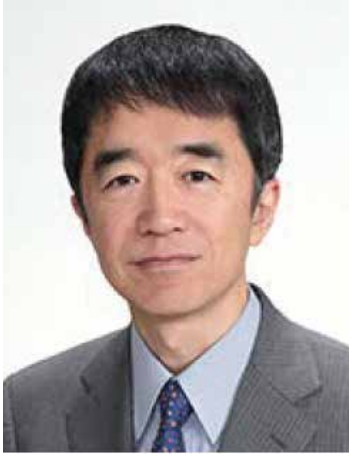


Third-Party Comments

Third-Party Comments on the KUBOTA REPORT 2019



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Challenges Through 2030

The most noteworthy characteristic of this year's KUBOTA REPORT was the section on "Strategies as we approach 2030." Of course, 2030 is the final year by which to achieve the SDGs. At present, there is a kind of boom in SDGs, and a great number of corporations have been declaring their SDG initiatives. However, we remain in a situation where very few corporations are making an explicit commitment to SDGs. In that sense, Kubota's commitment to achieve its SDGs by 2030 is extremely important in showing its corporate stance. As well as looking forward and analyzing the road to 2030, Kubota is clearly stating the concrete contributions it is making and that shows it is already one step ahead in their response to the SDGs. That Kubota is declaring not only its SDGs but also its KPI goals is also something worth paying attention to. At present, these KPIs serve as qualitative targets, but as Kubota makes progress towards a quantitative assessment in the future, I feel that Kubota will be held in high regard as a model company for SDGs.

Disclosure of Information about the Risks and Opportunities of Materiality

The issues that draw global attention in the disclosure of sustainability-related information are the analysis of material (priority) issues and the disclosure of information about risks and opportunities. Once Kubota has identified material issues, it announces the impact of that materiality in a way that provides an ongoing grasp of aspects of both the risks and the opportunities. This constitutes a quite in-depth disclosure of information that reflects the demands of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). However, most explanations tend to be qualitative in nature, so I feel that in the future, the quantification of information related to risks and opportunities will become a topic of discussion. In addition, I think that it will be vital to take SDGs into account in future materiality-related considerations.

CSR and Governance

CSR and governance are intimately related. While the policies of Kubota's president are of course important, it is extremely important to be able to understand the opinions regarding CSR held by the members that make up the Board of Directors. I was able to facilitate a dialogue where I could exchange opinions regarding CSR with Kubota's outside directors and auditors. I realized the significance of Kubota's intimate relationship with CSR and how sustainability is a characteristic of the company, and I was able to understand the importance of applying corporate principles to decision-making. The opinions of both directors and outside directors regarding CSR are extremely important for CSR activities, so in the future I hope Kubota further energizes its CSR activities by actively discussing these topics and continuing to post information about them.

In Response to the Third-party Comments

We wish to express our sincere appreciation to Dr. Kokubu for having provided invaluable third-party comments since FY2009. In addition, we would like to once again extend our gratitude for his cooperation this year with the “Dialogue with Outside Management and External Expert.”

Dr. Kokubu’s assessments regarding the clarification of our commitment to SDGs and further demonstration of qualitative KPIs, the ongoing disclosure of information regarding the risks and opportunities of materiality, and the significant exchange of opinions about CSR with outside directors and auditors (which he kindly facilitated) are extremely encouraging.

As to his suggestion of establishing quantitative targets for KPIs related to SDGs, we will be keeping in mind the possibility of making that a reality in our business as we investigate how we can present information and concrete data.

We intend to make efforts towards our future disclosure of information with regard to Dr. Kokubu’s opinion that it is important to quantify information related to material issues and to take into account SDGs, and we will be considering ways to do this.

Dr. Kokubu also spoke of the way in which directors and outside directors need to proactively announce their thoughts on CSR issues. In addition to the responses I’ve already mentioned, we will organize exchanges of opinions between outside directors and auditors and experts like Dr. Kokubu, enhance our CSR activities, and strengthen our corporate governance. At the same time, we will proactively work to disseminate information about our efforts.

The Kubota Group positions its corporate principles—the Kubota Global Identity—as the foundation of its corporate management. All of the three areas of food, water and the environment are closely related to the SDGs, and Kubota’s business opportunities and social responsibility are increasingly growing.

With the aim of establishing a Global Major Brand that can make the greatest social contribution as a result of being trusted by the largest number of customers, all the 40,000+ employees of companies in the Kubota Group act as one to become a corporate group that is always trusted and needed by members of society.



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