

## 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.

### **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.

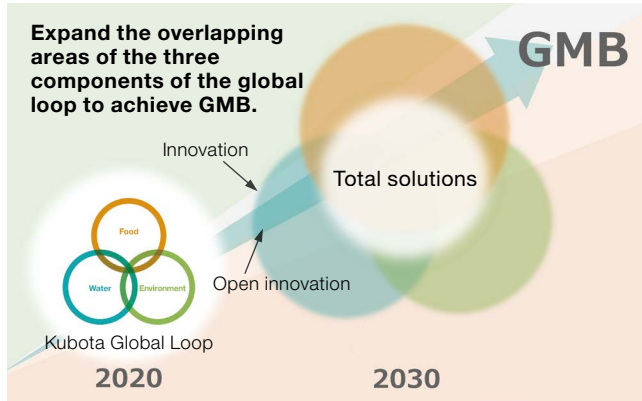
I believe that innovation is the key to future growth in this environment. Right now, most of our product development

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**

Chairman and Representative Director,  
Kubota Corporation