

## Corporate Governance Report

**Last updated on March 24 , 2020**  
**KUBOTA Corporation**

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<http://www.kubota.com/company/ir/index.html>

The corporate governance of Kubota Corporation (hereinafter, the “Company”) is described below.

### **I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Policy**

The Company has designated “long-term and stable growth of corporate value” as its highest management priority. To realize this aim, the Company considers enhancement of the satisfaction of all the Company’s stakeholders and improvement of overall corporate value, while balancing economic value, social value, and corporate value, to be important. Especially, in order to achieve the long-term objectives of building “Global Major Brand Kubota” on the basis of its corporate philosophy “Kubota Global Identity,” the Company must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

#### **[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]**

The Company implements all the principles of the Corporate Governance Code.

#### **[Disclosure Based on the Principles of the Corporate Governance Code] updated**

##### **[Principle 1.4 Cross-Shareholdings]**

- **Policy for cross-shareholdings**

The Company believes it is necessary to cooperate with various companies in every business process, such as product development, manufacturing, distribution, sales, service, and funding, to succeed in global competition and realize its sustainable growth and improvement of corporate value over the medium to long term. From this perspective, the Company maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies.

The Company’s policy for cross-shareholdings is to examine each individual share at the Meetings of the Board of Directors every year to see whether or not the shareholding is appropriate, based on comprehensive consideration of the holding purpose, benefits and risks involved in the shareholdings and others, and decrease its shareholdings gradually in light of the market environment and other factors when it determines that maintaining them is no longer appropriate. In fiscal 2018, the Company sold ¥7.0 billion of its listed equity securities. In fiscal 2019, the Company sold ¥19.7 billion of its listed equity securities.

- **Standards for exercise of voting rights**

When the Company exercises voting rights, it does not make its decisions uniformly by criteria based on a short-term perspective but rather comprehensively considers the proposals from the perspective of whether they will contribute to sustainable growth of the issuing company and improvement of corporate value over the medium to long term, whether they could be detrimental to shareholder value, and others.

[Principle 1.7 Related Party Transactions]

Based on the Companies Act and the rules governing the Board of Directors, the Board of Directors may approve transactions that represent a conflict of interest between the Company and the Directors after receiving reports of material facts, such as the content of transactions and transaction amount (maximum amount). Furthermore, the Company reports the actual results to the Board of Directors. Transactions with major shareholders are reported to the Board of Directors as needed, and the Directors and the Audit & Supervisory Board Members review them so as not to harm the common interests of shareholders.

[Principle 2.6 Responsibilities of Corporate Pension Funds as Asset Owners]

To ensure pension payments to its employees, the Company manages plan assets through Kubota Corporate Pension Fund from the medium- to long-term perspective.

Decisions on asset management are made at the Executive Board of Kubota Corporate Pension Fund in consideration of deliberations and reports by the Asset Management Committee.

Personnel such as department heads of the accounting department and the human resources department of the Company, who have appropriate qualifications, and executive members of the labor union, as a representative of beneficiaries, have been assigned to the Asset Management Committee and the Executive Board of Kubota Corporate Pension Fund. In addition, specialist capabilities and insight are supplemented through the use of external advisers.

The Asset Management Committee monitors the entrusted asset management companies semiannually from the perspectives of investment products, their performance and others.

[Principle 3.1 Full Disclosure]

(1) Company objectives (e.g., corporate principles), business strategies, and business plans

- Corporate philosophy

The Kubota Group (hereinafter, the “Group”) positions its corporate philosophy, the “Kubota Global Identity,” as the foundation of its corporate management. In keeping with this philosophy, the Group makes it its mission to continue to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment.

Kubota Global Identity: <http://www.kubota.com/company/c-data/identity/>

- Business strategies and business plans

Based on its corporate philosophy, the Company sets a long-term goal of building “Global Major Brand (GMB),” or in other words a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers. The Company aims to establish the GMB Kubota, make the greatest contribution to success of the Sustainable Development Goals (SDGs) promoted by the United Nations, and achieve sustainable development over the long term. To these ends, the Company will team up and work together with various players across its business domains encompassing the areas of food, water and the environment, and provide society with total solutions created through those synergies. Moreover, in an effort to achieve the above objectives, the Company will engage in three initiatives: (i) more flexible and proactive task setting; (ii) development of open and innovative technologies and business schemes; (iii) creation and provision of total solutions through promotion of DX by utilizing new IT. In addition, the Company will draw up its GMB 2030 long-term vision looking 10 years ahead at the year 2030, and will also formulate its Mid-term Plan for making that vision a reality.

(2) Basic views and guidelines on corporate governance

Please see the “1. Basic Policy” section of this report.

(3) Board of Directors’ policies and procedures in determining the remuneration of management and Directors

i) Basic views on remuneration

- The Company aims to achieve a remuneration system that enables it to share value with its shareholders, while also attaining sustainable and stable growth in the business areas of food, water and the environment.

ii) Procedures in determining the amount of remuneration

- To ensure fairness and transparency, the amount of remuneration is determined at the meetings of the Board of Directors after it has been deliberated on in the Compensation Advisory Committee, which is composed of Outside Directors, internal Directors (three out of five of whose members are Outside Directors and meetings are attended by the Outside Audit & Supervisory Board Members as observers) and Executive Officers in charge of human resources and general affairs.
- The appropriateness of the Company's compensation level is reviewed based on the manager compensation level database of major domestic corporations created by an external specialty organization.

iii) Overview of the remuneration of Directors

1) Composition of remuneration and composition ratio thereof

- The remuneration for the Directors (excluding Outside Directors) consists of basic remuneration, which is set by corporate rank, variable remuneration (bonuses for Directors) which acts as a short-term incentive linked to performance in a single fiscal year, and restricted stock compensation which is regarded as a medium- to long-term incentive.
- Composition ratios of the remuneration vary depending on Director bonus amounts, which are accordingly designed such that positions of higher corporate rank yield higher proportions of Director bonus. For fiscal 2019, Directors received "basic remuneration," "bonus for Directors" and "stock compensation" amounting to approximately 50%, 35% and 15% of the total, respectively.
- The remuneration for the Outside Directors consists only of basic remuneration because of the roles they play and the need to preserve their independence.

2) Basic remuneration

- The Company's basic remuneration is set by the Director's position in the rank of corporate officers, and its amount is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders, in consideration of the Company's operating results, compensation levels of other companies, and other factors.

3) Variable remuneration (bonuses for Directors)

- The Company pays variable remuneration (bonuses for Directors) which acts as a short-term incentive linked to performance in a single fiscal year. "Profit attributable to owners of the parent" has been adopted as the indicator used in calculating bonus amounts because it represents results of business activities and constitutes the source of funds for shareholder returns. After determining the bonus amount for each position, the variable remuneration is decided by factoring in such matters as the degree of performance achievement by the organizations under the responsibility of the individual Director, and submitted to the Ordinary General Meeting of Shareholders for approval.

4) Restricted stock compensation

- Restricted stock compensation is paid as a medium- to long-term incentive.
- The amount is decided within the limits established by the total amount of the monetary compensation claims and the total number of common shares to be issued or disposed of as approved at the General Meeting of Shareholders.

iv) Remuneration for Audit & Supervisory Board Members

- The remuneration for Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

(4) Policies and procedures in the election, nomination and dismissal of Directors and Audit & Supervisory Board Members, etc.

i) Policies in the election and nomination of Directors

In its wide-ranging business domains encompassing the areas of food, water, and the environment, the Company aims to bring about sustainable growth and increase corporate value on a Group-wide basis,

thereby engaging in appropriate decision-making and supervising operations. To such ends and in accordance with its rules governing the Board of Directors (requirements for nominating candidates for Directors), the Company appoints persons from inside the Company who have a wide perspective and extensive experience relating to the Company's business management, and appoints persons from outside the Company who have a practical and objective perspective along with deep knowledge, having satisfied requirements for an independent officer as stipulated by the Tokyo Stock Exchange (hereinafter the "TSE") and requirements of the independence criteria set forth by the Company (three of the nine Directors are Outside Directors).

ii) Procedures in the election, nomination and dismissal of Directors

Appointment of Directors is implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors, following deliberations by the Nomination Advisory Committee (three out of six of whose members are Outside Directors). The Nomination Advisory Committee conducts deliberations with appropriate involvement and advice from the Outside Directors from the perspectives of each candidate's eligibility (such as experience, abilities, expertise, and internationality) and diversity of the Board of Directors.

Should reason for dismissal arise, dismissal procedures are implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors in accordance with the rules governing the Board of Directors.

iii) Appointment and dismissal of Executive Officers

Appointment and dismissal of Executive Officers are implemented by resolution of the Board of Directors in accordance with the rules governing Executive Officers.

iv) Policies in the election and nomination of Audit & Supervisory Board Members

To adequately facilitate auditing and monitoring of management, the Company appoints persons who have diverse experience, knowledge, expertise and insight in accordance with the Standards for Auditing by Audit & Supervisory Board Members (the policy for selecting candidates for Audit & Supervisory Board Members). The Company appoints more than half of the candidates from among persons who satisfy requirements for an independent officer as stipulated by the TSE, of which the Company appoints one person (certified public accountant, etc.) who has a high degree of expert knowledge and experience relating to accounting and finance (three of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members).

v) Procedures in the election, nomination and dismissal of Audit & Supervisory Board Members

To elect the Audit & Supervisory Board Members, the candidates for Audit & Supervisory Board Members are determined from among the candidates who are selected in accordance with the Standards for Auditing by Audit & Supervisory Board Members (the policy for selecting candidates for Audit & Supervisory Board Members) after approval of the Audit & Supervisory Board. The candidates are elected by resolution of the General Meeting of Shareholders.

Dismissal of Audit & Supervisory Board Members is implemented by special resolution of the General Meeting of Shareholders in accordance with the Companies Act.

(5) Explanations of each individual nomination and dismissal of Directors and Audit & Supervisory Board Members

For information regarding each individual nomination of individual Directors and Audit & Supervisory Board Members, please refer to the Convocation Notice for the General Meeting of Shareholders on the Company website. If any reason for dismissal arises, the Company makes a necessary explanation each time.

[Supplementary Principle 4.1.1 Scope of Judgment and Decision Making Delegated from the Board of Directors to Officers in Charge of the Conduct of Business Operations]

To determine the scope for matters requiring resolution by the Board of Directors, the Company has stipulated, in addition to those specified within the scope by laws and regulations and the Articles of Incorporation, the important matters that affect the management, setting them forth in the Regulations of the Board of Directors. The Company has stipulated the matters requiring the decisions made by Executive Officers and each member of management and criteria for them in the final decision rules, and it delegates decision-making to persons in charge of each department.

[Principle 4.8 Effective Use of Independent Directors]

Of nine Directors, three are Independent Outside Directors.

To facilitate communication between Independent Outside Directors and management, subjects for discussion and presentation materials for the Meetings of the Board of Directors are sent to Independent Outside Directors at least a week before the meetings. Furthermore, management gives the prior explanations if the subject is material. The Company strives to create an atmosphere that encourages Independent Outside Directors to make positive contributions to the discussion at the Meetings of the Board of Directors.

In addition, the Company has a Nomination Advisory Committee (three out of six of the members are Outside Directors) and a Compensation Advisory Committee (three out of five of the members are Outside Directors) in place as the advisory body of the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors with extensive management experience and wide perspective on matters.

[Principle 4.9 Independence Criteria and Qualifications for Independent Directors]

The Independent Outside Directors are appointed in accordance with the requirements for the Outside Directors set forth in the Companies Act, the independence criteria set forth by the TSE, and the Company's own independence criteria for Outside Directors, from among those who have the experience and expertise needed to provide constructive advice and to supervise forthrightly for the operations of the Company.

[Independence Criteria for Outside Directors]

The Company has established the Independence Criteria for Outside Directors, considering laws and regulations, and provisions of the TSE, among other regulations, to ensure transparency and objectivity in the governance of the Company. The Company shall deem that an Outside Director does not satisfy independence from the Company if any of the following items applies to that person.

1. A person who is an executive\* of the Company, or who was such an executive within the 10-year period prior to the appointment as Outside Director.

\* The term "executive" herein refers to an executive defined as a person who executes business in Article 2, paragraph 3, item 6 of the Regulation for Enforcement of the Companies Act. It includes executive director, executive officer (shikkoyakuin) and employee who execute business, but it does not include audit & supervisory board member.

2. A person who is an audit & supervisory board member of the Company, or who was such an audit & supervisory board member within the 10-year period prior to the appointment as Outside Director.

3. A major business partner of the Company\*, or an executive of such an organization.

\* The term "major business partner of the Company" herein refers to a business partner such as a major purchaser of the Company's goods and services in the recent three fiscal years, whose amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the Company for the same fiscal year.

4. An organization whose major business partner is the Company\*, or an executive of such an organization.

\* The term "organization whose major business partner is the Company" herein refers to an organization of which the Company is a business partner such as a major purchaser of its goods and services (e.g. a supplier to the Company) in the recent three fiscal years, and the amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the organization for the same fiscal year.

5. A major lender to the Company\*, or an executive of such an organization.

\* The term “major lender to the Company” herein refers to a financial institution from whom the Company has obtained loans in the recent three fiscal years, and the outstanding amount of the loans from the lender at the end of that fiscal year exceeded 2% of the consolidated total assets of the Company thereat.

6. A consultant, accounting professional or legal professional who has received economic benefits for services exceeding ¥10 million annually other than remuneration as an officer from the Company in the recent three fiscal years (or, in the case where the receiver of such benefits was an organization such as a corporation or partnership, a person affiliated with such an organization).
7. A major shareholder of the Company\*, or if the major shareholder is a corporation, an executive of such a corporation.  
\* The term “major shareholder of the Company” herein refers to a shareholder who holds more than 10% of the Company’s shares on a voting-right ownership basis at the end of the relevant fiscal year, regardless of whether the shares are held in the shareholder’s own name or in another name.
8. A director, audit & supervisory board member, accounting advisor, executive officer (shikkoyaku) or executive officer (shikkoyakuin) of a corporation with a relationship with the Company concerning mutual outside director appointments.
9. A receiver of endowments of economic benefits exceeding ¥10 million annually from the Company in the recent three fiscal years (or, in the case where the receiver of such endowments was an organization such as a corporation or partnership, an executive of such an organization).
10. A spouse or a relative within two degrees of kinship of a person (limited to persons of important position\*) set forth in above items 1 to 9.  
\* The term “person of important position” herein refers to a director, executive officer (shikkoyaku), executive officer (shikkoyakuin) or any person holding a position equivalent thereto.

[Principle 4.11 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness]  
[Supplementary Principle 4.11.1]

The Company configures its Board of Directors from the perspectives of maintaining a number of members appropriate for ensuring effective discussions at the Meetings of the Board of Directors, manifesting its function as a board of directors and ensuring its diversity (business domains, knowledge, experience, areas of expertise, etc.), and maintaining soundness and transparency in management (three of the nine Directors are Outside Directors; six of the 14 Directors attending meetings of the Board of Directors are outside officers). For information regarding policies and procedures in the election and nomination of Directors, please refer to Principle 3.1 (4).

(Reference) Convocation Notice for the 130th Ordinary General Meeting of Shareholders held on March 19, 2020 \* Excerpt

**Management Structure After Approval of Proposals 1, 2 (Planned)**

| Name                  | Position   | Outside | Areas of specialization    |                          |         |  |                                  | Nomina-<br>tion<br>Advisory<br>Commit-<br>tee | Compen-<br>sation<br>Advisory<br>Commit-<br>tee |
|-----------------------|--|---------|----------------------------|--------------------------|---------|--|----------------------------------|---|---|
|                       |  |         | Manu-<br>facturing<br>/R&D | Sales/<br>Market-<br>ing | Finance | Legal<br>affairs<br>/Risk<br>manage-<br>ment | Over-<br>seas<br>experi-<br>ence |   |   |
| Masatoshi<br>Kimata   | Chairman and<br>Representative<br>Director                 |         | •                          | •                        |         |  | •                                | •   |   |
| Yuichi<br>Kitao       | President and<br>Representative<br>Director                |         | •                          | •                        |         |  | •                                | •   |   |
| Masato<br>Yoshikawa   | Director and<br>Executive Vice<br>President                |         |                            | •                        | •       | •  | •                                | •   | •   |
| Shinji<br>Sasaki      | Director and<br>Senior<br>Managing<br>Executive<br>Officer |         | •                          | •                        |         |  |                                  |   |   |
| Toshihiko<br>Kurosawa | Director and<br>Senior<br>Managing<br>Executive<br>Officer |         |                            | •                        |         |  |                                  |   |   |
| Dai<br>Watanabe       | Director and<br>Senior<br>Managing<br>Executive<br>Officer |         |                            | •                        | •       |  | •                                |   |   |

|                    |  |   |   |   |   |   |   |   |   |
|--------------------|--|---|---|---|---|---|---|---|---|
| Yuzuru Matsuda     | Director                                     | ● | ● | ● |   |   | ● | ● | ● |
| Koichi Ina         | Director                                     | ● | ● | ● |   |   |   | ● | ● |
| Yutaro Shintaku    | Director                                     | ● |   | ● | ● | ● | ● | ● | ● |
| Toshikazu Fukuyama | Audit & Supervisory Board Member (Full-time) |   |   |   | ● | ● | ● |   |   |
| Yasuhiko Hiyama    | Audit & Supervisory Board Member (Full-time) |   |   | ● |   |   | ● |   |   |
| Masaki Fujiwara    | Audit & Supervisory Board Member             | ● |   |   | ● |   | ● |   |   |
| Kumi Arakane       | Audit & Supervisory Board Member             | ● | ● | ● |   |   |   |   |   |
| Yuichi Yamada      | Audit & Supervisory Board Member             | ● |   |   | ● | ● |   |   |   |

- (Notes)
1. Full-time Audit & Supervisory Board Members will be determined at the Audit & Supervisory Board meeting held after this General Meeting of Shareholders, and Directors with special titles will be determined at the Board of Directors meeting held after that.
  2. All Directors shown above have expertise in corporate management (including planning and human resources).
  3. The above table, considering each person's experience and other factors, shows areas in which they have more specialized expertise, and is not an exhaustive list of the areas of expertise that they can offer.
  4. Other than members of the Compensation Advisory Committee in the above table, Mr. Kazuhiro Kimura, a Managing Executive Officer, also serves as a member of that committee.



[Supplementary Principle 4.11.2]

The Company's full-time officers do not concurrently serve as officers of other companies. The Company also considers matters with respect to concurrent postings held by its Outside Directors and Outside Audit & Supervisory Board Members as officers of other companies upon their appointment, in order to avert situations where such postings could act as a hindrance with respect to the Company's business affairs.

For information regarding the concurrent post of each Director and Audit & Supervisory Board Member, please refer to the Convocation Notice for the General Meeting of Shareholders and the Annual Securities Report ("Yukashoken Hokokusho").

[Supplementary Principle 4.11.3]

The number of participants at the Meetings of the Board of Directors is appropriate for active and effective discussion. The participants at the Meetings of the Board of Directors are the nine Directors and five Audit & Supervisory Board Members who have extensive experiences. These participants include the three Outside Directors and three Outside Audit & Supervisory Board Members. Meetings of the Board of Directors were held 12 times in fiscal 2019, that commenced on January 1, 2019 and ended on December 31, 2019, and the attendance rate was 100%.

Subjects for discussion and presentation materials for the Meetings of the Board of Directors are sent at least a week before the meetings, and management gives the prior explanations regarding material matters. Accordingly the Company provides adequate materials and information for deliberation of the subjects to be discussed. The Outside Directors deliberate about the subjects beforehand and give advice based on their experience and professional viewpoints at the Meetings of the Board of Directors. Their opinions are reflected in the decisions made at the Meetings of the Board of Directors and in the conduct of business by the Directors and Executive Officers.

The Audit & Supervisory Board Members deliberate the subjects beforehand and give opinions at the Meetings of the Board of Directors from the perspective of compliance with laws and regulations and risk management based on their experience and professional viewpoints. Their opinions are reflected in the decisions made at the Meetings of the Board of Directors and in the conduct of business by the Directors and Executive Officers.

- Evaluating the effectiveness of the Board of Directors

At the end of each fiscal year, the Company holds an evaluation of the effectiveness of the Board of Directors for the continuous improvement of its corporate governance. A self-evaluation was conducted in December 2019, which was the fourth time, using a questionnaire created by a third-party organization, after the number of its questions was appropriately revised and distinctive questions were added based on the opinions of the previous fiscal year's questionnaire results.

Evaluation method

|                     |   |
|---------------------|---|
| Evaluation format   | Questionnaire<br>(Multiple choice <17 items, 38 questions>) and free-response questions <two questions>)  |
| Respondents         | All Directors and Audit & Supervisory Board Members<br>(total 13 persons)   |
| Questionnaire items | Composition of the Board of Directors/ members' roles and contributions/ leadership of the Chairman/ operations of the Board of Directors/ setting of corporate strategy and trajectory/ risk management/ analysis of management decisions/ sound decisions/ response to stakeholders/ monitoring of management resources (people, things, money)/ monitoring of execution and performance/ culture of the Board/ generation of synergies/ supervision of advisory committee/ effectiveness of committees corresponding to nomination |

|  |   |
|--|---|
|  | and compensation/ supervision of succession planning/ application of the effectiveness evaluation |
|--|---|

The results of the questionnaire were discussed at the December 2019 meeting of the Board of Directors, and future issues and measures for improvement were confirmed.

#### Initiatives in fiscal 2019 for increasing the effectiveness

##### 1. Items for deliberation by the Board of Directors

- Results of the questionnaire on evaluating the effectiveness of the Board of Directors for the previous fiscal year contained recommendations with respect to enhancing monitoring subsequent to resolution of an important matter and reassessing reporting standards. Such opinions have formed the basis for reporting on progress of large investments and other important matters, and for reassessing the frequency of reporting on matters subject to periodic reporting.

##### 2. Operations of the Board of Directors

- Results of the questionnaire on evaluating the effectiveness of the Board of Directors for the previous fiscal year contained opinions calling for a more appropriate amount of materials for the meetings of the Board of Directors along with early distribution of meeting materials. Such opinions have formed the basis for reassessing volumes of materials for the meetings of the Board of Directors and making qualitative improvements thereof, and also for taking action that includes electronically distributing meeting materials before holding meetings of the Board of Directors, in order to ensure time for preliminary examination of such materials.

##### 3. Effectiveness evaluation method

Results of the questionnaire on evaluating the effectiveness of the Board of Directors for the previous fiscal year contained opinions from Outside Directors urging that question content be reassessed to ensure that it aligns with the Company. Such opinions have formed the basis for reassessing content of the questionnaire and for adding distinctive questions. Moreover, all members of the Board of Directors have exchanged opinions regarding the results, and have accordingly gained a shared understanding of the results and issues going forward.

#### The evaluation results and Initiatives going forward

The results of the evaluation indicate that Kubota Corporation's Board of Directors is functioning effectively, sufficiently exercising both its decision-making function and supervisory function. In particular, the evaluation showed that reporting the progress of important matters and improvement of Board of Directors materials improved from the previous fiscal year. On the other hand, recommendations were provided on securing more diversity of the Board of Directors, as well as improving discussion regarding medium- to long-term growth strategies. Going forward, Kubota Corporation will make improvements based on these results to maximize the utilization of the Board of Directors' supervisory function.

#### [Supplementary Principle 4.14 Director and Audit & Supervisory Board Member Training]

Every year, the Company holds executive forums given by visiting lecturers for all of its Directors, Audit & Supervisory Board Members, and Executive Officers to provide opportunities to acquire and update knowledge necessary for supervising operations.

##### Results of forums for fiscal 2019

Forums were held on four occasions on the themes of environmental quality, crisis management, human rights, and ICT.

The Company also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. Moreover, for Outside Directors, the Company conducts inspections and engages in discussions with on-site executives at the regional offices, and subsidiaries and affiliated companies in Japan and overseas, so that those in attendance can gain a deeper understanding of the Group's business activities and make appropriate management decisions.

##### Results of on-site visits by Outside Directors for fiscal 2019

On-site visits in Japan: conducted twice with a total of two Outside Directors participating in exhibitions  
On-site visits outside Japan: conducted five times with a total of six Outside Directors participating  
Exhibitions of the Company: conducted twice with a total of five Outside Directors participating

For Audit & Supervisory Board Members, meetings attended by the President are regularly held to share management issues, and exchanges of opinion also involving Outside Directors are regularly carried out in order to improve governance.

Results for fiscal 2019

President's meetings: held on four occasions with the President and all five Audit & Supervisory Board Members participating in all of them

Outside Directors' meetings: held on three occasions with all three Outside Directors and all five Audit & Supervisory Board Members participating in all of them

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company, recognizing that constructive dialog with shareholders and investors contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value, regularly stays abreast of the shareholder composition, makes timely and appropriate disclosure of a wide range of information ranging from financial information to non-financial information and promotes constructive dialog with shareholders and investors.

The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors.

Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

General Manager of Planning & Control Headquarters is in overall charge of directing and promoting IR. The department in charge of IR plays a central role in developing its IR activities through organic coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Corporate Communication Dept., CSR Planning Dept., General Affairs Dept. and Legal Dept.

(3) Feedback to management

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers' Meeting, and relevant departments by the President and General Manager of Planning & Control Headquarters as necessary.

(4) Dialog with institutional investors and analysts

The Company holds individual and group meetings, product exhibitions and briefings on business operations, and results briefings with institutional investors and analysts. In addition, the Company discloses the results materials and the results briefings materials in both English and Japanese at the same time, and regularly holds tours and briefings on business operations in Japan and overseas.

(5) Dialog with individual shareholders and investors

The Company aims to promote lively communication through such means as holding on-site factory tours for individual shareholders and inviting them to product exhibitions.

Also, in addition to holding company information sessions for individual investors to provide an opportunity for the President and individual investors to directly engage in dialog, the Company also works on public relations to improve understanding of the Company's business activities through such activities as exhibiting in investor forums.

(6) Policy for insider information management when engaging in dialogue

Insider information, such as any undisclosed material facts, is not conveyed at the meetings with investors. The following section describes the structure and procedures regarding the timely disclosure of the Company information.

1) Financial Information Disclosure Committee

The Company has established the Financial Information Disclosure Committee so as to monitor and control financial information disclosure and, thereby, ensure its fairness, correctness, timeliness, and comprehensiveness. The committee consists of a committee chairperson, who is General Manager of Planning & Control Headquarters; committee members, who are Deputy General Manager of CSR Planning & Coordination Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Corporate Communication Dept., General Manager of Accounting Dept., General Manager of Global Management Promotion Dept., and General Manager of Corporate Auditing Dept.; and observers, who are full-time Audit & Supervisory Board Members. The committee meets periodically in order to draft and assess the Annual Securities Reports (“*Yukashoken Hokokusho*”) and the Quarterly Reports (“*Shihanki Hokokusho*”) pursuant to the Financial Instruments and Exchange Act. And the committee also meets in response to extraordinary events such as important decisions and material facts that must be disclosed immediately.

In accordance with the intent and meaning of fair disclosure rules set out in the Financial Instruments and Exchange Act, the Company takes all reasonable care to avoid selective disclosure of information, such as by simultaneously releasing Japanese and English versions of results briefing materials with attached explanations and the minutes of question and answer sessions via the corporate website, and by working to enhance the timely and fair disclosure of information in order to promote proactive dialogue with investors.

2) Company regulations for information disclosure

The Company has declared that “The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities” in the “Kubota Group Charter for Action” and has stipulated “Appropriate and Timely Disclosure of Corporate Information” and “Prohibition of Insider Trading” in the “Kubota Group Code of Conduct.”

The Company strives to promote awareness and ensure thorough efforts in regard to the “Kubota Group Code of Conduct” and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.

## 2. Capital Structure

|                            |               |
|----------------------------|---------------|
| Foreign Shareholding Ratio | More than 30% |
|----------------------------|---------------|

### [Status of Major Shareholders] updated

| Name / Company Name                                  | Number of Shares Held<br>(thousands of shares) | Percentage (%) |
|--|--|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 113,364,400                                    | 9.31           |
| Nippon Life Insurance Company                        | 62,542,265                                     | 5.12           |
| Meiji Yasuda Life Insurance Company                  | 59,929,501                                     | 4.91           |
| Japan Trustee Services Bank, Ltd. (Trust Account)    | 52,882,800                                     | 4.33           |
| Sumitomo Mitsui Banking Corporation                  | 36,006,000                                     | 2.95           |
| Mizuho Bank, Ltd.                                    | 31,506,000                                     | 2.58           |
| Moxley & Co. LLC                                     | 24,838,818                                     | 2.03           |
| BNYM TREATY DTT 15                                   | 24,688,888                                     | 2.02           |
| Japan Trustee Services Bank, Ltd. (Trust Account 5)  | 21,533,000                                     | 1.76           |
| Japan Trustee Services Bank, Ltd. (Trust Account 7)  | 21,375,000                                     | 1.75           |

|   |      |
|---|------|
| Controlling Shareholder (except for Parent Company) | -    |
| Parent Company                                      | None |

### Supplementary Explanation

-

## 3. Corporate Attributes

|  |                           |
|--|---------------------------|
| Listed Stock Market and Market Section   | TSE First Section         |
| Fiscal Year-End  | December                  |
| Type of Business   | Machinery                 |
| Number of Employees (consolidated)<br>as of the End of the Previous Fiscal Year  | More than 1000            |
| Revenues (consolidated)<br>as of the End of the Previous Fiscal Year             | More than ¥1 trillion     |
| Number of Consolidated Subsidiaries<br>as of the End of the Previous Fiscal Year | From 100 to less than 300 |

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

-

## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

-

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

|                   |  |
|-------------------|--|
| Organization Form | Company with Audit & Supervisory Board |
|-------------------|--|

#### [Directors]

|  |          |
|--|----------|
| Maximum Number of Directors<br>Stipulated in Articles of Incorporation | 10       |
| Term of Office Stipulated in Articles of Incorporation                 | 1 year   |
| Chairperson of the Board <u>updated</u>                                | Chairman |
| Number of Directors  | 9        |
| Election of Outside Directors  | Elected  |
| Number of Outside Directors  | 3        |
| Number of Independent Directors  | 3        |

#### Outside Directors' Relationship with the Company (1)

| Name            | Attribute            | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |
|-----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
|                 |                      | a                              | b | c | d | e | f | g | h | i | j | k |
| Yuzuru Matsuda  | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Koichi Ina      | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Yutaro Shintaku | From another company |                                |   |   |   |   |   |   |   |   |   |   |

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) **updated**

| Name            | Designation as Independent Director | Supplementary Explanation of the Relationships   | Reasons for Appointment  |
|-----------------|-------------------------------------|--|--|
| Yuzuru Matsuda  | ○                                   | —  | Since Mr. Matsuda satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.  |
| Koichi Ina      | ○                                   | —  | Since Mr. Ina satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders.      |
| Yutaro Shintaku | ○                                   | Kubota Corporation has business transactions with KOZO KEIKAKU ENGINEERING Inc., of which Mr. Shintaku currently holds an important post, the transactions are less than 0.01% of consolidated revenue of Kubota Corporation as well as of KOZO KEIKAKU ENGINEERING Inc. | Since Mr. Shintaku satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders. |

Voluntary Establishment of Committee(s) Corresponding to Nomination Advisory Committee or Compensation Advisory Committee

Established

Committee's Name, Composition, and Attributes of Chairperson **updated**

|                       | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|-----------------------|---|---|
| Committee's Name      | Nomination Advisory Committee                   | Compensation Advisory Committee                   |
| All Committee Members | 6   | 5   |
| Full-time Members     | 0   | 0   |
| Internal Directors    | 3   | 1   |
| Outside Directors     | 3   | 3   |
| Outside Experts       | 0   | 0   |
| Other                 | 0   | 1   |
| Chairperson           | None  | None  |

The Nomination Advisory Committee deliberates the nomination of candidates for Directors and the nomination of Advisers over appropriate involvement and advice from the Outside Directors.

The Compensation Advisory Committee deliberates both the consistency of levels of compensation paid to the Directors, Executive Officers and Advisers, and the adequacy of the stock compensation system over appropriate involvement and advice from the Outside Directors.

Composition of Advisory Committees (as of March 1, 2020)

Those in brackets [ ] indicate percentage of attendance.

(From the Ordinary General Meeting of Shareholders held on March 22, 2019 to the Ordinary General Meeting of Shareholders held on March 19, 2020)

(Nomination Advisory Committee: one meeting held)

(Compensation Advisory Committee: three meetings held (including one resolution in writing))

■ Nomination Advisory Committee

| Position                              | Name             | Attendance |
|---------------------------------------|------------------|------------|
| Chairman and Representative Director  | Masatoshi Kimata | [100%]     |
| President and Representative Director | Yuichi Kitao     | [ * ]      |
| Director and Executive Vice President | Masato Yoshikawa | [100%]     |
| Outside Director                      | Yuzuru Matsuda   | [100%]     |
| Outside Director                      | Koichi Ina       | [100%]     |
| Outside Director                      | Yutaro Shintaku  | [100%]     |

\* No committee meetings were held after his appointment on January 1, 2020.

■ Compensation Advisory Committee

| Position  | Name             | Attendance |
|---|------------------|------------|
| Director and Executive Vice President                     | Masato Yoshikawa | [100%]     |
| Managing Executive Officer                                | Kazuhiro Kimura  | [100%]     |
| Outside Director  | Yuzuru Matsuda   | [100%]     |
| Outside Director  | Koichi Ina       | [100%]     |
| Outside Director  | Yutaro Shintaku  | [100%]     |
| (Observer)<br>Outside Audit & Supervisory Board<br>Member | Masaki Fujiwara  | [100%]     |

**[Audit & Supervisory Board Members/Audit & Supervisory Board]**

|  |             |
|--|-------------|
| Establishment of Audit & Supervisory Board   | Established |
| Maximum Number of Audit & Supervisory Board Members<br>Stipulated in Articles of Incorporation | 6           |
| Number of Audit & Supervisory Board Members <b>updated</b>                                     | 5           |

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments

Internal audit departments and Independent Auditors of the Company report audit plans and the results of audits to the Audit & Supervisory Board periodically, and, as needed. Furthermore, the Company has a system for exchanging information between internal audit departments and the Independent Auditors as necessary to make audit activities more efficient.



|  |         |
|--|---------|
| Election of Outside Audit & Supervisory Board Members              | Elected |
| Number of Outside Audit & Supervisory Board Members<br>updated     | 3       |
| Number of Independent Audit & Supervisory Board Members<br>updated | 3       |

#### Outside Audit & Supervisory Board Members' Relationship with the Company (1) updated

| Name            | Attribute            | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |   |   |
|-----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
|                 |                      | a                              | b | c | d | e | f | g | h | i | j | k | l | m |
| Masaki Fujiwara | From another company |                                |   |   |   |   |   |   |   |   |   |   |   |   |
| Kumi Arakane    | From another company |                                |   |   |   |   |   |   |   |   |   |   |   |   |
| Yuichi Yamada   | CPA                  |                                |   |   |   |   |   |   |   |   |   |   |   |   |

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or accounting advisor of the Company or its subsidiaries

c. Non-executive Director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

#### Outside Audit & Supervisory Board Members' Relationship with the Company (2) updated

| Name            | Designation as Independent Audit & Supervisory Board Member | Supplementary Explanation of the Relationships | Reasons for Appointment  |
|-----------------|---|--|--|
| Masaki Fujiwara | ○   | —  | Since Mr. Fujiwara satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged |

|               |   |   |   |
|---------------|---|---|---|
|               |   |   | that there is no risk of a conflict of interest with ordinary shareholders.   |
| Kumi Arakane  | ○ | — | Since Ms. Arakane satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders. |
| Yuichi Yamada | ○ | — | Since Ms. Arakane satisfies the requirements for an independent officer as stipulated by the stock exchange, the Company judged that there is no risk of a conflict of interest with ordinary shareholders. |

**[Independent Directors/Audit & Supervisory Board Members]** **updated**

|   |   |
|---|---|
| Number of Independent Directors/Audit & Supervisory Board Members | 6 |
|---|---|

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company reported to the TSE that all members of the Outside Directors and the Outside Audit & Supervisory Board Members are the Independent Directors and Audit & Supervisory Board Members defined by the TSE.

**[Incentives]**

|                                  |  |
|----------------------------------|--|
| Incentive Policies for Directors | Performance-linked Remuneration and others |
|----------------------------------|--|

Supplementary Explanation

To set the remuneration for the Directors, the Company determines the total amount of Directors' bonuses payments, which are performance-linked remuneration based on the consolidated results, and this amount is then approved at the General Meeting of Shareholders. The Company distributes portions of this total amount to individual Directors based on a comprehensive evaluation in consideration of operating results of the Company and other factors.

Under the new remuneration system, existing bonus remuneration with cash will be paid as a short-term incentive for Directors while the new bonus remuneration with restricted stock will be paid as a medium- to long-term incentive.

|                             |   |
|-----------------------------|---|
| Recipients of Stock Options | - |
|-----------------------------|---|

Supplementary Explanation

-

**[Director Remuneration]**

|  |                    |
|--|--------------------|
| Disclosure of Individual Directors' Remuneration | Selected Directors |
|--|--------------------|

Supplementary Explanation **updated**

| Title   | Number | Total        |
|---|--------|--------------|
| Directors   | 9      | ¥662 million |
| Audit & Supervisory Board Members                               | 2      | ¥71 million  |
| Outside Directors and Outside Audit & Supervisory Board Members | 8      | ¥81 million  |

The Company discloses the remunerations for the Directors who received ¥100 million or more as total consolidated compensation in the Annual Securities Report ("Yukashoken Hokokusho").

|  |             |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the Meetings of the Board of Directors, remuneration for Directors is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders after it has been deliberated on in the Compensation Advisory Committee, which is composed of Outside Directors and internal Directors (three out of five of the members are Outside Directors and meetings are attended by the Outside Audit & Supervisory Board Members as observers), in consideration of the Company's operating results, compensation levels of other companies, and other factors. (Please refer to "I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information 1. Basic Policy [Disclosure Based on the Principles of the Corporate Governance Code] [Principle 3.1 Full Disclosure] (3) Policies and procedures in determining the remuneration of Directors and Audit & Supervisory Board Members" in this report.) In addition, the total amount of bonuses for Directors is decided by the General Meeting of Shareholders.

The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

**[Support Systems for Outside Directors and/or Audit & Supervisory Board Members]**

The Company assigns six employees to support the Outside Directors in performing their duties, and explanations of materials for the Meetings of the Board of Directors are provided beforehand.

The Company has established a system under which Audit & Supervisory Board Members from within the Company and five employees constantly support the audits conducted by the Outside Audit & Supervisory Board Members.

## 2. Matters Related to the Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) **updated**

- The Board of Directors makes company-wide strategic decisions and oversees the execution of duties by the Executive Officers. It consists of nine Directors (three of whom are the Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions with regard to management planning, financial planning, investment, business restructuring and other important management issues.
- The Audit & Supervisory Board oversees and audits the execution of duties by the Directors. It consists of five Audit & Supervisory Board Members (three of whom are Outside Audit & Supervisory Board Members). In addition to its regular monthly Audit & Supervisory Board Meetings, it also meets as and when required, to discuss and make decisions with regard to auditing policy, audit reports, and other matters.
- The Company adopts the Executive Officer System in order to be able to enhance the execution of duties in regions or operation sites and make prompt and proper management decisions. The Executive Officers' Meeting consists of the President and Representative Director (hereinafter the "President") and 36 Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of the execution of their duties.
- The Company has the Management Committee and the Investment Council in place in order to discuss and make decisions with regard to specific and important issues. The Management Committee meets to deliberate important management matters such as investments, loans, and mid-term management plans before they are discussed by the Board of Directors. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as special matters.
- In addition, the Company has a Nomination Advisory Committee (three out of six of the members are Outside Directors) and a Compensation Advisory Committee (three out of five of the members are Outside Directors) in place, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.
- The Company appointed Deloitte Touche Tohmatsu LLC ("DTT") as Independent Auditors of the Company. The certified public accountants (CPAs) belonging to DTT, Mr. Koichiro Tsukuda, Mr. Akihiro Okada, and Mr. Takeshi Ito, audit the financial statements of the Company. In addition, 27 other CPAs, 6 successful candidates of CPAs, and 42 other staff members assist in the execution of the audits as instructed by the above three CPAs.
- Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company enters into Liability Limitation Agreements with each of the Outside Directors and the Outside Audit & Supervisory Board Members, which limit the maximum amount of their liabilities owed to the Company arising in connection with their failure to perform their duties as long as they are acting in good faith and without significant negligence, to the extent permitted by the laws and regulations.

### 3. Reasons for Adoption of Current Corporate Governance System

The organizational form of the Company is a Company with Audit & Supervisory Board.

The Company has appointed three persons, who have a wealth of experience in corporate management and considerable insight, as the Outside Directors.

In addition, the Company also has appointed one independent expert in finance and accounting, and one independent expert in laws as the Outside Audit & Supervisory Board Members.

The supervision system of the Board of Directors, including the Outside Directors, and the auditing system of the Audit & Supervisory Board Members are functioning adequately in monitoring the Company's management. Accordingly, the judgment of the Company is that its current corporate governance system is the most suitable for the corporate management of the Company.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Encourage Active Participation and Discussion at the General Meeting of Shareholders and Smooth Exercise of Voting Rights **updated**

|   | Supplementary Explanation   |
|---|---|
| Early Notification of General Meeting of Shareholders                   | The Company sends the Convocation Notice for the General Meeting of Shareholders three weeks before the date of the meeting.<br>Furthermore, the Company posts the Convocation Notice in Japanese and English on its website and TSE's website four weeks before the date of the meeting. |
| Scheduling General Meeting of Shareholders Avoiding the Peak Day        | The Company avoids the day on which many companies hold meetings of shareholders when it sets the date for its General Meeting of Shareholders.   |
| Allowing Electronic Exercise of Voting Rights                           | The Company adopts a system for exercising voting rights via the Internet and enables shareholders to exercise these rights through their computers.  |
| Participation in Electronic Voting Platform for institutional Investors | The Company enables the use of the electronic voting platform for institutional investors operated by ICJ Corporation.  |
| Providing (Summary) Convocation Notice in English                       | The Company posts the Convocation Notice (including its business report) in English on its website, the TSE's website and the electronic voting platform for institutional investors.   |

## 2. IR Activities **updated**

|   | Supplementary Explanation  | Explanation by the President |
|---|--|------------------------------|
| Preparation and Announcement of Disclosure Policy                   | The Company has established its IR Policy (disclosure policy) and posted it to the corporate website.<br><a href="https://www.kubota.com/company/ir/corporate/policy/">https://www.kubota.com/company/ir/corporate/policy/</a>   | -                            |
| Regular Investor Briefings for Analysts and Institutional Investors | <p>[Fiscal year-end results briefings]<br/>The President presents the basic management policy and priority measures at the fiscal year-end results briefings.</p> <p>[Interactive dialogue with institutional investors and analysts]<br/>The Company has approximately 320 individual and group meetings per year with institutional investors and analysts. In addition, the Company holds a product observation tour and a briefing on business operations in January, a results briefing for the year-end in February, and a results briefing for the first half in August. Furthermore, the Company regularly conducts tours of its domestic factories and overseas subsidiaries, etc. and briefings on business operations.</p> <p>[Events for individual shareholders and private investors]<br/>The Company is making aggressive efforts to establish communication and trust with individual shareholders and private investors. Such efforts include factory tours for individual shareholders, corporate information sessions by the President for private investors, and participating in investor forums.<br/>Please follow the link below ("Information for Private Investors") for details.<br/><a href="https://www.kubota.co.jp/ir/sh_info/personal/index.html">https://www.kubota.co.jp/ir/sh_info/personal/index.html</a><br/>(in Japanese)</p> | With                         |
| Regular Investor Briefings for Overseas Investors                   | General Manager of Planning & Control Headquarters, who is the Director and Senior Managing Executive Officer, participates in conferences held for overseas investors two or more times a year.   | Without                      |
| Posting of IR Materials on the Company Website                      | The Company posts earning releases, presentation materials, <i>the KUBOTA REPORT</i> , annual securities report, materials of the Ordinary General Meeting and other information on its website.<br>English : <a href="http://www.kubota.com/company/ir/index.html">http://www.kubota.com/company/ir/index.html</a><br>Japanese: <a href="http://www.kubota.co.jp/ir/index.html">http://www.kubota.co.jp/ir/index.html</a>   | -                            |
| Establishment of Department and/or Manager in Charge of IR          | IR Group, Global Management Promotion Dept.  | -                            |

### 3. Measures to Ensure Due Respect for the Interests of Stakeholders updated

|  | Supplementary Explanation   |
|--|---|
| Stipulation of Internal Rules for Respecting the Interests of Stakeholders | All employees in the Group share the corporate philosophy “Kubota Global Identity” which was established to manifest corporate attitudes, the Company’s promises to society, and the missions of the Group. Furthermore, the Group will contribute to its stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, the Group is aiming for the ongoing synergistic development of itself and society.   |
| Implementation of Environmental Activities, CSR Activities, Etc.           | <p>The Company has established CSR Planning &amp; Coordination Headquarters and aggressively promotes social contribution activities in the areas of food, water, and the environment. (These activities include the KUBOTA e-Project, support and reconstruction of areas affected by natural disasters, and other activities.)</p> <p>As part of CSR management, the Company positions global environmental conservation measures as a top management priority. The Company also sets mid-term targets and works toward the achievement of them as an “Eco-First Company” certified by Japan’s Ministry of the Environment.</p> <p>These activities are disclosed in the “KUBOTA REPORT” (a business and CSR report) on its website.</p>  |
| Development of Policies on Information Disclosure to Stakeholders          | In the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct,” the Group states that it discloses the proper corporate information about business management, business operations, and other matters in a timely and appropriate manner in accordance with related laws and regulations, and promotes proactive communication with its broad stakeholder base, including shareholders and investors, consumers, employees, and local communities. Through this disclosure, the Group fulfills its responsibilities for transparency and accountability in corporate activities.   |
| Other Measures   | <p>Diversity and creating a vibrant workplace</p> <p>- Promoting diversity as a priority commitment</p> <p>As a business group operating on a global scale, the Group considers recognizing diverse values and ways of thinking and having multiple viewpoints as essential for its sustainable growth.</p> <p>As the start for promoting diversity of personnel, the Company has thus far worked on achieving the full potential of women in its organization, actively making efforts to (1) increase the number of new women recruits, (2) improve the work environment so as to encourage women to continue working, and (3) create more opportunities for women’s personal development.</p> <p>Based on the importance of the diversity of personnel (in terms of gender, age, disabilities, nationality, sexual orientation, gender identity and more) of the Company, the Company will continue its aims to further improve the work environment so that each and every employee can demonstrate his or her abilities to the fullest. In addition, the Company aims to be a corporation where employees provide even greater mutual support to one another with regard to childcare, nursing of aged or ailing family members, and other situations that could hinder employees from performing at their best in the workplace.</p> <p>Please follow the link below (“Promoting Diversity Management among Personnel”) for details.</p> <p><a href="http://www.kubota.co.jp/csr/office/diversity.html">http://www.kubota.co.jp/csr/office/diversity.html</a> (in Japanese)</p> |

|  |   |
|--|---|
|  | <p>- Signatory to the Women's Empowerment Principles (WEPs) (July 2012)<br/>The Women's Empowerment Principles (WEPs) are a set of principles developed jointly by the UN Global Compact and UN Women in March 2010. The principles set out ways of creating workplace and social conditions to fully harness the potential of women in corporate activities. The Group supports the principles, becoming a signatory in July 2012. By signing up to these principles, the Group positions gender equality and women's empowerment at the core of business management and commits to implementing voluntary measures to achieve those goals.</p> <p>- Working on promotion of women's participation and advancement in the workplace<br/>The Company has provided various support to help women build their career advancement, such as supporting participation in external forums and establishing internal groups to encourage interaction among female employees. In fiscal 2018, the Company held leadership training courses for female employees with the potential to become future leaders, and ran training courses to help women who have been on childcare leave return to the workplace.</p> <p>- Securing a work-life balance<br/>The Company encourages employees to use their paid leave days, particularly from the standpoint of maintaining their mental and physical health, preventing excessively long working hours and securing a good work-life balance. (employees used 94.0% of their annual paid leave for fiscal 2019).<br/>Also, the Company has instituted job systems that enable both female and male employees to take childcare leave easily and work a reduced schedule, (since 2009 the Company has received "Kurumin Mark" certification, which recognizes the Company's efforts in creating workplace environments and labor conditions that allow employees to balance work and child-raising commitments with peace of mind. In 2017, the Company also received a special prize in the Osaka Mayor's Awards for its role as a Leading Company with Actively Participating Women in Osaka City). In addition, the Company has introduced a "Re-entry assistance" system that enables some employees, who retired previously from the Company out of necessity when it became difficult to balance work with their home life, to have the opportunity to return to work at the Company.</p> <p>- Maintaining and enhancing mental health<br/>Based on the Safety and Health Guidelines of the Kubota Group, the Company has formulated the Kubota Mental Health Improvement Targets, which specify objectives and goals that need to be undertaken in order to realize them. Based on these targets, the Company's aim is to prevent mental health issues from arising, and detecting those that do at the earliest possible stage, from the perspectives of self-care and line-care.</p> <p>- Creating employment and supporting the creation of working environments for persons with disabilities<br/>The Group is engaged in the employment of persons with disabilities aimed at self-reliance support mainly at its special subsidiaries* (Kubota Works Co., Ltd. (established in July 2002), Kubota Sun-Vege Farm Co., Ltd. (established in February 2010)).<br/>Kubota Works Co., Ltd. mainly engages in business that involves providing cleaning services at its business sites as well as printing business cards and documents. Kubota Sun-Vege Farm Co., Ltd. engages in the hydroponic</p> |
|--|---|



|  |  |
|--|--|
|  | <p>cultivation of safe and reliable vegetables with the aim of achieving coexistence with local communities and putting idle farmland to use. It furthermore puts the vegetables to use in Company cafeterias, sells them within the Company, and also sells them at supermarkets in Osaka Prefecture.</p> <p>Moreover, Group company Kubota Staff Corporation promotes job creation which involves actively hiring people with disabilities to help provide outsourcing services such that include computer data entry and other office work.</p> <p>(* Special subsidiaries: Subsidiaries whose management has given special consideration to hiring people with disabilities with the aim of promoting employment of people with disabilities and achieving consistent employment)</p> <p>- Initiatives related to sexual minorities including LGBT<br/>Won “work with Pride Silver2019”</p> <p>The Company won the “Silver” rating in the "PRIDE Index 2019" for assessing initiatives of corporations and organizations carried out in relation to people in the LGBT community and other sexual minorities, established by the voluntary association, work with Pride. Accordingly, the Company received the award in recognition of its comprehensive initiatives taken to develop workplaces that empower a diverse range of human resources regardless of sexual orientation and gender identity. Specifically, such initiatives have included espousing the Kubota Group policy of embracing sexual orientation, gender identity and other differences among individuals and posting it to the corporate website, and also implementing training sessions and other educational activities that help employees gain a proper understanding of LGBT issues.</p> |
|--|--|

#### IV. Matters Related to the Internal Control System

##### 1. Basic Policy on Internal Control Systems and the Progress of System Development

The Company has set and is implementing the following 10 systems to ensure the appropriateness of our business operations.

The Company partly revised these systems at the Meetings of the Board of Directors held on May 12, 2015.

1. System to ensure that Directors and employees perform their duties in compliance with laws and regulations, and the Articles of Incorporation

As the basis of this system to ensure that the Directors, the Executive Officers and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Company has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct” to be observed by all Directors, the Executive Officers and employees of the Company and its subsidiaries.

Under the Company-Wide Risk Management Committee, the department in charge designated for each category of management risks (hereinafter referred to as the “department in charge”) undertakes such activities as education and training to promote compliance with laws and ethical norms, and performs internal audits.

In addition, based on the operational regulations of “Operation of the Whistle Blowing System,” the Company has set up the “Kubota Hotline,” a service function for in-house whistle blowing and consultation that is based on rules to protect whistle blowers. The aim of this system is to discover at an early stage any improper conduct that infringes on laws or other regulations and to prevent such infringements from occurring.

2. System related to the safekeeping and management of information regarding the Company Directors’ execution of duties

The Company properly holds in custody and controls information on the execution of duties by the Directors and Executive Officers in accordance with its in-house rules and regulations, which include the “Regulations on Custody of Documents” and other items. The Company also maintains a system for making such documents available for examination, as necessary.

3. Rules and regulations on the management of risks of losses and other systems

The Company manages risks of compliance, environment, health and safety, disasters, quality, and other matters relating to the performance of business operations of the Group as a whole by having departments in charge or committees under the control of the Company-Wide Risk Management Committee provide internal rules and regulations, manuals, and other guidelines to respond to the risks of the Group as a whole.

In order to respond to new risks arising in the Group, the Company-Wide Risk Management Committee will determine the department in charge, and the new risks will be managed by the said department.

4. System to ensure the efficient execution of duties by Directors

The Board of Directors decides management execution policies, matters set forth in laws and regulations, and other important matters regarding management, while also overseeing the execution of duties by the Directors and Executive Officers.

At the Executive Officers’ Meeting, the President and Representative Director gives directions and information to the Executive Officers about policies and resolutions decided by the Board of Directors. The progress of execution of their duties is reported to the President and Representative Director by the Executive Officers.

The Company enhances its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and Representative Director and other Executive Officers, to decide important management matters. The Company also implements multifaceted deliberations in the “Investment Council,” mainly consisting of the Executive Officers in charge of administrative departments, to discuss other important investment projects. The results of these discussions are reported to the Board of Directors or the like to enhance the effectiveness of the system, in accordance with the operational regulations of “Operation of the Management Committee and Investment Council.”

5. System to ensure proper business operations within the Group, consisting of the Company and its subsidiaries

(a) To create a Group-Wide control environment, the Company has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct,” and the philosophies contained in this charter and code of conduct are shared throughout the Group. To ensure proper business operations of the Group, the Company sets its in-house rules and regulations and establishes proper internal control systems. The status of the design and operation of internal control systems related to management risks, including the internal control systems over financial reporting, is audited by the internal auditing department, and departments in charge, after self-audits performed by each department of the Company and its subsidiaries, and the results of such audits are reported to the Directors in charge, the Chairman of the Company-Wide Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.

(b) The Company manages its subsidiaries in accordance with the subsidiary management regulations it has established in order to maintain the appropriateness of their operations. The subsidiaries report the status of their business and the execution of the duties of their executives to the department in charge at the Company. The Company emphasizes the business connections between the subsidiaries and the operating divisions of the Company and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. The Company then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

6. System for Directors and employees to report to Audit & Supervisory Board Members and other systems related to reports to Audit & Supervisory Board Members

The Company has established a system for the Directors, the Executive Officers and employees of the Company, and the Directors, the Executive Officers, and employees of subsidiaries to report the following matters to the Audit & Supervisory Board Members without delay. This is in addition to the matters that need to be reported in accordance with laws and regulations. Persons who have reported to the Audit & Supervisory Board Members will not be treated disadvantageously as a result of making their reports.

(a) Matters that could affect the Company’s management;

(b) Contents of internal audits performed by the internal auditing department and departments in charge;

(c) Contents of whistle blowing revealed through the “Kubota Hotline”; and

(d) Other matters requested by the Audit & Supervisory Board or Audit & Supervisory Board Members

7. Matters related to employees who are requested to assist Audit & Supervisory Board Members in their duties

The Company has established the Office of Audit & Supervisory Board Members and assigns employees to exclusively support the Audit & Supervisory Board Members in performing their duties.

8. Matters related to the independence of the employees, as defined in Item 7. above from Directors and matters related to ensuring the effectiveness of the instructions given by Audit & Supervisory Board Members to those employees.

The employees defined in Item 7. above fully comply with the instructions given by the Audit & Supervisory Board Members and assist the Audit & Supervisory Board Members in their execution of the duties. Furthermore, the assignment and evaluation of the employees defined in Item 7. are made after consultation and agreement between the Director in charge of the Human Resources Department and the Audit & Supervisory Board Members.

9. Policy related to the processing of expenses incurred in the execution of the duties of Audit & Supervisory Board Members

To pay the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members, the Company prepares a budget each year and also processes the payment smoothly based on the requests from the Audit & Supervisory Board Members for the processing of any emergency or incidental expenses, or repayments incurred in their execution of the duties.

10. Other systems to ensure effective audits by Audit & Supervisory Board Members

- (a) The President and Representative Director of the Company has meetings with the Audit & Supervisory Board Members periodically, and, as needed, exchanges views on matters that the Company must deal with, the improvement of audit environments, and other issues.
- (b) The Audit & Supervisory Board Members explain their audit policies and audit plans to the Board of Directors, and the Directors make efforts to improve communication with the Audit & Supervisory Board Members to enhance the exchange of information and establish effective cooperation with the Audit & Supervisory Board Members.

## **2. Basic Policy on Eliminating Antisocial Forces**

### **1. Basic policy on eliminating antisocial forces**

The Company issued its code entitled "Elimination of Relationships with Antisocial Elements" as part of the "Kubota Group Code of Conduct." The Company also posts it on its website and makes it public both inside and outside the Company.

#### **"Elimination of Relationships with Antisocial Elements"**

"We take a strong stance against antisocial elements and groups that threaten the order and safety of society and cooperate with the police and other organizations to ensure the thorough elimination of any relationships of such elements and groups. We never respond to improper requests made by these antisocial elements."

### **2. Status of development of the system**

- (a) The Company has established CSR Planning & Coordination Headquarters and has created a framework for the promotion of compliance with laws and regulations through cooperation with Corporate Compliance Dept., Legal Dept., and Corporate Auditing Dept. The Company also reviews the donations and memberships in other organizations and monitors the advertising and promotional expenses.
- (b) The Company participates in the regional activities and the meetings held by the Osaka Prefectural Center for the Elimination of Boryokudan (Criminal Elements), the Osaka Countermeasure Association, and other groups, and strives to eliminate antisocial forces.
- (c) The Company distributes the "Kubota Group Code of Conduct" portable card to all employees in the Group, and encourages them to carry it with them at all times.

## V. Other

### 1. Adoption of Anti-Takeover Measures

|                                    |             |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
|------------------------------------|-------------|

Supplementary Explanation

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### 2. Other Matters Concerning to Corporate Governance System **updated**

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