

## Third-Party Comments



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As a Japanese corporation, the Kubota Group continues to engage in first-rate ESG activities that are evolving year after year. I have provided some comments below about the key topics in ESG Report 2023.

### Environment

The Kubota Group has formulated a 2050 carbon neutrality roadmap. In particular, I greatly expect to see good results come out of the initiatives focused on supply chains, which aim to substantively reduce GHG emissions, as well as the Group's contributions to reducing GHGs through the creation of new solutions. In my view, what the Kubota Group can do to reduce GHGs in the whole of society, not just in the corporation, will be a focal point going forward.

Environmental activities do not come to an end when targets are achieved. The Kubota Group revises its targets and makes ongoing improvements to its initiatives if it achieves its goals ahead of schedule. This is also something highly commendable.

### Society

The Kubota Group set a target of an employee engagement score as a KPI to measure improvements in employee growth and job satisfaction. While this score functions as a target for overall management, instead of just realizing improvements in the score, I hope that Kubota will utilize it to resolve real issues. Management will need to use this score as a reference and examine in detail how it can go about improving the sense of achievement among employees.

Another focal point is the opening of the Kubota Global Institute of Technology in the city of Sakai in Japan to bring together employees hitherto spread across multiple worksites. This means synergies can be generated from the Kubota Group's high-caliber R&D capabilities, which have the potential to spark innovation for the benefit of not only Kubota's businesses, but for society and the environment as well.

### Governance

The Kubota Group is also continually improving its corporate governance. Last fiscal year it steadily implemented measures to strengthen transparency and effectiveness, mainly by carrying out a CEO performance assessment, formulating a succession plan, conducting a third-party evaluation of the effectiveness of the Board of Directors, and reviewing its compensation system for directors. However, one aspect of corporate governance is that the systems tend to become formulaic as they become more sophisticated. It is not just the formal evaluation of the effectiveness of governance, but substantial information about how the directors approach and fulfill their duties that is valuable. In that sense, the inclusion of opinions and commentary from the directors in the integrated report is a meaningful approach. I therefore hope to see Kubota build a more effective corporate governance structure by combining information disclosure on both format and substance.

### In Response to the Third-party Comments

We are deeply grateful for Professor Kokubu's highly knowledgeable opinions regarding our ESG report again this year.

The social situation around the Kubota Group had changed considerably in 2022. Carbon neutrality and other environmental problems are driving change in the very fabric of society much faster than we imagined, and given the enormous changes that are afoot in social conditions and the increasingly greater focus on corporate governance and the like, we too are required, in no small part, to take a leading role. Accordingly, there was a need to further enhance the transparency of how we go about steadily fulfilling our social responsibilities and the disclosure thereof.

This is the second year we have disclosed matters of our sustainability in two booklets—the integrated report and the ESG report—with differing editorial policies. In editing the pages of this year's reports, we put a lot of effort into disclosing the finer details of our value creation story and how we put it into practice, based on the Kubota Group's philosophy and management capital. Having received valuable feedback and an evaluation from Professor Kokubu regarding the information we explained in detail in each section of the ESG report, I feel confident that what we were aiming to do has been achieved. From this point of view, I have become keenly aware once again that greatly expanding the mediums through which we disclose information is an important mission entrusted to us by society.

It is now etched in my mind that we are expected to make real impacts going forward because the next step is to transition to a phase in which we take substantial action to achieve the goals that Professor Kokubu so pointed out; namely, ESG issues—the formulation of our carbon neutrality roadmap, the establishment of KPIs for materiality, the opening of the Kubota Global Institute of Technology, and also the amendments to, and third-party assessment of, our executive compensation system—the format of which we had prepared up until this fiscal year.

The Kubota Group will continue to solve issues in society with an "On Your Side" approach and push ahead with initiatives so that we may earn the favorable response and participation of all our stakeholders by disclosing information that lives up to the expectations of society.



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