

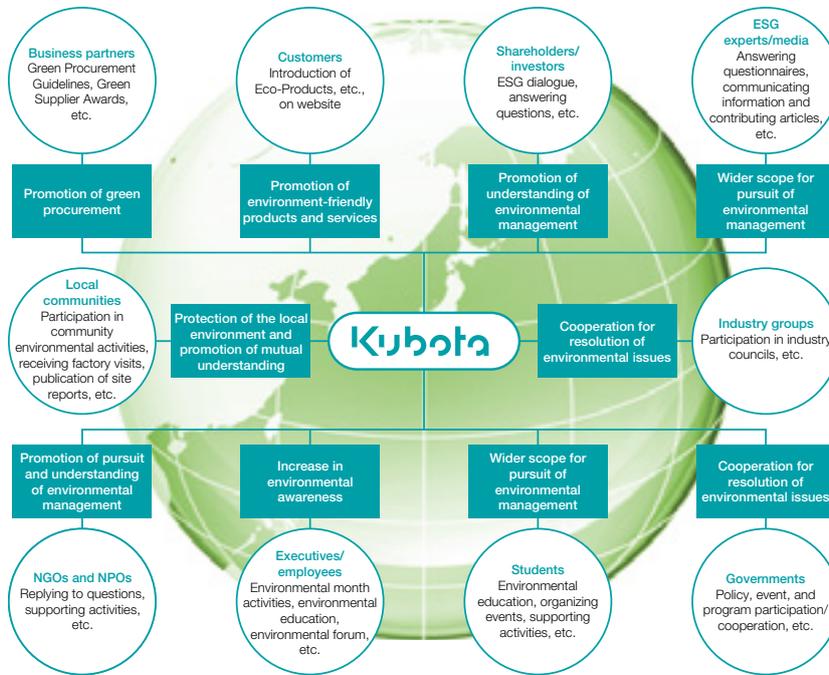
Environmental Communication

Since it published its first Environmental Report in RY1999, the Kubota Group has continued to disclose its environmental information. Along with the globalization of its businesses, the Group has enhanced the contents of the environmental information it discloses, to allow the Group's global initiatives to be understood. To expand and improve disclosures further, the Group will continue its dialogues with stakeholders and further disclosing information in line with international standards such as the environmental reporting guidelines by the Japanese Ministry of the Environment, the GRI standards and the recommendations of TCFD.

Each business site also works to enhance understanding of the environmental conservation activities by the local residents and family members of employees by participating in local environmental conservation activities and other environmental communication activities, such as environmental education and protection of the natural environment, for the purpose of achieving symbiosis with local communities.

Environmental Communication Activities

To practice environmental management globally, the Kubota Group is committed to deepening mutual understanding via dialogue with various stakeholders. The opinions and feedback gained from dialogue are used to improve Group environmental management practices with the aim of meeting social expectations and addressing societal issues.



Cooperation with Environment-related Industry Groups and Governments

The Kubota Group believes that in promoting environmental conservation, it is important to promote environmental conservation initiatives not only within its Group but also in cooperation with various sectors, such as the national or local government and relevant industry groups. Through participating in programs and campaigns hosted by government organs and establishing partnerships with various organizations, the Group aims to create synergy and conduct more effective environmental conservation activities.

■ Participating in Systems, Verification Programs, Campaigns by the National Government

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an “Eco-First Company,” and has been a member of the Eco-First Promotion Council since then. Through the Council, the Group submits proposals to or exchanges opinions with the Ministry of the Environment, supports Eco-First companies promoting environmental conservation activities and enhancing cooperation between companies, and engages in activities to raise the environmental awareness of the public. The Group also participates in the “Fun to Share” campaign by the Ministry of the Environment to tackle climate change toward the realization of a low-carbon society, the “Cool Choice” national movement to encourage smart choices contributing to measures against global warming, and the Water Project to raise awareness concerning water circulation and conservation of the water environment. Moreover, the Group also participates in the Environmental Reporting Platform Development Pilot Project to promote ESG dialogues between investors and companies.

■ Participating in Industry Groups

The Kubota Group is a member of various environment-related committees in the Kansai Economic Federation and other industry groups it is participating in. The committee activities help deepen understanding of the roles that companies should play in addressing environmental issues such as climate change, while providing opportunities to share information and exchange opinions on energy and environmental policies. In addition, the Group actively participates in initiatives to promote global environmental conservation.

- Major participating groups

Industry groups: Japan Business Federation, Kansai Economic Federation, Japan Society of Industrial Machinery Manufacturers, etc.
Environmental initiatives: Japan Climate Initiative, Task Force on Climate-Related Financial Disclosures (TFCD)

■ Dialogue and Collaboration with Local Governments

The Kubota Group proactively participates in various committees of Osaka City and other local governments and their related groups, and works to establish partnerships with them. The Group promotes industry-government-academia collaboration through participating in discussions and opinion exchange on environmental issues, and various activities.

- Major collaborating groups/partners

Gifu Prefecture “Consortium for Forest Technology Development and Promotion,” Osaka City “Environmental Management Promotion Council,” sponsored flowerbeds in front of the Kyuhoji Green Space in Osaka Prefecture, the “Carrying Water Project” by Ono City, Fukui Prefecture, and so on.

Climate Change-related Disclosure

The Kubota Group considers tackling climate change to be one of the material issues for environmental management. We are making efforts to respond to climate change through environment-friendly products, technologies, services, and corporate activities. To further enhance stakeholder communication, we expressed support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)* in January 2020.



Looking ahead, we will enhance our disclosure through the KUBOTA REPORT, our website, and other means.

* The TCFD recommendations present a framework for corporations to disclose climate-related information to the financial markets. The recommendations call for companies to autonomously ascertain and disclose information related to Governance, Strategy, Risk Management, and Metrics and Targets, such as the financial impact of risks and opportunities engendered by climate change and the status of the company's response.

Disclosure Items in the TCFD Recommendations	Relevant Section	Page
Governance		
a. Describe the board's oversight of climate-related risks and opportunities.	Environmental Management Promotion System, Corporate Governance Structure	P33 P152
b. Describe management's role in assessing and managing risks and opportunities.	Environmental Management Promotion System	P33
Strategy		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Management Approach—Materiality, Environmental Management Approach—Risks and Opportunities	P30 P31
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Environmental Management Approach—Risks and Opportunities, Environmental Management Approach—Key Measures	P31 P32
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	(Disclosure to be considered going forward)	–
Risk Management		
a. Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Management Approach—Materiality	P30
b. Describe the organization's processes for managing climate-related risks.	Environmental Management Approach—Materiality, Environmental Management Promotion System, Internal Control—Internal Control System, Internal Control—Internal Control System Operation Activities (Risk Management Activities)	P30 P33 P158 P158
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Environmental Management Promotion System, Corporate Governance Structure, Internal Control—Internal Control System	P33 P152 P158
Metrics and Targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Long-Term Environmental Conservation Targets 2030, Medium-Term Environmental Conservation Targets 2020, Mitigation of Climate Change—Measures to Reduce CO ₂ Emissions, Environmental Education and Enlightenment—Environmental Achievement Awards	P35 P36 P39 P75
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Mitigation of Climate Change—CO ₂ Emissions throughout the Value Chain	P41
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Long-Term Environmental Conservation Targets 2030, Medium-Term Environmental Conservation Targets 2020	P35 P36

Environment-related External Evaluation

Kubota Given “A” Grade in CDP Water Security 2019 Survey and “A-” Grade in CDP Climate Change 2019 Survey

Kubota was selected for inclusion in the A list of companies—the highest position—in the CDP Water Security 2019 survey on water security conducted by the CDP*. It was the second time that we have been selected for the water security A list since CDP 2017. We were also awarded an “A-” rating—the second highest on an 8-point scale—in the CDP Climate Change 2019 survey, a survey on climate change conducted by the CDP.

The Kubota Group will further contribute to society through its global business activities, seeing the response to climate change and conservation of water resources as one of its materiality issues.

* Established in the UK in 2000, the CDP is a non-profit organization that works with institutional investors to encourage companies and cities to disclose their strategies and data related to climate change, water, and forests by providing institutional investors with research-based analytical results and environmental performance ratings.



WATER

Receiving Environmental Awards

KUBOTA REPORT 2019 <Full Version> Given Excellence Award in Environmental Reporting Category at 23rd Environmental Communication Awards

KUBOTA REPORT 2019 <Full Version> received the Excellence Award in the Environmental Reporting category at the 23rd Environmental Communication Awards co-sponsored by the Japanese Ministry of the Environment and the Global Environmental Forum.

By honoring excellence in environmental reporting for multiple stakeholders across multiple media, such as CSR reports, integrated reports, and environmental management reports, the Environmental Communication Awards aim to promote good environmental communications by people related to business operators and stimulate environment-related actions.

The Excellence Award that the Company received is presented for outstanding reports that exceed a certain standard and serve as models for other companies in the same industry or other businesses of similar scale. The Company received the award for the second consecutive year.



Logo for Excellence Award received at Environmental Communication Awards

Kubota Environmental Engineering (Shanghai) Co., Ltd. Received the Green Award

Kubota Environmental Engineering (Shanghai) Co., Ltd. (KEES) (China) received the “Green Award” at the 12th China Environmental Industry Conference, held in Beijing in May 2019.

The Green Award is presented to companies that are outstanding leaders in the environmental field. This is the fourth year that KEES has received the award. This time the company received the award as a model company in MBR (membrane separation activation sludge method) and purification tank facilities. KEES has been lauded for the excellence of its products and services, and has previously received the prize as a “model manufacturer of membranes for use in wastewater treatment,” a “leading firm in China in the wastewater treatment facility sector,” and a “model company for water treatment facilities and comprehensive services.”



Green Award plaque

SIAM KUBOTA Corporation Co., Ltd. (Headquarters) and KUBOTA Engine (Thailand) Co., Ltd. Receive Green Industry Award

SIAM KUBOTA Corporation Co., Ltd. (Headquarters) and KUBOTA Engine (Thailand) Co., Ltd. received the Green Industry Award from the Thai government in 2019 as clean plants that are environmentally considerate. Both sites scored Level 4 on the five-point evaluation scale (Level 5 being the highest), for having strongly rooted environmental conservation activities in their corporate culture.

The award has a three-year certification period, and SIAM KUBOTA Corporation Co., Ltd. (Amata Nakorn Plant) has previously received a Level 4 award, while SIAM KUBOTA Metal Technology Co., Ltd. and KUBOTA Precision Machinery (Thailand) Co., Ltd. have received Level 3 awards. They are still currently recognized as Green Industries.



Green Industry Award certificate

P.T. Kubota Indonesia Received the BLUE PROPER Award for the Ninth Time

P.T. Kubota Indonesia (PTKI) received the BLUE PROPER award for the ninth time from the environment minister of the Indonesian government for its corporate activities over a year from 2018 to 2019. PROPER (the Environmental Performance Rating Program) is a rating program of the Indonesian ministry of the environment, which assesses the companies' status of compliance with the environmental regulations and the status of implementation of environmental measures, and discloses them to the public. The aim of this program is to raise companies' awareness of environmental management, and encourage the implementation of activities for energy saving, conservation of biodiversity, and community development.

The BLUE PROPER award is given to companies that comply with 100% of the environmental regulations and properly operate the environmental management system. PTKI will make continuous efforts to enhance environmental management.



Certificate of Commendation for the BLUE PROPER Award

Environmental Communication Report



Environmental Education at a Local Elementary School

KUBOTA Engine (Thailand) Co., Ltd. (KET) (Thailand) visits a local elementary school each year to provide education on CSR. As part of this, KET organizes tree-planting activities and distributes personal drink bottles to help raise awareness of the environment among its various environmental education initiatives. In 2019, KET also conducted vegetable planting in addition to its tree-planting program.

KET will continue to run education activities at the elementary school, aiming to communicate with the local community while contributing to local environmental conservation activities.



A group photograph with the elementary school students



Tree-planting activities