

# Materiality Objectives and Indicators

Materiality	Reason for its importance	Ultimate objectives	Indicators	Medium- and long-term targets	FY2022 results/topics
Enhancing the productivity and safety of food	Four megatrends that we are witnessing are: attempts to achieve both economic growth and resource recycling, moves toward net zero greenhouse gas emissions, efforts to create a society where the marginal cost of products is close to zero through recycling and sharing, and the formation of new small and medium-sized communities that are not obsessed only with global capitalism. In response to these, we believe that there are three roles that we should play: providing solutions to support infrastructure in the areas of food, water, and the environment; realizing the development of a sustainable society and a circulation loop of nature; and, contributing to resolving social issues in a variety of communities.	An "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature	Progress of smart agriculture and other new solutions	To be disclosed	To promote smart agriculture globally, we came up with the Smart Agriculture Grand Design, and we promoted the development of smart agricultural machinery adapted to the individual needs of different regions, as well as the construction of an agricultural information platform.
Promoting the circulation of water resources and waste			Progress of resource recovery and other new solutions	To be disclosed	We promoted solving technical issues related to deep recycling technology, and the melting technologies that lie at its heart. We also moved forward with the construction of a system to commercialize the technology.
Improving urban and living environments			Progress of water environment platform and other new solutions	To be disclosed	In order to develop urban infrastructure that is low-cost and requires little manpower, we pressed forward with the construction of a self-joining pipe system that uses construction machinery.
Mitigation of and adaptation to climate change			Alongside the challenge to achieve zero environmental impact, we will contribute to realizing a carbon-neutral and resilient society in the fields of food, water, and the environment.	Emissions in Scopes 1, 2, and 3	Scopes 1 and 2: 50% reduction from 2014 levels Scope 3: To be disclosed (each to be achieved by 2030)
Business operations based on diverse values	Recognizing diverse values allows us to amplify our strengths and make up for our weaknesses, and will help us achieve a competitive advantage. By allowing our diverse employees to fully demonstrate their myriad abilities, we can create new value by responding to change and innovating, and this will also spur on business growth.	Our employment will be fair and will provide employees with equal opportunities, regardless of race, gender, nationality, age, or disability. On a global level, we will construct a positive, open culture where everyone can share their frank opinions, and put in place an environment where diverse employees can demonstrate their true capabilities.	<ul style="list-style-type: none"> <li>Progress on diversity among executive officers</li> <li>Proportion of female managers</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of foreign executive officers: 10% (by 2025)</li> <li>Proportion of female managers: 7% (by 2030)</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of foreign executive officers: 6% (as of January 1, 2023)</li> <li>Proportion of female managers: 4.3% (as of January 1, 2023)</li> <li>Implemented measures to raise psychological safety, such as by dropping hierarchical patterns of address</li> </ul>
Strengthening of R&D and partnerships	In recent years, the issues themselves have become more advanced and more complex. Solving those issues will therefore require us to further enhance our R&D capabilities. Furthermore, we can accelerate the speed of this process by bringing in new expertise through collaboration with business partners.	In order to foresee the ever-changing society and the issues that arise, and to proactively solve them, we can make better decisions. To enable this, we will take on board the latest expertise and opinions, embody them quickly and continuously in products and services that we can continue to offer society.	<ul style="list-style-type: none"> <li>Progress on the R&amp;D system</li> <li>R&amp;D results</li> </ul>	To be disclosed	<ul style="list-style-type: none"> <li>Opened the Kubota Global Institute of Technology in Japan and an R&amp;D site in North America</li> <li>Invested in three AgriTech start-ups</li> </ul>
Improvement of employee growth and job satisfaction	To be able to realize sustainable growth, our organization must be energetic and capable of responding to changes in the business environment flexibly. For that to happen, employees must feel motivated and hungry to tackle the challenge. Job satisfaction can be realized by enabling them to feel they are growing, and that they are making a real contribution to society and their colleagues.	In order for employees to get a sense of their own growth and the contribution that they are making to society and to their colleagues, we will aspire to be an organization that has developed an appropriate culture, systems, and mechanism so that employees can be motivated and feel a desire to work.	<ul style="list-style-type: none"> <li>Employee engagement score</li> <li>DX personnel</li> </ul>	Employee engagement score: 70 (by 2030) DX personnel: 1,000 (by 2024)	<ul style="list-style-type: none"> <li>Employee engagement score: 51</li> <li>DX personnel: 638</li> <li>Fostered a culture of taking on challenges and growth through 1-on-1 meetings with executives from business and indirect divisions</li> <li>Established the Kubota Data Ground Corporation</li> </ul>
Customer satisfaction and safety	By sticking close to our customers and picturing the future from their perspective, we will be able to discover issues at an early stage, and provide new value that exceed their expectations. Repeating this will lead to greater customer satisfaction, and to gaining their trust, which will allow us to make the greatest possible social contribution.	We aim not only to satisfy all our customers through our products and services, but also to impress them by exceeding their expectations.	Customer satisfaction	To be disclosed	<ul style="list-style-type: none"> <li>Pressed ahead with improvement activities based on customer questionnaires, and maintained customer satisfaction evaluations (in Japan and North America)</li> </ul>
Enhancement of transparency and dialogue	Highly transparent dialogues are linked to gaining the empathy and participation of employees, suppliers, and other stakeholders, which helps to support our business activities. A better understanding of the Kubota Group will enhance our corporate value.	By disclosing information on our corporate activities in a way that is highly transparent and appropriate, and through dialogue, we aim to provide stakeholders with an accurate understanding of its activities. This will help to gain their trust and empathy, and encourage more participation in our corporate activities.	External institution rating	Acquire the highest possible rating from a major external ratings agency (by 2025)	<ul style="list-style-type: none"> <li>Selected for the sixth year in a row for the Asia Pacific section of the Dow Jones Sustainability Indices</li> <li>Acquired a AAA rating, the highest level, from MSCI ESG</li> </ul>
Strengthening of corporate governance	Our highest management priority is to raise our overall corporate value, balancing long-term, stable economic value and social value. Therefore, it is necessary to achieve corporate governance that supports transparent, fair, prompt and decisive management.	Whatever the social landscape or the business environment we find ourselves in, we will continue to be a self-directed organization that can realize sustainable growth. To that end, our aim is to construct a governance system that has both auditing and executive functions that help to improve the quality of both, to achieve that permanence.	Effectiveness of the Board of Directors	To be disclosed	<ul style="list-style-type: none"> <li>Incorporated ROIC and ESG-measure progress into evaluation indicators, and introduced a new executive remuneration plan that is strongly linked to medium- and long-term improvements to corporate value</li> <li>Received the Governor of Tokyo Award at the Corporate Governance of the Year® 2022 Awards</li> </ul>
Penetration and practice of K-ESG management	Sharing common values and codes of conduct among the global Kubota Group will allow us to attain "One Kubota," as well as business development. This will then support our efforts to solve environmental and social issues.	Every executive and employee in the Kubota Group understands our corporate principles, our vision, and our K-ESG government, and will work under our "One Kubota" approach to solve environmental and social issues.	Penetration of the corporate principles and vision among employees	Penetration score: 75 (by 2025)	<ul style="list-style-type: none"> <li>Penetration score: 52</li> <li>Continuous dialogue about "GMB2030" and other topics through 1-on-1 meetings with the president or vice president (also held in North America in 2022)</li> </ul>
Strengthening of risk management	Changes to the social landscape or the business environment are becoming more severe with every passing year, and risks are becoming ever-more diverse. A response to risks that is speedier and more effective than ever is indispensable in our quest to create sustainable corporate value.	We update our list of risks as they appear due to advances over time or changes to the social landscape or business environment and work to control them. We also possess the high-level capabilities to respond to crises, should they occur. Around the world, we will roll out the systems and mechanisms that allow us to do this, so that we can make decisions, and respond, swiftly.	Progress toward the creation of a risk management system	Construct a global risk management system and implement due diligence (by 2025)	<ul style="list-style-type: none"> <li>Established the Kubota Group Risk Management Committee</li> <li>We carried out risk assessments and started to attach priority levels to the risks we need to address</li> </ul>

\* Indicators for "Strengthening of R&D and partnerships," "Enhancement of transparency and dialogue," and "Strengthening of risk management" have been amended in line with a materiality review.