

# Relationships with Business Partners

## Procurement

### Procurement Policy

The following explains Kubota's basic approach to materials procurement in its business activities.

#### Basic approach to materials procurement

**1. Providing fair opportunities**

We provide opportunities for competition among all of our business partners in a fair and equitable manner.

**2. Economical rationality**

When selecting a business partner, we make a full evaluation on the material quality, reliability, delivery timing, price, technology and development capability, proposal ability, and business stability, etc. of that partner, and then select the best business partner based on a suitable set of criteria.

**3. Mutual trust**

We establish relationships of trust with our business partners and also aim for mutual development.

**4. Social trust**

We are committed to ensuring adherence to all relevant laws and regulations when making procurement deals. We will also ensure the confidentiality of our business partners' confidential information that we have gained through our procurement deals.

**5. CSR procurement**

We promote CSR procurement, while paying close attention to compliance with laws and regulations, occupational health and safety, human rights (including addressing the issue of conflict minerals), environmental conservation, symbiosis with society, and information disclosure in a timely and appropriate manner.

**6. Green procurement**

We are committed to the procurement of products with a reduced environmental impact from business partners that engage in environmental activities, as part of our commitment to providing society with products that are friendly to global and local environments.

### Promoting CSR Procurement Based on Established Guidelines

Customers are becoming increasingly aware of what goes on in the entire supply chain that creates products and services.

For this reason, Kubota has established the Kubota Group CSR Procurement Guidelines, based on the belief that it is necessary to have a common understanding of CSR with its major business partners in order to engage in collaborated efforts. By requesting business partners to submit a consent form indicating their intention to observe the terms of these guidelines, Kubota is encouraging its business partners' initiatives that target safe work practices, respect for human rights, and other important factors.

#### The Kubota Group CSR Procurement Guidelines

1. Winning Customer Satisfaction
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
3. Respecting Human Rights
4. Building up a Safe and Vibrant Work Environment
5. Conserving the Global and Local Environment
6. Achieving Symbiosis with International and Local Societies
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability



Click here for the Kubota Group CSR Procurement Guidelines.

[www.kubota.com/sustainability/society/procure/data/csrprocure\\_english.pdf](http://www.kubota.com/sustainability/society/procure/data/csrprocure_english.pdf)

## Self-Assessments of CSR Procurement

Since FY2018 we have requested our major suppliers in Japan to conduct a self-assessment of CSR procurement. We provide feedback to each company after clarifying where improvements can be made. For items returning a low score, we ask our suppliers to voluntarily make improvements. We also provide support on improving CSR procurement by meeting with or visiting companies, if deemed necessary based on the self-assessment results. In FY2020 we asked around 170 major suppliers in Japan to conduct a self-assessment. We began requesting similar self-assessments of our overseas bases in 2020 as well.

## Handling of Conflict Minerals

### Policy on conflict minerals

Tantalum, tin, tungsten and gold, and their derivatives (“conflict minerals”) produced in the Democratic Republic of the Congo and its adjoining countries are the source of funds for armed insurgents, who have repeatedly committed inhumane acts in these countries. This is a major social issue of concern related to human rights, the environment, etc. in the supply chain.

As a part of its efforts to implement ESG management, Kubota promotes banning the use of conflict minerals, which serve as a source of funds for the armed insurgents, and promptly takes steps to discontinue their use in the unlikely event that it becomes clear they are being so used.

Kubota seeks mutual understanding regarding this issue with its business partners, which are a part of the supply chain, and requests their cooperation in surveys and audits conducted by Kubota.

### Activities

#### Written Inquiry

We use a conflict minerals reporting template (CMRT) to mainly confirm whether our suppliers are using conflict minerals, to identify smelters, and to gauge what kind of initiatives they are employing to address the issue of conflict minerals. We endeavor to improve the accuracy of the information we receive by asking our suppliers to resubmit the report if their answers are insufficient. In FY2020, 100% of the templates we sent out were returned.

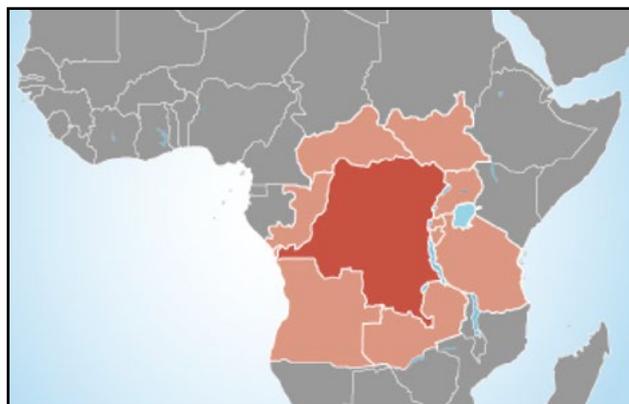
#### Addressing Risks

For suppliers that do not have a conflict minerals procurement policy in place, we request that they establish one. Furthermore, we carry out additional investigations and conduct due diligence on suppliers we deem to be high risk.

#### Response Unit

Guided by our policy on conflict minerals, our activities are implemented company-wide through the Committee for Conflict Minerals, which comprises members from the ESG Management Division and Procurement Division.

#### Democratic Republic of the Congo and Adjoining Countries



- Democratic Republic of the Congo
- Neighboring countries
  - Republic of South Sudan
  - Republic of Uganda
  - Republic of Rwanda
  - Republic of Burundi
  - United Republic of Tanzania
  - Republic of Zambia
  - Republic of Angola
  - Republic of Congo
  - Central African Republic

## Promoting Optimal Regional Procurement and Supplier Quality/Productivity

Procurement at overseas production bases has risen sharply in parallel with the rapid globalization of business.

The Kubota Group promotes optimal procurement in every region through the establishment of a global supply system. Moreover, the Group unites with major global suppliers to promote systematic improvement activities for the purpose of strengthening competitiveness by improving quality and productivity.

Kubota holds a Kubota Supplier Technical Skills Competition to improve the skill level of its suppliers. Moreover, the annual Kubota Kaizen World Cup has also been held since 2015 to vitalize improvement activities. In this World Cup, suppliers selected from various regions around the world present their company's successful improvement cases as they compete for the status of World Champion.

Throughout the entire supply chain, Kubota will continue its efforts to make the Kubota brand trusted and appreciated by its customers around the world.



Kubota Supplier Technical Skills Competition (April 2019)



Kubota Kaizen World Cup (January 2020)

## Information Security Measures Kubota Requests its Business Partners to Implement

In promoting CSR management, Kubota requests its business partners that share confidential information with Kubota Corporation and its subsidiaries and affiliates (the Group) to implement certain information security measures. The Company's information security measures are discussed below.

Through proper management of confidential information, we will realize stable business continuity, thereby aiming for the ongoing synergistic development of the Group, business partners, and society. We would like to ask for your further understanding and cooperation.



Information Security Measures Standards for Business Partners

Japanese version [www.kubota.co.jp/sustainability/society/data/SecurityStandardjp.pdf](http://www.kubota.co.jp/sustainability/society/data/SecurityStandardjp.pdf)

English version [www.kubota.co.jp/sustainability/society/data/SecurityStandarden.pdf](http://www.kubota.co.jp/sustainability/society/data/SecurityStandarden.pdf)



Information Security Measures Standards for Business Partners Check Sheet

Japanese version [www.kubota.co.jp/sustainability/society/data/SecurityStandard\\_CheckSheetjp.xlsx](http://www.kubota.co.jp/sustainability/society/data/SecurityStandard_CheckSheetjp.xlsx)

English version [www.kubota.co.jp/sustainability/society/data/SecurityStandard\\_CheckSheeten.xlsx](http://www.kubota.co.jp/sustainability/society/data/SecurityStandard_CheckSheeten.xlsx)

## Green Procurement

For the purpose of providing products that are friendly to global and local environments, the Kubota Group is seeking to procure products with reduced environmental impact from ecofriendly suppliers. In order to proactively promote these activities, the Kubota Group presents its policies on green procurement to suppliers through the Group's Green Procurement Guidelines, asking for their understanding and cooperation.

The Green Supplier Award System was launched in 2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation. The awards are presented every year.

We also ask suppliers to check for the inclusion of any chemical substances in order to comply with the regulations of each region, including the EU's RoHS Directive and REACH regulation.



Click here for the Green Procurement Guidelines.

[www.kubota.com/sustainability/environment/procure/](http://www.kubota.com/sustainability/environment/procure/)



Click here for details of the Green Procurement activities.