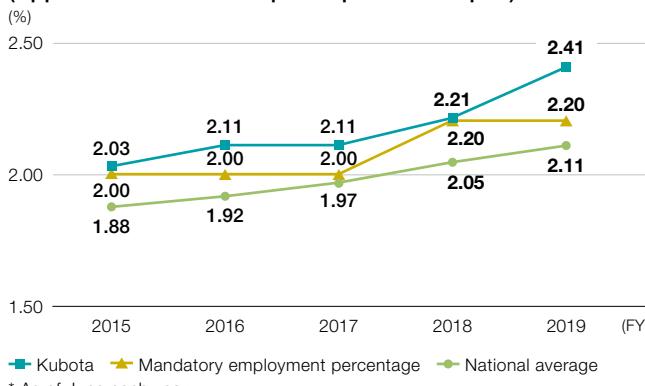
 For details please see:  
[www.kubota.co.jp/kanren/](http://www.kubota.co.jp/kanren/)  
(only in Japanese)

## Creating Employment for People with Disabilities × Utilizing Idle Farmland × Hydroponic Cultivation

Kubota manages a special subsidiary, Kubota Sun-Vege Farm Co., Ltd., which is building plastic greenhouses on idle farmland to grow leaf lettuce, spinach, and other Japanese green leafy vegetables using hydroponic cultivation. The vegetables are supplied to inhouse cafeterias, school lunches, and local supermarkets.

The company currently employs 16 people with disabilities, who work hard to raise safe, reliable, tasty vegetables to create employment and vibrant workplaces with cheerful workers.

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

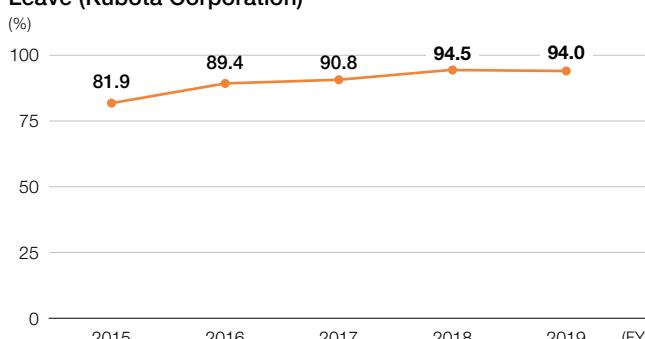


Kubota Sun-Vege Farm Co., Ltd.

## Creating More Comfortable, Motivated Workplaces

The Kubota Group promotes the creation of comfortable and motivated workplaces where its employees can not only work safely and securely but also feel pride and joy in their work.

### Trend in the Percentage of Employees Taking Annual Paid Leave (Kubota Corporation)

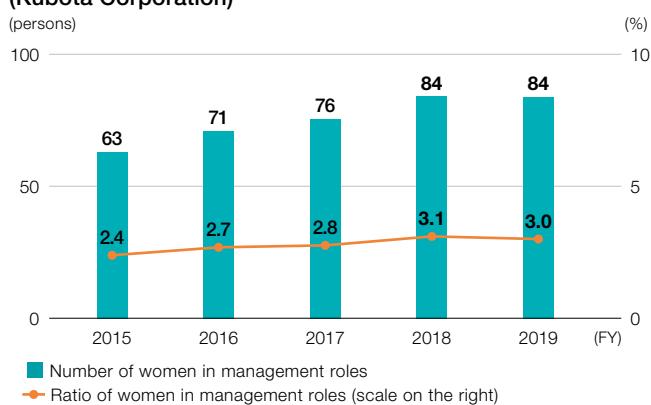


Certificate by Minister of Health, Labour and Welfare of Japan as a company with next-generation childcare systems



Received work with Pride Silver 2019

### Trend in Number of Women in Management Roles (Kubota Corporation)



## Pursuit of Customer Satisfaction

### R&D

To provide customers throughout the world with impressive products, Kubota is clarifying the roles of its R&D sites and expanding its global R&D system with Japan as its hub.

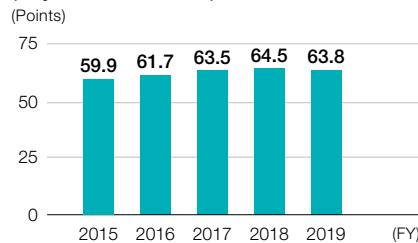


Advanced technology development center to be built in Sakai City, Osaka Prefecture (Planned to open in 2022)

### Services

To enable the provision of an appropriate maintenance service for each customer, Kubota holds contests in which employees compete in terms of service skills and solution proposals, and conducts customer satisfaction surveys.

#### Customer Satisfaction Survey\* (July 2018 – June 2019)



### Production

Kubota promotes initiatives to establish a global production system and to deploy the Kubota Production System (KPS) at each production site.

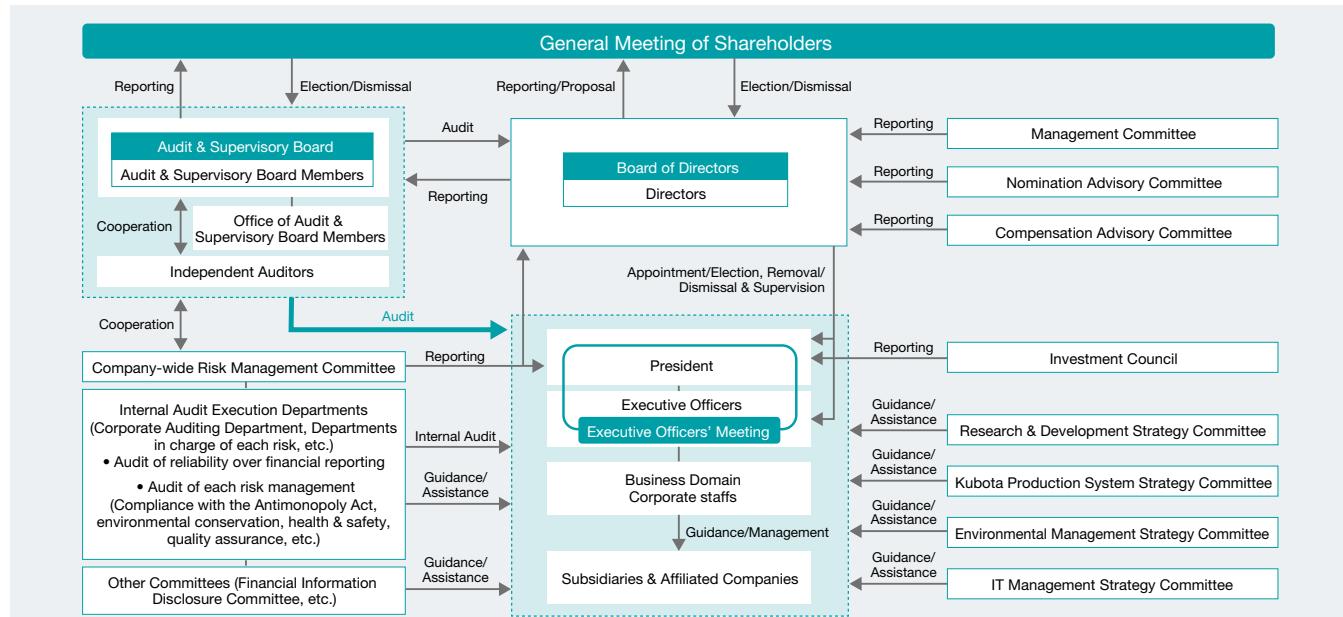


In order to speed up its response to management conditions and improve transparency in its management, Kubota has been committed to enhancing its corporate governance structure.



- |                                       |  |  |                                  |  |                                  |  |
|---------------------------------------|--|--|----------------------------------|--|----------------------------------|--|
| 1. Masatoshi Kimata                   | 2. Yuichi Kitao                                | 3. Koichi Ina                            | 4. Yutaro Shintaku               | 5. Dai Watanabe                                | 6. Yuzuru Matsuda                | 7. Shinji Sasaki                               |
| Chairman and Representative Director  | President and Representative Director          | Outside Director                         | Outside Director                 | Director and Senior Managing Executive Officer | Outside Director                 | Director and Senior Managing Executive Officer |
| 8. Masato Yoshikawa                   | 9. Toshihiko Kurosawa                          | 10. Masaki Fujiwara                      | 11. Toshikazu Fukuyama           | 12. Kumi Arakane                               | 13. Yasuhiko Hiyama              | 14. Yuichi Yamada                              |
| Director and Executive Vice President | Director and Senior Managing Executive Officer | Outside Audit & Supervisory Board Member | Audit & Supervisory Board Member | Outside Audit & Supervisory Board Member       | Audit & Supervisory Board Member | Outside Audit & Supervisory Board Member       |

### Corporate Governance Structure (as of March 19, 2020)



	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
Objective	To make strategic decisions and oversee the execution of duties by the Executive Officers	To oversee and audit the execution of duties by the Directors	To check the status of execution of duties by the Executive Officers and make prompt and proper management decisions
Members	9 Directors (including 3 Outside Directors) • Attendance rate of the Outside Directors (Mar. 2019–Feb. 2020) Yuzuru Matsuda (100%), Koichi Ina (100%), Yutaro Shintaku (100%)	5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) • Attendance rate of the Outside Audit & Supervisory Board Members (Mar. 2019–Feb. 2020) Masaki Fujiwara (100%), Kumi Arakane (100%), Masato Hineno (75%)	President and Representative Director and Executive Officers (36 members)
Meeting frequency	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)
Contents	Discuss and make decisions on important management issues (matters relating to management planning, financial planning, investment, business restructuring, etc.)	Discuss and make decisions with regard to auditing policy, audit reports, etc.	The President instructs the Executive officers on policies and decisions made by the Board of Directors. The Executive officers report to the President regarding the status of their execution of duties.

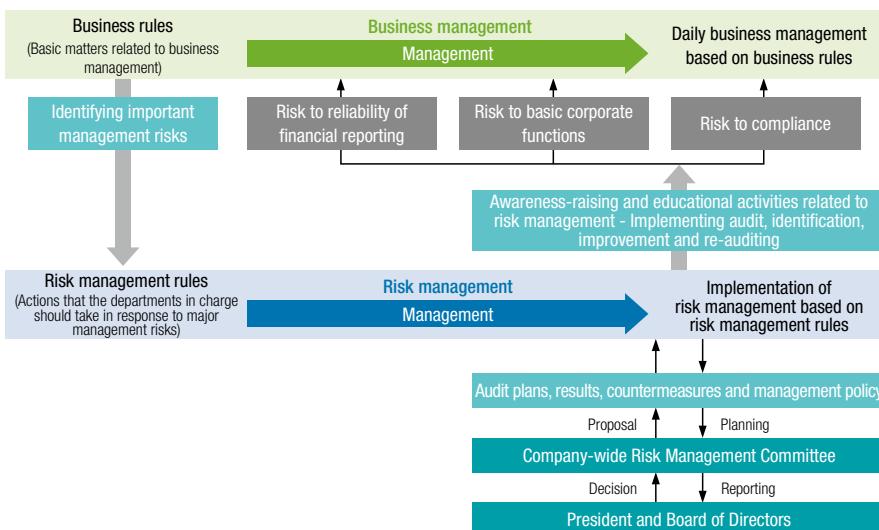
\* Outside Audit & Supervisory Board Member Mr. Masato Hineno attended 3 of the 4 Audit & Supervisory Board Meetings between his appointment on March 22, 2019 and his resignation on May 31, 2019.

## Internal Control System

The internal control system of the Kubota Group is a mechanism for clearly providing the rules that should be followed during the performance of business, and for checking whether or not business has been managed according to those rules.

This system consists of the segments of “business management,” which entails the performance of business operations based on rules, and “risk management,” which entails the management of major risks in management.

### Internal Control System Overview



### Risk management items

- Internal control over reliability of financial reporting  
Financial reporting
- Internal control over the basic functions of the company  
Fair trade  
Environmental conservation  
Health and safety  
Quality assurance  
Labor management  
Information security  
Intellectual property
- Compliance with the Construction Business Law  
Human rights advancement  
Safe driving management  
Prevention of illegal payments  
Confidential information management  
Protection of personal information  
Import and export control  
Compliance with laws and regulations related to logistics

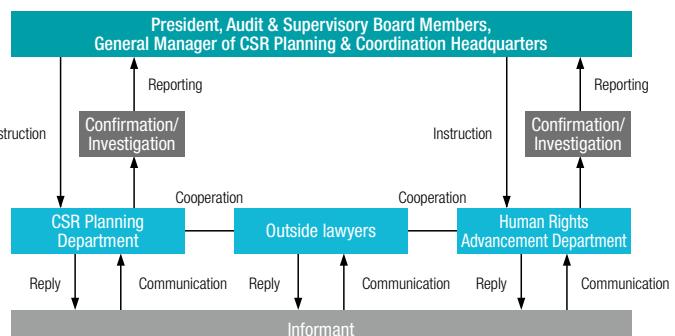
## Whistleblowing System (Kubota Hotline)

As a framework to support 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.

Types of contact points and matters handled	CSR Planning Department (issues other than human rights), Human Rights Advancement Department (issues of human rights), consultation by outside lawyers
Available to	Full-time, part-time and temporary employees of Kubota and its group companies in Japan
Number of cases reported	January to December 2018: 71 cases; January to December 2019: 59 cases

\* Each overseas site handles reporting individually and notifies the head office of any significant issues.  
(Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.)

### Kubota Hotline Flowchart



## Closing Feature

# —Aiming for a Disaster-Resistant World

### Prepare and Endure

Able to continue delivering water during disasters

#### Earthquake-resistant ductile iron pipes



Used in Landslide areas overseas

#### Large-diameter, earthquake-resistant ductile iron pipes (United States)



Protecting life from flood damage

#### Storm water drainage pumps



Protecting life from earthquakes and tsunamis

#### Steel pipe piles (Tuvalu)



### Recover and Rebuild

Used for draining water during floods

#### Pumper vehicles (Thailand)



Used for transporting people during floods

#### Tractor (Thailand)



Used for restoring and maintaining life lines

#### Plastic pipes



Used for salt and pollution removal in earthquake-affected areas

#### Tractor



Used for removing debris

#### Mini excavator



Used for draining water during floods

#### Sump pump engine (Thailand)



Restoration work on a water purification plant

#### Kubota Environmental Service



Used to treat wastewater from temporary housing

#### Johkasou



### Inclusion in ESG Indices (As of April 1, 2020)



Urgent measures are needed to prevent and reduce the impact of natural disasters such as earthquakes and tidal waves and climate change-related floods and droughts.

The Kubota Group will contribute to the development of resilient, sustainable societies through products, services, and people.

## Be There for People

### Providing necessary supplies after disasters



### Volunteer activities in disaster-affected areas



### Engaging with people in temporary housing



### Supporting agricultural training for the next generation in disaster-affected areas



## Reduce and Prevent

### Commercial air humidifier-purifiers—for sense of security and comfort in the air environment **Pure Washer**

This is a new kind of purifier made by Kubota that harnesses the power of water to clean the air. It not only sterilizes the air but can also be used to sterilize individual objects and surfaces with the help of an easily accessible supply of slightly acidic electrolyzed water\* generated within the device. Pure Washer is in service in medical and nursing care institutions, nurseries, and other facilities that rely on a safe and comfortable indoor environment.



Air purifier

Sterilizer

Humidifier

Deodorizer



The slightly acidic electrolyzed water\* generated within the device can be used without modification for a wide range of purposes such as sterilization of indoor spaces and floor cleansing.

\* A water solution whose main component is hypochlorous acid prepared by electrolyzing hydrochloric acid, this water offers both high safety and strong sterilizing effect (available chlorine concentration: 10-30 ppm, pH 5.0-6.5).

Devices were donated to local governments and medical care facilities during the COVID-19 crisis  
**Pure Washer main unit**



Installed in a hospital waiting room



Installed in a nurse station

### Slightly acidic electrolyzed water



Electrolyzed water donated to a local government office

## Corporate Data (As of December 31, 2019)

Corporate name: Kubota Corporation

Total number of shares issued: 1,220,576,846

Head Office: 1-2-47 Shikitsu-higashi,  
Naniwa-ku, Osaka

Number of shareholders: 44,523

Established: 1890

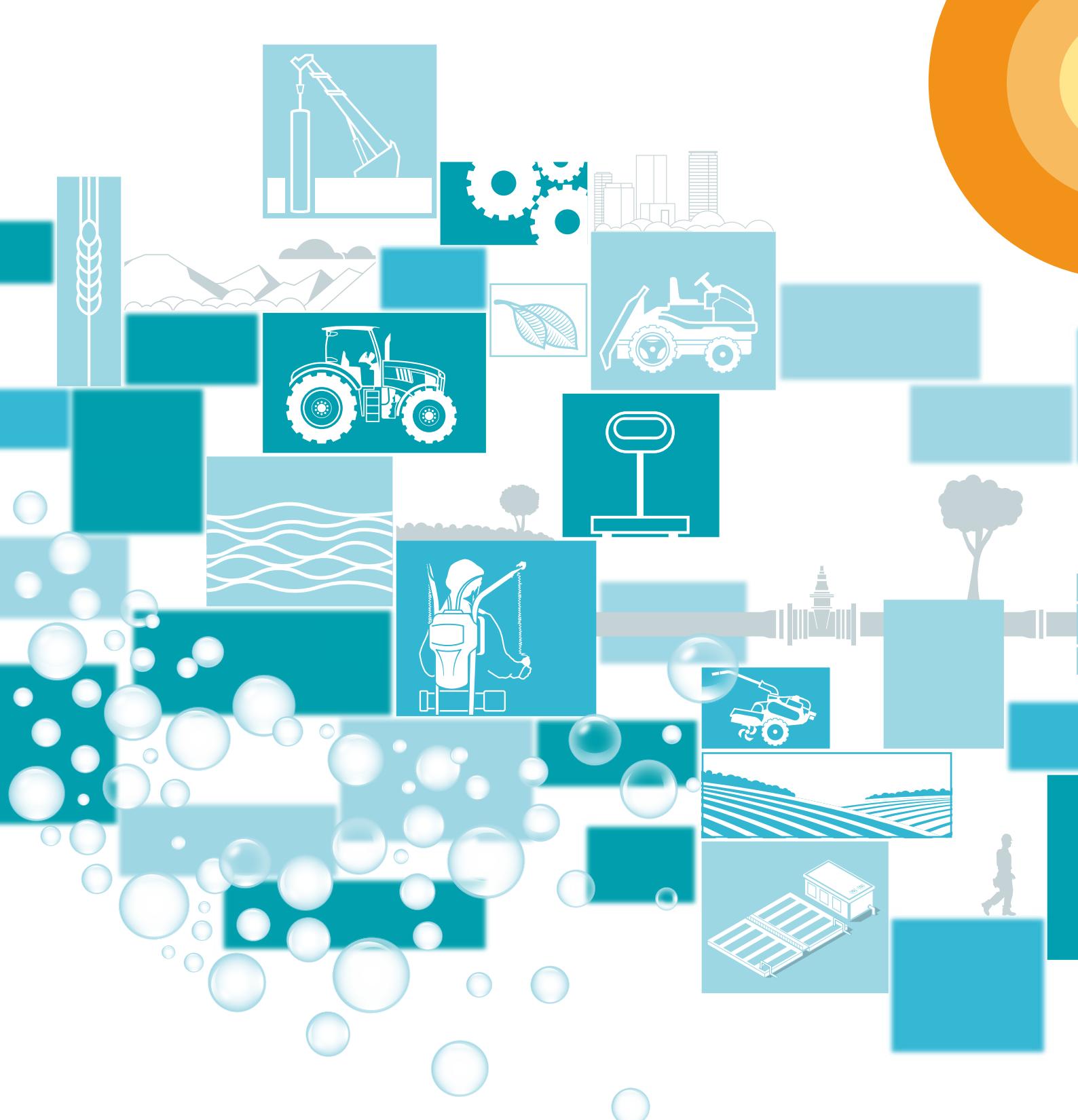
Revenue (consolidated): ¥1,920.0 billion

Capital: ¥84.1 billion

Employees (consolidated): 41,027

\* MSCI indexes, logos, and trademarks, etc.

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KUBOTA Corporation

1-2-47 Shikitsu-higashi, Naniwa-ku,  
Osaka 556-8601, Japan  
Inquiries: CSR Planning Dept.  
Tel: +81-6-6648-2937 Fax: +81-6-6648-3862



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