

# Kubota

For Earth, For Life

## KUBOTA REPORT 2011 Business and CSR Activities



**KUBOTA Corporation**

We protect the environment of this beautiful earth.  
We support the prosperous life of human forever.

# For Earth, For Life

We Kubota promise the above as a business group that challenges

global problems of food, water, and the environment.

Providing products, technologies and services that nurture the global environment and fulfil mankind's basic needs, the KUBOTA Group is engaged in a business of high social significance.

Taking as our watchwords "food," "water" and the "environment," those essentials for human existence, the KUBOTA Group is committed to contributing to the development of society and the conservation of the global environment. We are also committed to serving and nurturing human beings.

We are a corporate group that has a vision.

We are a corporate group that empowers young people to take up new challenges on an ongoing basis. That is the kind of corporate group we want to be. The kind of corporate group we want to continue to be.



**Yasuo Masumoto**  
Representative Director, Chairman, President & CEO

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## The KUBOTA DNA, passed down for 120 years

Ever since KUBOTA was founded in 1890, we have continuously endeavored to address society's issues through the skilled manufacturing of products that raise the quality of people's lives, and underpin the social infrastructure.

KUBOTA started out by manufacturing and selling cast metal. It was with the desire to protect people from cholera and other infectious diseases that Gonshiro Kubota, the founder of KUBOTA, set about the development of iron pipes to advance systems to provide clean water. Ever since then, the KUBOTA Group has contributed to the development of society through products, technologies and services that nurture the global environment and fulfill mankind's basic needs.



In those days, when it was generally supposed to be impossible for water pipes to be manufactured in Japan, KUBOTA's founder showed a tenacious spirit, persevering for many years in research aimed at doing just that. In 1900, he succeeded becoming the first-ever mass-producer of water pipes in Japan.

## Our responsibility as a company engaged in business that is profoundly connected with conservation of the global environment

As an "Eco-First Company," KUBOTA sees conserving the global environment as the most important of its business management tasks, and engages in business that helps to solve environmental problems.

Profoundly connected with solving global environmental problems, the KUBOTA Group's business runs the gamut from effluent purification (an outgrowth of KUBOTA's water business) and waste recycling devices, to helping agriculture achieve symbiosis with natural ecosystems. In May 2010, having made the "Eco-First Commitment" to the Japanese Environment Minister, pledging to set itself targets and carry out measures relating to environmental conservation, KUBOTA was officially approved as an "Eco-First Company."



Terraced rice fields do more than simply produce crops: they also conserve water and prevent landslides, as well as providing a habitat for various living things. Walk-behind-type rice transplanters developed by KUBOTA are helping rice-farming to continue in the hilly and mountainous areas of Asia.

→ For more detailed information, please refer to "Environmental Report" on p.41.

**Based on management principles that have remained the same since it was founded, KUBOTA continues to contribute to the development of society and the conservation of the global environment.**

**Contributing to  
through our  
global society  
corporate activities**



Being a company that helps address issues in the areas of food, water and the environment, KUBOTA pursues CSR management.

# Making CSR our management policy

## Aiming to be a company worthy of society's respect

KUBOTA takes CSR even further, ensuring that, as a corporate citizen, its actions live up to society's expectations at all times.

In order to practice our corporate principle of "social contribution through corporate activities," the KUBOTA Group pursues CSR management. In other words, our management is based on a commitment to ensure that as a corporate citizen, KUBOTA's actions live up to society's expectations at all times. Besides helping to solve global problems in the areas of food, water and the environment through our business, we engage in management initiatives aimed at delivering satisfaction to the diverse parties with whom the KUBOTA Group interacts, earning the respect of society, and being a company that inspires high expectations.



A UNESCO World Heritage Site, the Rice Terraces of the Philippine Cordilleras have been dubbed "stairways to heaven," which is what they resemble when seen from a distance. In order to conserve this site, KUBOTA helped in a project whereby a small hydroelectric power plant was built, and the revenue obtained by selling the power thus generated is being put to good use. The mountainous terrain makes it difficult to use heavy machinery, so KUBOTA's own PVC pipes, judged to be easier to transport and utilize, were employed in the challenging construction work.

## The KUBOTA e-Project: the actions of a responsible corporate citizen

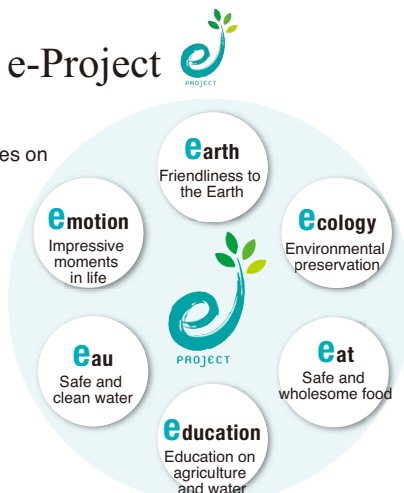
KUBOTA, together with its stakeholders, is engaged in ongoing social contribution projects aimed at solving problems in the areas of food, water and the environment.

Being seen to enjoy the support of its various stakeholders can help a company to sustain its corporate activities. What is more, engaging in social contribution initiatives aimed at "creating a sustainable society," while enjoying the understanding and cooperation of its stakeholders, is also a very important corporate activity. The KUBOTA Group is engaged, along with its stakeholders, in a social contribution initiative named "the KUBOTA e-Project," aimed at solving problems in the areas of food, water and the environment, all of which are essential to human life.

### The KUBOTA e-Project

The KUBOTA e-Project focuses on what we call the Six "e"s.

The photograph on the left shows the first well completed in Bijapur district, Karnataka, India in late July 2010 with KUBOTA's support, under the Plan for Construction of Wells in India implemented under the overseas water resources/ infrastructure improvement project forming part of the e-Project. In FY2011, KUBOTA supported the installation of three wells.



For more detailed information, please refer to "Contributing to Local Societies" on p.39.

# Expanding our business globally

Through the skilled manufacturing of high-quality products that underpin the social infrastructure, KUBOTA is helping to create better living conditions worldwide.



## KUBOTA's business makes a global contribution

Ranging from agricultural machinery to water and environment systems products, along with social infrastructure products, KUBOTA products support daily life all over the world in all sorts of fields.

KUBOTA products support daily life all over the world. Our tractors and other agricultural machinery are used in food production. We make ductile iron pipes, pumps and other equipment and systems used in providing stable water supplies. Our environmental facilities recycle sewage and waste. Our plant equipment underpins the steelmaking, petrochemical and many other industries. We make construction machinery, as well as steel pipe piles and other groundsills used to underpin urban infrastructure. We make air-conditioning equipment for large-scale facilities, which contributes towards the quality of people's lives.

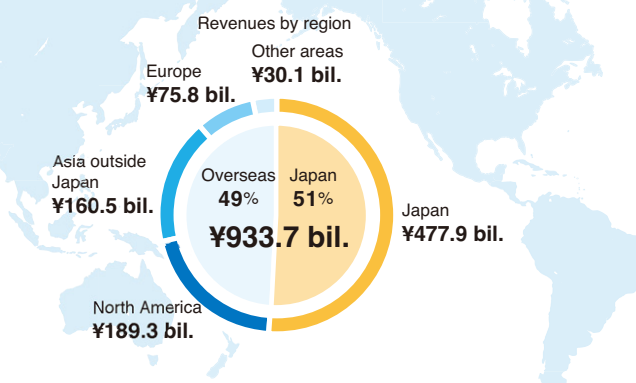


KUBOTA's "Submerged membranes," developed for waste water treatment, have now been installed at waste water and sewage treatment plants worldwide. (Photo: A waste water treatment plant in an industrial park, where submerged membrane units have been installed.)

## Skilled manufacturing of world-class quality

By sustaining the same spirit of skilled manufacturing ever since our company was established, and by providing high-quality products that have earned the world's trust and appreciation, we are speeding up our overseas business expansion.

Overseas revenues now make up almost 50% of KUBOTA's consolidated revenues. This is undoubtedly because we have sustained the same spirit of skilled manufacturing ever since our company was founded. Outstanding quality is something that the whole world appreciates, and the fact that our products underpin the social infrastructure brings added responsibility. Through skilled manufacturing of high-quality products that the world trusts and appreciates, the KUBOTA Group is going to take its overseas expansion even farther, making an extensive contribution to global society.



→ For more detailed information, please refer to "Economic Report" on p.17.

**In the future, as in the past,  
KUBOTA will contribute to  
society in general through  
our corporate activities.**

A handwritten signature in black ink, reading "Y. Masumoto".

**Yasuo Masumoto**

Representative Director, Chairman, President & CEO



On March 11 this year, Eastern Japan was struck by an earthquake of unprecedented size. We would like to offer our condolences to the bereaved, and our deepest sympathies to all victims of the disaster.

Ever since our foundation, KUBOTA has been supported by people in all parts of Japan, and we believe in looking after our supporters. So, when the disaster occurred, we promptly launched initiatives aimed at relief and reconstruction. Besides praying for the swiftest possible reconstruction of the stricken area, the whole of the KUBOTA Group is continuing to muster its collective power and undertaking various practical endeavors.

I would now like to report the result of operation for the year ended March 31, 2011.

## Review of operations

### **In the midst of adversity, we succeeded in raising our revenue and our profits by increasing our overseas revenues and cutting costs on a group-wide basis.**

The conditions that surrounded us were changing with a steadily increasing harshness. The yen had undergone a sharp surge in strength: having traded at more than 90 yen to the dollar for the last year or so, it suddenly rocketed up to a historical high of almost 80 yen to the dollar. In addition to this, the KUBOTA Group had to contend with the rising prices of raw materials. Then, in the run-up to the end of the fiscal year, the whole of the Japanese economy was plunged into adversity in the form of the Great East Japan Earthquake.

The main factors that made up for these adversities were our increased overseas revenues, supported by the worldwide economic recovery, and our group-wide progress in cutting costs. As a result, we managed to secure revenues on a par with the previous fiscal year, and to steadily increase our profits as well.

In fact, looking at our domestic figures alone, besides the downward trend in sales of agricultural machinery and of products serving demand from the public sector, there was also a decrease in revenues due to the earthquake, and our revenues were lower than the previous fiscal year. Nevertheless, as the economic recovery continued to gain ground in North America and Europe, our revenues showed solid growth. Also, despite the leveling-off in the speed of growth in sales of agricultural machinery due to, among other things, the effect of the

unseasonable weather in Asia outside Japan, we continued to record a year-on-year upward trend in our revenues.

Consequently, revenues increased ¥3.0 billion (0.3%), to ¥933.7 billion from the prior year. Operating income increased ¥16.4 billion (23.5%), to ¥86.1 billion from the prior year due to an increase in overseas revenues in Farm & Industrial Machinery segment and company-wide cost reduction. Income before income taxes and equity in net income of affiliated companies increased ¥17.8 billion (24.2%), to ¥91.3 billion due to an increase in operating income and other income. Net income attributable to KUBOTA Corporation was ¥54.8 billion, ¥12.5 billion (29.5%) higher than the prior year.

## Initiatives to be tackled by the KUBOTA Group

### **We will adhere to our basic management policies, and consolidate our strengths in research and development (R&D) and manufacturing.**

Going forward, the KUBOTA Group will continue to adhere to the basic management policies it has followed to date. One of these is “management emphasizing the front-line of business with focus on technology and manufacturing capabilities.” Strengths in R&D and manufacturing are the core strengths of the manufacturing business, and as we forge ahead with globalization, it is essential that we consolidate these two strengths in order to overcome strong competition and achieve growth in the medium to long term.

Besides focusing its R&D efforts even more tightly on the important themes from a medium- to long-term stand point, KUBOTA has started forging ahead with strategic planning aimed at strengthening our manufacturing with a global perspective. Going forward, we will work harder than ever to identify the fields of technological development we need to focus on, and to acquire advanced technologies. By enhancing the organizational structures that enable us to further improve our product quality and production engineering, we will strive to accumulate manufacturing techniques and proficiency that will keep us ahead of our competitors.

### Further enhancement of the CSR management that underpins our operational expansion and development.

Another basic management policy I would like to mention here is “enhancement of CSR management.” To ensure that KUBOTA continues to grow and develop, we need to make every effort to ensure that our management is profoundly considerate of the development of society and conservation of the global environment: in other words, we need to enhance our CSR management further. Here is what CSR management means to me: instead of taking CSR as a starting point, we start out by striving to be company that serves people, and we aim to develop that company’s business within a sustainable cycle. Doing this consistently will ensure that we grow as a company, and lead us toward performing our social responsibility.

CSR management, whether it be in Japan or overseas, is the fundamental mind-set essential to the expansion and development of any business. This mind-set must permeate every area of management.

Until now, KUBOTA has developed its CSR management with a focus on contributing to the conservation of the earth’s environment, promoting diversity management and strengthening our internal control system. In the future, as well as continuing these themes, we are also going to tackle the new challenge of providing relief for the victims of the Great East Japan Earthquake and assisting recovery in the stricken areas.

### Aiming for globalization as befits a company whose business activities are indispensable to all mankind.

Upholding the basic policies outlined above, the KUBOTA Group will forge ahead with further globalization. Overseas revenues now make up roughly half our total revenues, and if KUBOTA is to achieve further growth, we cannot avoid this hurdle. We aim to promote globalization not just in sales, but in production, R&D, allocation of management resources, business management systems and all other aspects of our business, thus transforming

ourselves from an export-oriented company to a global one.

Kubota is a company engaged in operations indispensable to all human beings on our planet: food, water and the environment. If we look at it this way, then there can never be a bad time for our business, because there will always be some level of need for these things on planet earth. However, in order to expand our business on to a global scale, it will, of course, become increasingly important that we enlist the cooperation of people in many different locations. Bearing this firmly in mind, we are going to start by adapting our working style to suit each location. Then, accurately identifying the new markets and new business potential revealed to us through this process of adaptation, we will plan our global roll-out in a way that is quintessentially KUBOTA.

### 2011 is going to be “year zero” in KUBOTA’s reincarnation as a genuinely global company.

To be precise, we are going to speed up the expansion of our overseas production, the overseas localization of our R&D, promotion of locally-hired persons, and other processes. At the same time, we will press ahead with the creation of an organizational framework for globalizing management resources – people, goods or facilities, and capital – and for investing the collective management resources of our whole group in our operations in each country and region, in a timely manner.

Rather than localizing all aspects of our operations, we will focus on product quality, which is the mainstay of our management. Enlarging our production engineering divisions in Japan, and our other manufacturing-related organizational structures, we will seek to introduce globally-unified superlative manufacturing methods, and then roll these methods out on a global basis. That way, no matter where in the world they are produced, our products will be trusted because they bear the KUBOTA name. The “Made by KUBOTA” label will have real value.

Although our overseas revenues ratio has increased dramatically, KUBOTA is still inclined to transplant its Japanese systems overseas and attempt to apply them, as-is, to its local operations. If we are aiming to achieve truly global management, we must



cease to accord Japan special status, and start seeing it as one of our principal markets. We are now going to look carefully at which systems should only be used in Japan, and which should be implemented overseas. Having resolved to bring about a radical transformation in KUBOTA's management, we are going to forge ahead with reforms. This will bring us solid results: later, when we look back on 2011, we will see it as the "year zero of KUBOTA's globalization."

### **Our efforts towards building new businesses that will support the next-generation KUBOTA are also making steady progress.**

"The enhancement of activities for future business expansion" has also become an important management task. In the past, KUBOTA's overseas business expansion relied on horizontal roll-outs, whereby we adapted existing businesses and products to new overseas markets. Going forward, however, we will be required to plan new, innovative business roll-outs, mainly in the fields of food, water and the environment.

In our farm and industrial machinery related business, for example, in addition to our existing rice-farming agricultural machinery, KUBOTA plans to create a broader range of agricultural machinery, aiming to contribute to food production on a global scale as a comprehensive manufacturer of agricultural machinery.

In our water and environment related business, too, KUBOTA is ramping up the scale of our roll-outs in Asia outside Japan, where markets are promising. To give a couple of examples, in 2010 we set up a Chinese subsidiary of our pump business, and Water & Environment Innovative Research Laboratory to meet needs in emerging nations and elsewhere. In 2011, we also established two Chinese subsidiaries in our water treatment business.

Our efforts will continue in the future. Making use of business experience in Japan, we will be devoting efforts to local marketing and business development, and nurturing new growing businesses that will support KUBOTA in the medium to long term.

### **Directing our energies towards dealing with the aftermath of the Great East Japan Earthquake will be an important task in terms of implementing CSR management.**

Furthermore, mounting an appropriate response to the unparalleled damage wrought by the Great East Japan Earthquake will be one of our most important management tasks this fiscal year.

Immediately after the earthquake, KUBOTA launched its own Countermeasures Headquarters for Reconstruction Assistance and went ahead with providing support to victims of the disaster. Our initiatives were many and various, ranging from monetary donations, donation of 20 items of small-sized construction machinery, to using rice and vegetables from Fukushima at the canteens of our business sites, hiring high school graduates from among the people affected by the disaster, helping to restore lifeline services using our ductile iron pipes, pumps and valves, and providing support for rice-planting. Going forward, we will be rolling out these measures on a continuing basis. At the same time, we will sustain our production capacity in order to supply the products that are necessary for the reconstruction of the disaster areas.

Although the world economy is heading towards recovery, various uncertainties remain, and the situation continues to be unstable. Moreover, the Great East Japan Earthquake has imparted a severe shock to the Japanese economy, and had a major impact on companies' production and sales activities.

The recovery of the Japanese economy is likely to face all sorts of obstacles in the future, and the business conditions surrounding KUBOTA will continue to be unpredictable and harsh. In such circumstances, by steadfastly pursuing the endeavors listed above, KUBOTA aims to achieve long-term growth and development, and to increase its corporate value. We hope to continue receiving your valued support.

# CSR Promotion System — CSR = corporate social responsibility —

## System for implementing CSR management

### Fundamental ideas on CSR management

The KUBOTA Group believes that CSR management is the result of putting into practice our Management Principles to “contribute to the development of society and the preservation of the earth’s environment through its products, technologies, and services that provide the foundation for society and for affluent lifestyles.” This is achieved through earning the satisfaction of the parties with whom KUBOTA is involved, raising corporate value while maintaining a balance between economic, social and environmental values.

#### Principal points regarding CSR management implementation

##### 1. Top management should clearly indicate their stance in regard to CSR management.

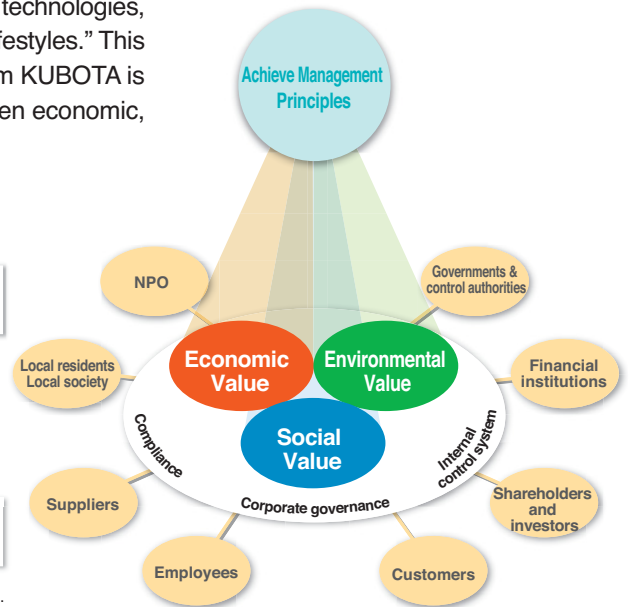
“Enhancement of CSR management” (from our management policies)

1. Implementation of our Medium-Term Environmental Conservation Plan
2. Promoting diversity management
3. Entrenchment of internal control system

##### 2. A “system” used to implement CSR management should be integrated into the company’s management.

1. Ensuring thorough “compliance”
2. Establishing “corporate governance”
3. Introducing and strengthening an “internal control system”

\* For more detailed information, please see p.15–p.16.



#### Principal domains of the KUBOTA Group’s CSR

Helping to solve global problems concerning food, water and the environment through skilled manufacturing, technology and services



#### The KUBOTA Group’s Corporate Principles and Guidelines for Action

##### Corporate Mission Statement

- Work for the development of society by drawing on all our capabilities and know-how to offer superior products and technologies
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees
- Challenge the unknown with creativity and courage

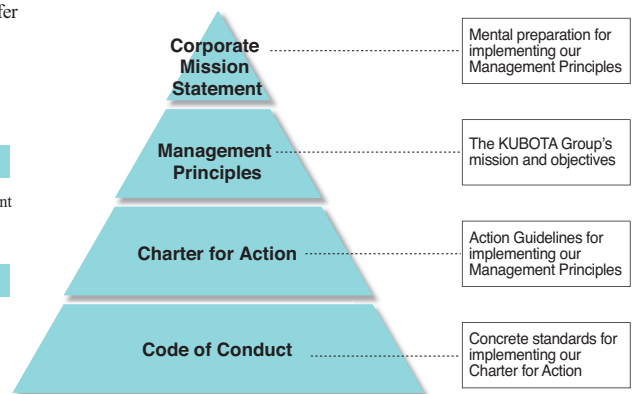
##### Management Principles

The KUBOTA Group contributes to the development of society and the preservation of the earth’s environment through its products, technologies, and services that provide the foundation for society and for affluent lifestyles.

##### Charter for Action \*headings only

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

Note: The Social Report section of this document (pages 29 to 40) is summarized under the Charter for Action.



Details of the Charter for Action and the Code of Conduct are given on our website.

<http://www.kubota-global.net/c-data/conduct.html>

## CSR management percolation activities

The promotion of our CSR management is driven by our employees.

We are rolling out activities aimed at raising individual employees' awareness of CSR.

### We implemented a CSR Management Study Workshop where KUBOTA employees could mingle with experts from outside the group.

On March 22, 2011, a CSR Management Study Workshop was held at KUBOTA head office. The 24 participants, mainly department heads and key staff members from departments involved in preparing the CSR Report, received valuable advice from Mr. Takashi Fukushima, President of Sustainability Accounting Co., Ltd. (SusA), on future trends in CSR management and CSR reports.



CSR Management Study Workshop with an outside expert

### We implemented a program to encourage employees throughout KUBOTA to read our CSR report.

Over a period of roughly three months from July through September 2010, CSR Report Reading Workshops were held at various business sites and workplaces, attended by a collective total of 9,100 participants. On average, five workshops were held at each workplace. Participants gained an up-to-date understanding of KUBOTA's CSR management, and compared notes regarding best practice for the future.

### We held a Group Discussion Training Session on Thinking About CSR Management

From November 10 through December 17, 2010, we held a follow-up training sessions for employees who had taken CSR classes in the past under our program of education by employee level. A collective total of 331 employees participated in these sessions. Discussions roughly one hour long were held at tables seating a mixture of employees from various job categories and levels. The themes were "what can KUBOTA do to help solve global problems relating to food, water and the environment?" and "what can KUBOTA do to become a company with a vision that encourages personal development and a culture of endeavor?". Lively debates ensued.



Group Discussion Training Session on Thinking About CSR Management

## CSR awards and accolades

KUBOTA's CSR initiatives have also received recognition from local communities in the form of CSR awards.

Furthermore, KUBOTA is included in the major SRI (socially responsible investment) indexes.

### KUBOTA was elected by local communities to receive the Semi-Grand Prix at the CANPAN CSR Awards 2010

In November 2010, KUBOTA was awarded the Semi-Grand Prix at the CANPAN CSR Awards organized by the Nippon Foundation. Each year, a shortlist of candidate companies is drawn up by judges from the Nippon Foundation, and the award-winners are then elected by members of local communities, who cast their votes online. Winning this award therefore reflected the appreciation of local communities for KUBOTA's commitment to help solve global problems relating to food, water and the environment, and our related initiatives.

### KUBOTA is included in the major SRI (socially responsible investment) indexes.

Dow Jones & Company



Morningstar Japan K.K.



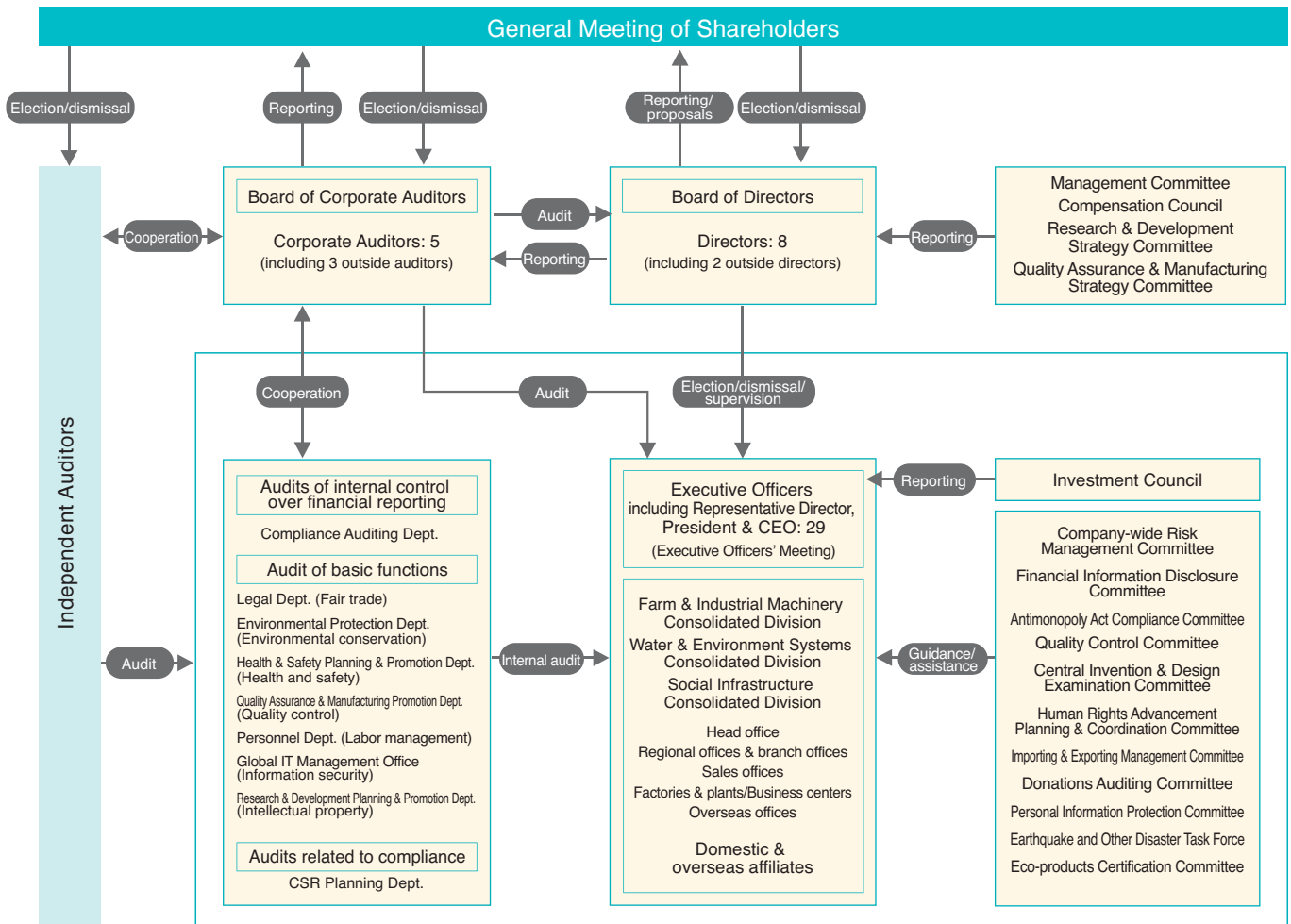
The awards ceremony at the CANPAN CSR Awards 2010, where prizewinners are elected by local communities

# CSR Promotion System

## Corporate governance structure

In order to speed up our response to management conditions and achieve enhanced transparency in management, etc., we have adopted the following corporate governance structure.

Corporate governance structure (as of June 24, 2011)



### Board of Directors

The Board of Directors makes strategic decisions and oversees the execution of duties by Directors and Executive Officers. It is made up of eight Directors (two of whom are Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions relating to management planning, financial planning, investment, business restructuring and other important management issues.

### Board of Corporate Auditors

KUBOTA is a company with auditors. The Board of Corporate Auditors consists of five Corporate Auditors (of whom three are outside auditors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions regarding auditing policy and other matters. As an independent body with the mandate of the shareholders, the Corporate Auditors audit the execution of duties by Directors.

### Executive Officers' Meeting

KUBOTA has adopted the executive officer system. The Executive Officers' Meeting consists of the Representative Director, President & CEO (referred to below as "the President") and the Executive Officers. In addition to its regular monthly board 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 execution of duties.

### Independent Auditors

KUBOTA has appointed Deloitte Touche Tohmatsu LLC as independent auditors.

## Thorough compliance

For more detailed information, please see p.33.

Having established a CSR Planning & Coordination Headquarters and appointed an Executive Officer for that body, KUBOTA is pursuing thorough compliance. To ensure thorough compliance with the Antimonopoly Act, we have set up an Antimonopoly Act Compliance Committee in our operational divisions, and established education and auditing systems in each division. To minimize compliance risks, “education and enlightenment,” “prior consultation” and “auditing

activities” are undertaken within the internal control system, mainly in committees and relevant departments in charge of risk management throughout our group. Additionally, we have set up an internal reporting system (the KUBOTA Hotline), and are making efforts towards early detection and inhibition of violations and unethical behavior.

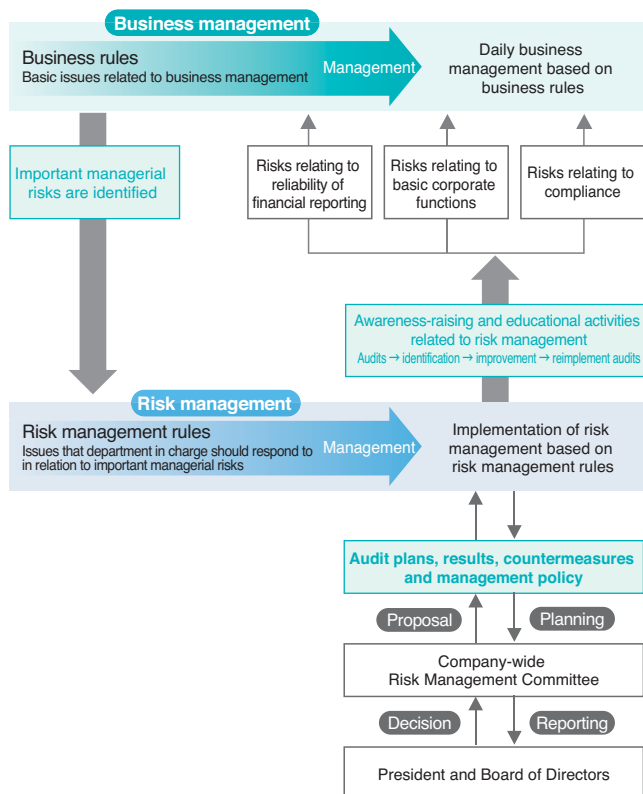
## Internal control system

The KUBOTA Group’s internal control system consists of “business management” (running the business on the basis of rules) and “risk management” (managing the principal risks involved in management). In our internal control system, the principal risks involved in the management of KUBOTA are classified into the following three categories.

- (1) Risks relating to the reliability of financial reporting
- (2) Risks relating to basic corporate functions such as fair trade, environmental conservation, health and safety, etc.
- (3) Risks relating to compliance, such as observance of equipment-related statutes and import and export control, etc.

In order to avoid these risks, in addition to ongoing education, training and information distribution carried out by the relevant departments, audits are carried out on our operational divisions, and the results, along with measures scheduled for the following fiscal year, are reported to the President and the Board of Directors. In this way, KUBOTA carries out a risk management PDCA cycle.

Internal control system



Risks and departments in charge

Risk description	Department in charge	Auditing department
<b>Internal control concerning reliability of financial reporting</b>		
Reliability of financial reporting	Finance & Accounting Dept., Compliance Auditing Dept.	Compliance Auditing Dept.
<b>Internal control concerning basic corporate functions</b>		
Fair trade	Legal Dept.	Legal Dept.
Environmental conservation	Environmental Protection Dept.	Environmental Protection Dept.
Health and safety	Health & Safety Planning & Promotion Dept.	Health & Safety Planning & Promotion Dept.
Quality control	Quality Assurance & Manufacturing Promotion Dept.	Quality Assurance & Manufacturing Promotion Dept.
Labor management	Personnel Dept.	Personnel Dept.
Information security	Global IT Management Office	Global IT Management Office
Intellectual property	Research & Development Planning & Promotion Dept.	Research & Development Planning & Promotion Dept.
<b>Internal control concerning compliance</b>		
Compliance with equipment-related statutes	Quality Assurance & Manufacturing Promotion Dept.	CSR Planning Dept.
Earthquake and disaster control	General Affairs Dept.	
Compliance with the Construction Business Law		
Human rights promotion	Human Rights Advancement Dept.	
Safe operation control	General Affairs Dept.	
Prevention of illegal payments	CSR Planning Dept.	
Confidential information control		
Personal information protection	Legal Dept.	
Import and export control (including security trade control)	Quality Assurance & Manufacturing Promotion Dept.	
Compliance with logistics-related laws		

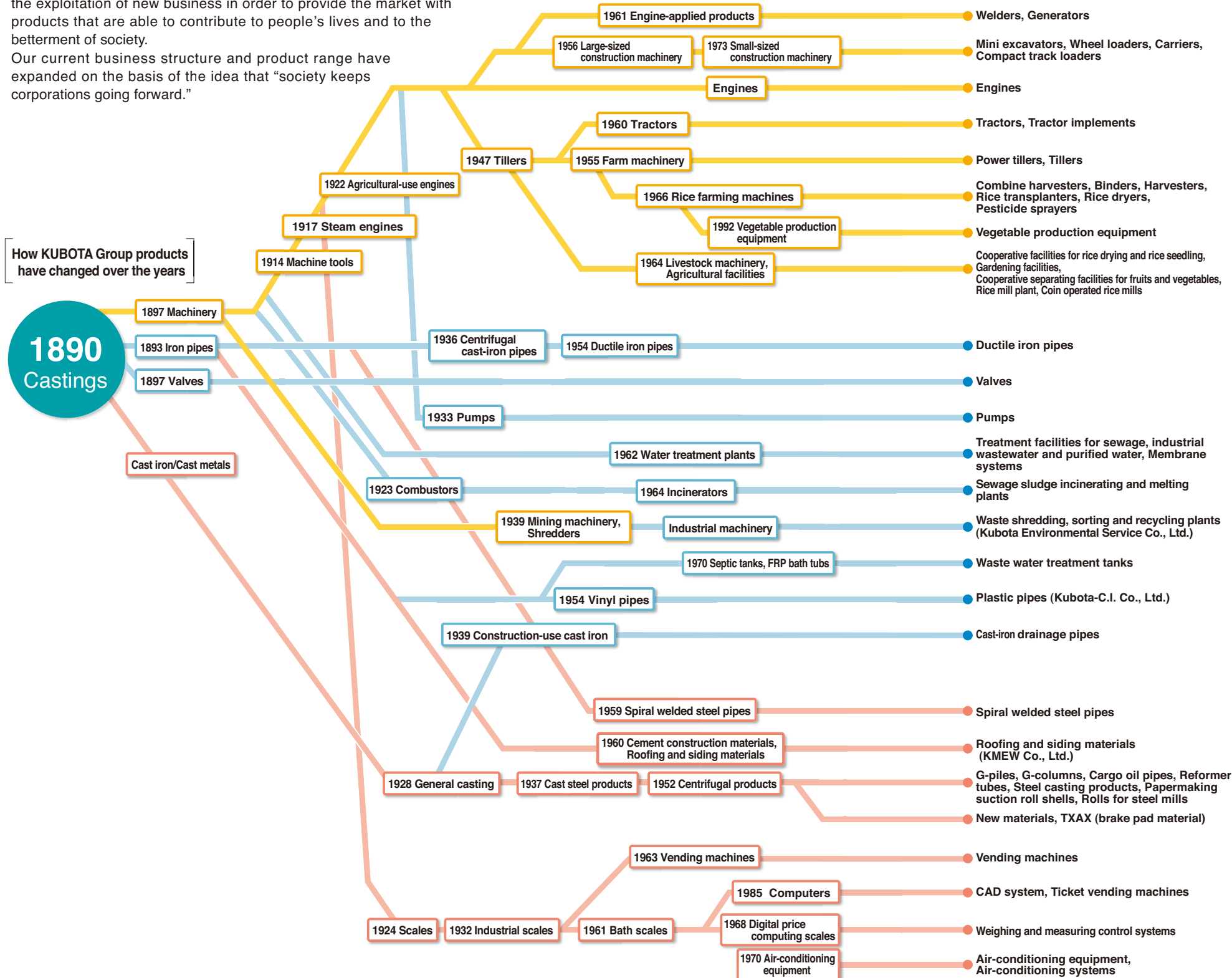
# Economic Report

## KUBOTA Group Profile

Ever since our foundation, the KUBOTA Group has continued to expand our business operations and to provide products, technology and services that can underpin prosperous lifestyles and social infrastructure.

With the starting point for our business lying in the manufacture and sale of castings, KUBOTA has constantly engaged in technical innovation and the exploitation of new business in order to provide the market with products that are able to contribute to people's lives and to the betterment of society.

Our current business structure and product range have expanded on the basis of the idea that "society keeps corporations going forward."



### Farm & Industrial Machinery segment p.21

Making machinery for agriculture, construction, and daily lives that are friendly to people and the earth.



### Water & Environment Systems segment p.23

Delivering safe and quality water to people all over the world as well as contributing to the preservation of the global environment.



### Social Infrastructure segment p.25

Supporting the foundations indispensable for social development and contributing to the creation of pleasant living environments.



### Other segment p.25

Consolidating safe and secure social infrastructure and providing a variety of services that underpin business operations.



# Performance Report of KUBOTA Group

## Results of operations for the year ended March 31, 2011

For the year ended March 31, 2011, revenues of the Kubota Group increased ¥3.0 billion (0.3%), to ¥933.7 billion from the prior year.

In the domestic market, revenues in Farm & Industrial Machinery, Water & Environment Systems and Social Infrastructure decreased due to weak demand for farm equipment and public works related products as well as the effects of the Great East Japan Earthquake. As a result domestic revenues decreased ¥23.8 billion (4.7%), to ¥477.9 billion from the prior year.

In overseas markets, revenues increased ¥26.8 billion (6.2%), to ¥455.8 billion from the prior year. While revenues in Water & Environment Systems, Social Infrastructure and Other decreased, revenues in Farm & Industrial Machinery steadily increased due to increases in revenues in North America and Europe supported by sustained economic recovery. The ratio of overseas revenues to consolidated revenues was 48.8%, 2.7 percentage points higher than the prior year.

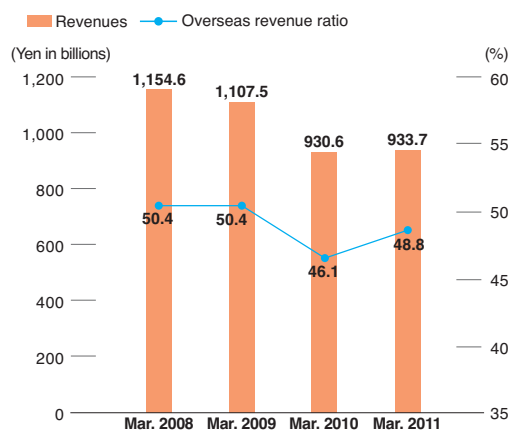
Operating income increased ¥16.4 billion (23.5%), to ¥86.1 billion from the prior year. While operating income in Water & Environment Systems, Social Infrastructure and Other decreased, operating income in Farm & Industrial Machinery increased. Income before income taxes and equity in net income of affiliated companies increased ¥17.8 billion (24.2%), to ¥91.3 billion due to an increase in operating income and other income. Income taxes were ¥30.7 billion (representing an effective tax rate of 33.6%), and equity in net income of affiliated companies was ¥0.5 billion. Accordingly, net income increased ¥13.2 billion (27.6%), to ¥61.1 billion. After deducting ¥6.3 billion of net income attributable to the noncontrolling interests, net income attributable to KUBOTA Corporation was ¥54.8 billion, ¥12.5 billion (29.5%) higher than the prior year.

Although the KUBOTA Group sustained damage to several plants and sales facilities located in the Kanto region and northward due to the Great East Japan Earthquake, the damaged sites were promptly repaired and resumed business activities. The KUBOTA Group started various activities to render assistance to the victims and to reconstruct the affected areas right after the occurrence of the earthquake.

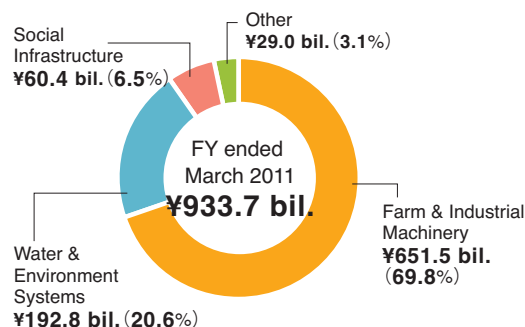
### Driving Globalization: Creating a structure for the management of regional business operations

We are working on creating a structure for managing our business operations on a regional basis in order to proceed further along the path of globalization. The KUBOTA Group has hitherto operated a product-specific divisional system as the basis for our business operations. However, with the gradual expansion of our global business operations, there is a growing need for region-specific coordination functions that allow for an immediate response to changes in the market. In the future we intend to establish organizations with authority and responsibility in each region and to manage our operations with the product-specific divisional system located on the vertical axis and the region-specific coordination system located on the horizontal axis. We hope to make it possible for the group as a whole to share all the experience and expertise accumulated in the past by individual divisions and to ensure that business can be conducted in a speedy manner. It was with this aim in mind that we set up a regional headquarters in China in May 2011.

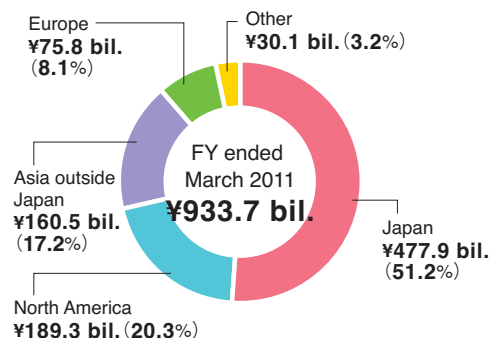
### Revenues



### Revenues by segment



### Revenues by region



As used in this report herein, "domestic" refers to Japan unless the context otherwise indicates.

	Unit	Mar. 2008	Mar. 2009	Mar. 2010	Mar. 2011
Revenues	Billion ¥	1,154.6	1,107.5	930.6	933.7
Operating income	Billion ¥	136.9	102.8	69.7	86.1
Operating margin	%	11.9%	9.3%	7.5%	9.2%
Income before income taxes*1	Billion ¥	122.6	83.3	73.5	91.3
Net income attributable to KUBOTA Corp.	Billion ¥	68.0	48.1	42.3	54.8
Total assets	Billion ¥	1,464.3	1,385.8	1,409.0	1,356.9
Shareholders' equity	Billion ¥	648.1	578.3	626.4	634.9
Shareholders' equity to total assets	%	44.3%	41.7%	44.5%	46.8%
Interest-bearing debt	Billion ¥	363.0	401.1	403.1	354.0
Debt equity ratio*2	-	0.56	0.69	0.64	0.56
Net cash provided by (used in) operating activities	Billion ¥	90.1	-22.6	119.1	81.9
Free cash flow*3	Billion ¥	54.4	-55.5	92.5	54.5
EPS*4	¥	52.80	37.68	33.28	43.11
BPS*5	¥	506.09	454.60	492.51	499.24
ROA*6	%	4.6%	3.4%	3.0%	4.0%
ROE*7	%	10.4%	7.8%	7.0%	8.7%
Capital investments	Billion ¥	35.2	33.3	26.0	24.0
Depreciation	Billion ¥	30.1	30.5	28.9	26.5
R&D expenses	Billion ¥	24.8	26.3	25.2	25.0

\*1 Income before income taxes = Income before income taxes and equity in net income of affiliated companies

\*2 Debt equity ratio = Interest-bearing debt / Shareholders' equity

\*3 Free cash flow = Net cash provided by (used in) operating activities – Purchases of fixed assets

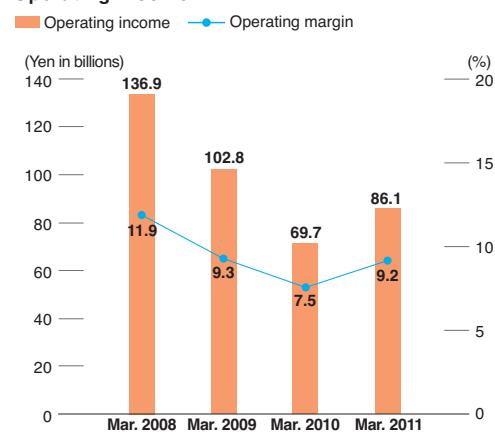
\*4 EPS = Net Income attributable to KUBOTA Corp. / Weighted average number of common shares outstanding

\*5 BPS = Shareholders' equity / Number of common shares outstanding as of each balance sheet date

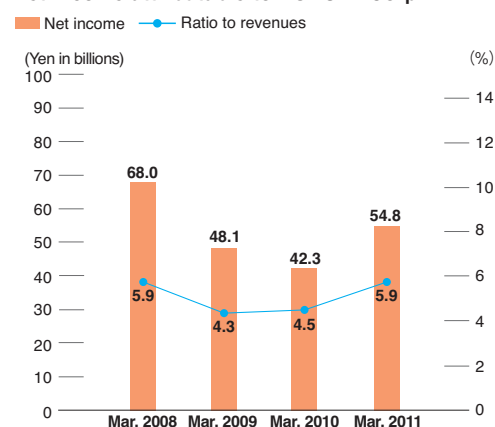
\*6 ROA = Net income attributable to KUBOTA Corp. / Total assets (average of beginning and end of fiscal year)

\*7 ROE = Net income attributable to KUBOTA Corp. / Shareholders' equity (average of beginning and end of fiscal year)

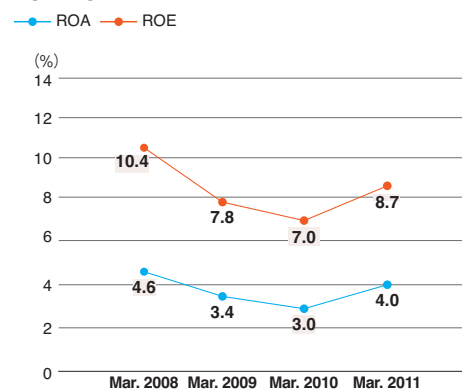
### Operating income



### Net income attributable to KUBOTA Corp.



### ROA · ROE







# Farm & Industrial Machinery

## Review of operations for the year ended March 31, 2011

Farm & Industrial Machinery comprises farm equipment, engines and construction machinery.

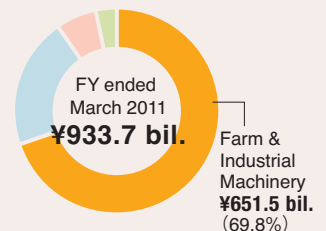
Revenues in this segment increased 5.6%, to ¥651.5 billion from the prior year, comprising 69.8% of consolidated revenues.

Domestic revenues decreased 1.4%, to ¥226.4 billion. In the domestic market, demand for farm equipment was sluggish due to weakening motivation for buying farm equipment affected by the price slump of rice and an absence of governmental subsidies for leasing agricultural machinery which was implemented in the prior year. Moreover, the Great East Japan Earthquake had a negative impact on demand for farm equipment. Accordingly, sales of farm equipment remained at a lower level. On the other hand, sales of construction machinery and engines increased largely due to an upturn in demand.

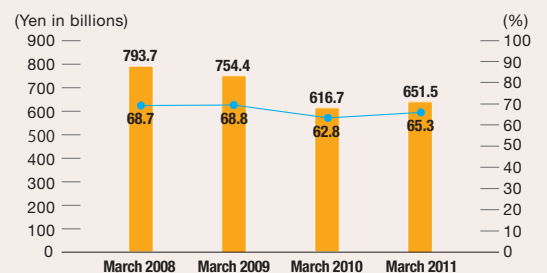
Overseas revenues increased 9.8%, to ¥425.1 billion. In North America, sales of tractors and construction machinery increased as a result of aggressive sales promotion activities. Sales of engines also increased largely supported by favorable demand. In Europe, sales of construction machinery and engines increased substantially due to a rapid recovery in demand, while sales of tractors decreased. In Asia outside Japan, although the growth rate of sales of farm equipment slowed down mainly affected by unseasonable weather, sales of construction machinery largely increased.

Operating income in this segment increased 43.0%, to ¥86.5 billion due to increased overseas revenues and cost reductions.

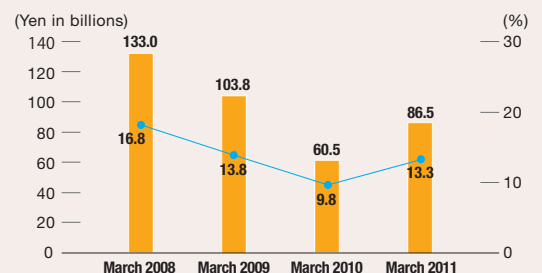
Revenues by segment



Revenues & overseas revenue ratio



Operating income & operating margin



## Agriculture: A worldwide growth industry

Rapid population increase and climate change are likely to render the problem of food shortage ever more acute in the future. Agriculture has become an area of major worldwide growth because of the demand for significantly higher levels of food production. On the basis of this awareness the KUBOTA Group is engaged in the manufacture of agricultural machinery with a view to long-term growth. Our previous business activities along these lines have been concerned primarily with agricultural machinery for rice farming, but we now intend to contribute to increased worldwide food production by making our mark as a manufacturer of agricultural machinery of all kinds. We are making inroads into many different types of crops and are getting actively involved in emerging markets. Our business operations are aimed at establishing the name KUBOTA as that of a manufacturer of agricultural machinery used for cultivation and harvesting worldwide.



KUBOTA's conventional-type combine harvester enjoys wide popularity in Asia

## Expansion of overseas production

The KUBOTA Group is rapidly expanding its local production especially in Asia outside Japan in order to promote further globalization. Following on from the tractor plant that entered into operation in 2009, a combine harvester plant and a plant for the production of casting components for tractors and engines went into full-fledged operation in 2011 in Thailand. We are also building in Thailand a plant for production of vertical type diesel engines. Once these plants become fully operative, Thailand will become our second largest production base after Japan. We expect to see these plants emerge as important centers not only for our business operations within Thailand but also in the context of our market strategy for Southeast Asia as a whole. Production of rice transplanters and combine harvesters is expanding rapidly in China too, and we are moving ahead with building a plant there with a view to starting production of construction machinery, which is another category currently undergoing dramatic growth, at the start of 2012.

By encouraging the localization of our business operations through expansion of local production, we hope to be able to reduce foreign exchange risk and to bolster our cost competitiveness with the aim of winning through amidst global competition.



Casting component plant of SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)

## Emerging as a major presence in the new area of haulage equipment

The development of new product categories is an important part of the KUBOTA Group's growth strategy. We have previously been active in the field of construction machinery, with our business focusing especially on mini-excavators. Within this field we are now making major inroads into the area of small haulage machines and have launched our crawler-type compact track loader (CTL) on the North American market. In North America loading and haulage machines as typified by the small 4-wheel track skid steer loader (SSL) have become increasingly popular and now constitute a major market in their own right. Although there was a sharp fall in demand for haulage equipment in the aftermath of the Lehman shock, we can expect to see solid recovery in demand in the future. CTLs of the crawler type have grown more and more popular in recent years because of their safety, mobility and lifting capacity over irregular and sloping terrain in comparison with four-wheel SSLs. The launch of CTLs will enable KUBOTA to open up new areas of business and to strengthen yet further our identity as a comprehensive manufacturer of small construction machinery in the global market.



Compact track loader



# Water & Environment Systems

## Review of operations for the year ended March 31, 2011

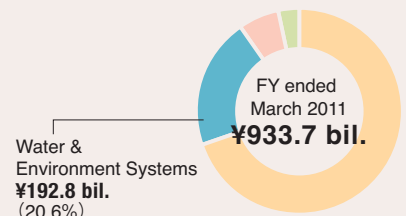
Water & Environment Systems comprises pipe-related products (ductile iron pipes, plastic pipes, valves, and other products) and environment-related products (environmental plants, pumps and other products).

Revenues in this segment decreased 13.5%, to ¥192.8 billion from the prior year, comprising 20.6% of consolidated revenues.

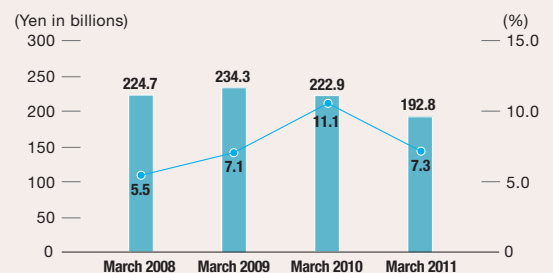
Domestic revenues decreased 9.8%, to ¥178.7 billion. Sales of pipe-related products such as ductile iron pipes and plastic pipes decreased substantially due to sluggish demand. Sales of environment-related products also decreased mainly due to a decrease in sales of products related to water and sewage treatment, and waste treatment. Overseas revenues decreased 43.3%, to ¥14.1 billion, due to substantial sales declines of ductile iron pipes and pumps.

Operating income in this segment decreased 33.5%, to ¥13.1 billion due to decreased revenues and price hike of raw materials.

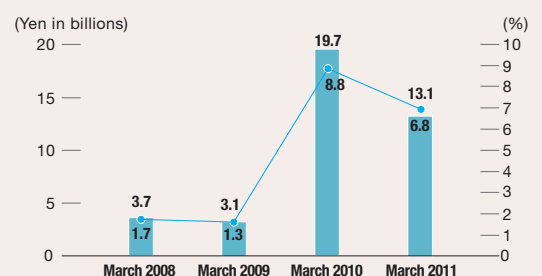
Revenues by segment



Revenues & overseas revenue ratio



Operating income & operating margin



## Operations of water and environment related business in Asia outside Japan

Asian countries outside Japan are likely to see a rapid increase in population and in the concentration of populations in urban areas in the future. The KUBOTA Group intends to make use of its extensive experience gained through the building of social infrastructure in Japan to develop its water and environmental operations in Asia outside Japan in the medium to long terms.

With the main target in Asia outside Japan set on the water and environment related market in China, we established a subsidiary in 2010 which manufactures and distributes pumps, and in 2011 we set up two further subsidiaries to work in the field of water treatment engineering. Water shortages caused by increased water consumption and water pollution due to unregulated emissions of everyday and industrial effluents have become serious problems in China recently as the unwanted byproducts of population increase and economic development. Effective use of water resources and improvements in the quality of final effluents are pillars of the environmental measures that form part of China's 12<sup>th</sup> Five-Year Plan due to get under way this year. Through its new subsidiaries the KUBOTA Group intends to develop operations closely linked to local conditions in order to contribute to the solution of China's water problems.

### Foundation of the Water & Environment Innovative Research Laboratory

The KUBOTA Group set up a Water & Environment Innovative Research Laboratory in 2010 as part of an organizational structure intended to respond to the needs of the water and environment related market, which is expanding especially in Asia outside Japan. The Laboratory is engaged in research and development on software related to processes and systems. Together with the Environmental Equipment R&D Center, which is responsible for the design and development of equipment and hardware, the Laboratory will underpin production and business in the operational departments.

In the water and environment related business, the Laboratory is focusing on technical issues rooted in local overseas needs while constantly looking for innovatory technical ideas that will stand at the forefront of long-term social trends and engaging in forward-looking research activities. By applying the results of these activities to business operation in collaboration with the operational departments, the idea is to expand business overseas and to give rise to new business. Such activities will also serve to strengthen the core technology possessed by the operational departments.

### New products for the Japanese domestic market: Development of GENEX, new earthquake-resistant pipes with a 100-year lifespan

The KUBOTA Group has developed and launched new earthquake-resistant pipes named "GENEX" with a 100-year lifespan for the Japanese domestic market.

The total length of water pipes in Japan is approximately 610,000 kilometers. The lifespan of ductile iron pipes for waterworks has traditionally been considered to be 40 years, but the rate at which water pipes are being replaced is around 1% a year due to the financial difficulties being experienced by local government authorities. This means that in many cases pipes are being used for durations in excess of their legally prescribed lifespan. This particular product is expected to remain in service for more than a hundred years in 95% of Japanese environments outside mountainous areas. This is made possible by the special paint made from zinc alloy which covers the surface of the pipe and prevents corrosion once the pipe has been buried. Theoretically these pipes can continue to be used safely even if the current replacement level of 1% a year is maintained.

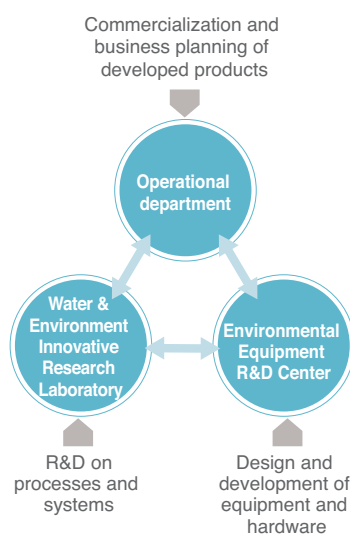
As well as raising earthquake resistance above previous levels, improvements in workability resulting from altering the shape of the pipe joint sections have made it possible to reduce the total cost involved in laying pipe conduits.



Submerged membrane unit introduced onto the Chinese market



Anhui Kubota Sanlian Pump Co., Ltd.



New earthquake-resistant pipes "GENEX"



Cracking coils used in an ethylene plant

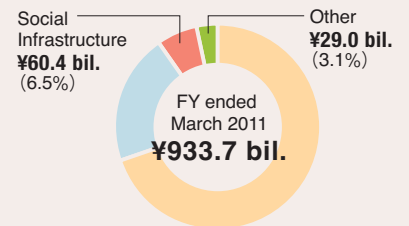


# Social Infrastructure

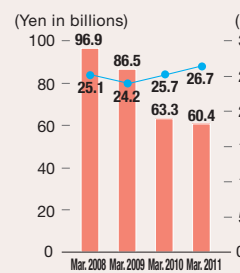
## Review of operations for the year ended March 31, 2011

Social Infrastructure comprises industrial castings, spiral welded steel pipes, vending machines, electronic equipped machinery, and air-conditioning equipment. Revenues in this segment decreased 4.5%, to ¥60.4 billion from the prior year, comprising 6.5% of consolidated revenues. Domestic revenues decreased 5.8%, to ¥44.3 billion. Although sales of electronic equipped machinery and air-conditioning equipment increased, sales of spiral welded steel pipes largely decreased and sales of industrial castings and vending machines also decreased from the prior year. Overseas revenues decreased 0.7%, to ¥16.2 billion due to the sales decline of industrial castings. Operating income in this segment decreased 8.7%, to ¥2.5 billion due to decreased revenues.

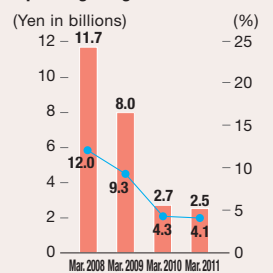
Revenues by segment



Revenues & overseas revenue ratio



Operating income & operating margin

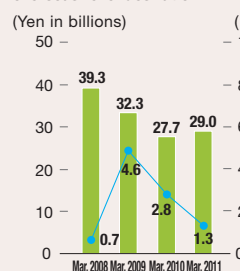


# Other

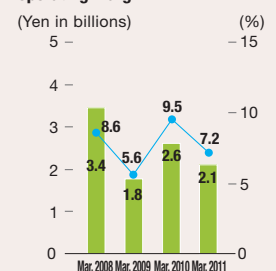
## Review of operations for the year ended March 31, 2011

Other comprises construction, services and other business. Revenues in this segment increased 4.6%, to ¥29.0 billion from the prior year, comprising 3.1% of consolidated revenues, due to an increase in sales of construction and other business. Operating income in this segment decreased 20.3%, to ¥2.1 billion.

Revenues & overseas revenues ratio



Operating income & operating margin



## Global business development in the field of reformer tubes

In the field of steel casting operations, Kubota Saudi Arabia Company, LLC (KSC), a company engaged in the production and marketing of steel castings products that was set up as a joint venture in 2009 with a local Saudi Arabian company, began producing reformer tubes for the petrochemical industry in 2011. We expect that production in Saudi Arabia will be linked not only to business expansion in the Saudi Arabian market, which accounts for around 40% of the demand for reformer tubes in the Middle East, but also to strengthening business in the geographically close regions of Europe and North Africa.

Reformer tubes for petrochemical use are cast steel products used in production processes for chemical compounds such as ethylene and propylene that serve as raw materials for plastic products playing an indispensable role in our everyday lives. KUBOTA's reformer tubes have consistently met with high praise from all over the world, and a global system of production has been built in Japan, Canada and China. The addition of the plant in Saudi Arabia to this lineup means that we have now put together a product supply structure that is more efficient and competitive.



Kubota Saudi Arabia Company, LLC

## Air conditioning operations supporting the Japanese urban environment

Air conditioning operations are concerned with providing an atmospheric environment at comfortable temperature and humidity levels. With the ongoing advance of urbanization, air conditioning is an important part of the social infrastructure along with food and water. As one of Japan's leading manufacturers of central air conditioning systems, the KUBOTA Group supplies air conditioning products that satisfy requirements as regards safety, security and cleanliness and that at the same time are considerate to the environment in terms of energy-saving and reduction of CO<sub>2</sub> emissions. We have supplied comfortable air conditioning systems for installation in high-rise buildings and commercial redevelopments such as Roppongi Hills, Tokyo Midtown and Nihonbashi Mitsui Tower, to international airports such as Haneda, Narita and Kansai, to dome-shaped baseball grounds in Tokyo, Osaka and Fukuoka, and to hotels and other public facilities. KUBOTA's air conditioning systems are being used to create comfortable air-conditioned environments at Osaka Station City, the zone centering on Osaka Station that opened in May 2011. We will also be supplying systems to Tokyo Sky Tree, which is scheduled to open in spring 2012.



Osaka Station City

## Completion of the Project for Flood Protection and Drainage Improvement in Phnom Penh (Phase II) in the Kingdom of Cambodia

Kubota Construction Co., Ltd. has been working on flood protection and drainage measures in Phnom Penh in Cambodia. The work has involved improvement of revetments along the Tonlé Sap River, the construction of new pumping stations and underground reservoirs, and improvement of drainage systems. This project was brought to completion in 2010.

Kubota Construction Co.'s involvement in Cambodia's waterworks operations dates back around 50 years to 1959, when the company received an order on expanding the service waterworks system in Phnom Penh. Since then we have contributed on a long-term basis to improvements in the water environment in Cambodia in forms such as primary urban flood protection and drainage improvements works, together with the works completed on this occasion.

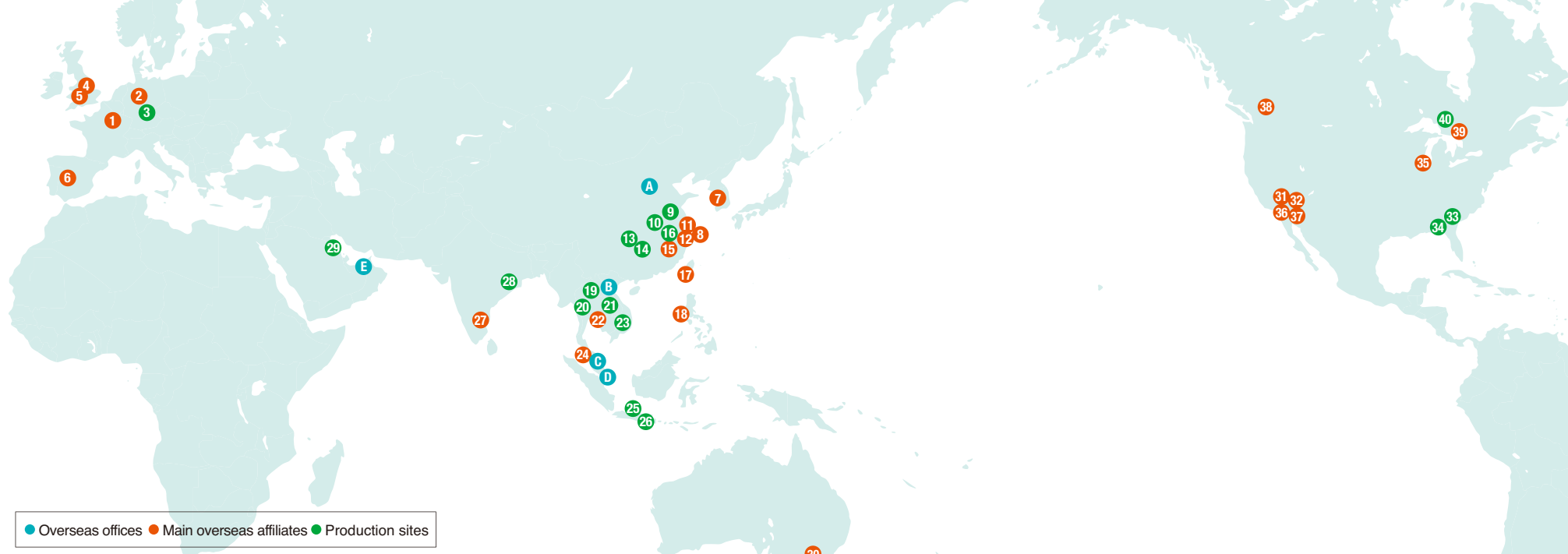


The inauguration ceremony held in September 2010 in the presence of Prime Minister Hun Sen

# The KUBOTA Group Global Network

Backed up by outstanding quality on an international level, the KUBOTA Group is stepping up the pace of business operations overseas through expansion of production bases and other such activities. We intend in the future to further consolidate our global management structure and to continue expanding as a corporate group deemed indispensable by people all over the world.

## The KUBOTA Group's overseas business sites and main overseas affiliates



### Europe

- 1 Kubota Europe S.A.S.**  
Argenteuil, FRANCE  
Sales of tractors, construction machinery, engines, mowers and UVs\*
- 2 Kubota (Deutschland) GmbH**  
Rodgau/Nieder-Roden, GERMANY  
Sales of tractors, engines, mowers and UVs\*
- 3 Kubota Baumaschinen GmbH**  
Zweibrücken Rheinlandpfalz, GERMANY  
Manufacturing and sales of construction machinery
- 4 Kubota (U.K.) Ltd.**  
Oxfordshire, U.K.  
Sales of tractors, construction machinery, engines, mowers and UVs\*
- 5 Kubota Membrane Europe Ltd.**  
London, U.K.  
Sales of submerged membrane
- 6 Kubota España S.A.**  
Madrid, SPAIN  
Sales of tractors, mowers and UVs\*

### Asia & Oceania

- 7 Kubota Korea Co., Ltd.**  
Seoul, KOREA  
Sales of tractors, combine harvesters, rice transplanters, and construction machinery
- 8 Kubota China Holdings Co., Ltd.**  
Shanghai, CHINA  
Regional headquarters in China
- 9 Kubota Agricultural Machinery (SUZHOU) Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing and sales of combine harvesters and other agricultural machinery
- 10 Kubota Construction Machinery (Wuxi) Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing of construction machinery
- 11 Kubota Engine (SHANGHAI) Co., Ltd.**  
Shanghai, CHINA  
Sales of engines
- 12 Kubota Construction Machinery (SHANGHAI) Co., Ltd.**  
Shanghai, CHINA  
Sales of construction machinery
- 13 Kubota Guozhen Environmental Engineering (Anhui) Co., Ltd.**  
Anhui, CHINA  
Plant engineering of membrane bioreactors, and manufacturing and sales of membrane units, for the water treatment market

- 14 Anhui Kubota Sanlian Pump Co., Ltd.**  
Anhui, CHINA  
Manufacturing and sales of pumps
- 15 Kubota Environmental Engineering (Shanghai) Co., Ltd.**  
Shanghai, CHINA  
Plant engineering, and sales of equipment, for the water treatment market
- 16 Jiangsu Biaoxin Kubota Industrial Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing and sales of steel casting products
- 17 Shin Taiwan Agricultural Machinery Co., Ltd.**  
Taliang Shiang Kaohsiung City, TAIWAN  
Sales of tractors, agricultural machinery, mowers, UVs,\* construction machinery and agriculture-related products
- 18 Kubota Philippines, Inc.**  
Quezon City, PHILIPPINES  
Sales of tractors, combine harvesters, rice transplanters, engines, power tillers, etc.
- 19 SIAM KUBOTA Corporation Co., Ltd.**  
Pathumthani, THAILAND  
Manufacturing and sales of tractors, combines, implements, horizontal diesel engines and power tillers, and sales of construction machinery
- 20 SIAM KUBOTA Metal Technology Co., Ltd.**  
Chachoengsao, THAILAND  
Manufacturing of casting components for engines and tractors
- 21 KUBOTA Engine (Thailand) Co., Ltd.**  
Chachoengsao, THAILAND  
Manufacturing of diesel engines

- 22 Siam Kubota Leasing Co., Ltd.**  
Pathumthani, THAILAND  
Retail financing for tractors and combine harvesters
- 23 Kubota Vietnam Co., Ltd.**  
Binh Duong Province, VIETNAM  
Manufacturing and sales of tractors, combine harvesters and rice transplanters, and their implements, etc.
- 24 Sime Kubota Sdn.Bhd.**  
Darul Ehsan, MALAYSIA  
Sales of power tillers, engines, tractors, combine harvesters and rice transplanters
- 25 P.T.Kubota Indonesia**  
Semarang, INDONESIA  
Manufacturing and sales of small diesel engines
- 26 P.T.Metec Semarang**  
Central Java, INDONESIA  
Consignment manufacturing of vending machines and vending machine parts
- 27 Kubota Agricultural Machinery India Pvt., Ltd.**  
Sholinganallur, INDIA  
Sales of tractors, combine harvesters, rice transplanters and implements, etc.
- 28 Tata Metaliks Kubota Pipes Ltd.**  
Kolkata, INDIA  
Manufacturing and sales of ductile iron pipes, fittings and their accessories
- 29 Kubota Saudi Arabia Company, LLC**  
Dammam, SAUDI ARABIA  
Manufacturing and sales of steel casting products
- 30 Kubota Tractor Australia Pty Ltd**  
Truganina, AUSTRALIA  
Sales of tractors, construction machinery, engines, mowers and UVs\*

## Plants, offices and main affiliates in Japan

Head offices	Regional offices & Branch offices	Other offices
<b>Head Office</b> (Osaka) Hanshin Office (Amagasaki, Hyogo Prefecture) <b>Tokyo Head Office</b> (Chuo-ku, Tokyo)	<b>Hokkaido Regional Office</b> (Sapporo) <b>Tohoku Regional Office</b> (Sendai) <b>Chubu Regional Office</b> (Nagoya) <b>Chugoku Regional Office</b> (Hiroshima) <b>Shikoku Regional Office</b> (Takamatsu) <b>Kyusyu Regional Office</b> (Fukuoka) <b>Yokohama Branch</b> (Yokohama)	<b>Farm &amp; Industrial Machinery Higashi-Nihon Office</b> (Saitama) <b>Farm &amp; Industrial Machinery Nishi-Nihon Office</b> (Amagasaki, Hyogo Prefecture) <b>Wakayama Sales Office</b> (Wakayama) <b>Kumamoto Sales Office</b> (Kumamoto) <b>Okinawa Sales Office</b> (Naha)
<b>Factories, plants and business centers</b>	<b>Main affiliates</b>	
<b>Sakai Plant</b> (Sakai, Osaka Prefecture) Agricultural machinery and engines	<b>25 domestic agricultural machinery sales companies including Hokkaido KUBOTA Corporation</b> Sales of agricultural machinery	
<b>Hirakata Plant</b> (Hirakata, Osaka Prefecture) Construction machinery, valves, pumps and steel castings	<b>Kubota Farm &amp; Industrial Machinery Service Ltd.</b> (Sakai, Osaka Prefecture) Integrated agricultural-machinery service	
<b>Tsukuba Plant</b> (Tsukubamirai, Ibaraki Prefecture) Agricultural machinery and engines	<b>Kubota Agri East Japan Corporation</b> (Saitama) Technical and sales guidance on agricultural machinery	
<b>Ryugasaki Plant</b> (Ryugasaki, Ibaraki Prefecture) Vending machines	<b>Kubota Agri West Japan Corporation</b> (Amagasaki, Hyogo Prefecture) Technical and sales guidance on agricultural machinery	
<b>Utsunomiya Plant</b> (Utsunomiya) Agricultural machinery	<b>Kubota Credit Co., Ltd.</b> (Osaka) Instalment loan purchasing and sales of point-of-sale material	
<b>Keiyo Plant</b> (Funabashi/Chikawa, Chiba Prefecture) Ductile iron pipes and spiral welded steel pipes	<b>KUBOTA Construction Machinery Japan Corporation</b> (Amagasaki, Hyogo Prefecture) Sales of construction machinery	
<b>Shiga Plant</b> (Konan, Shiga Prefecture) Septic tanks	<b>Kubota-C.I. Co., Ltd.</b> (Osaka) Manufacturing and sales of pipes and couplings in PVC and other polymers	
<b>Sakai Rinkai Plant</b> (Sakai, Osaka Prefecture) Engines	<b>Nippon Plastic Industry Co., Ltd.</b> (Komaki, Aichi Prefecture) Manufacturing and sales of vinyl pipes and various types of sheets	
<b>Hanshin Plant</b> (Amagasaki, Hyogo Prefecture) Ductile iron pipes and mill rolls	<b>Kubota Environmental Service Co., Ltd.</b> (Taito-ku, Tokyo) Operation, maintenance, design, construction, remodeling and repair of water- and waste-treatment facilities, along with sales of pharmaceutical and other supplies; analysis of water quality, air, waste, etc.	
<b>Kyuhoji Business Center</b> (Yao, Osaka Prefecture) Electronic equipped machinery	<b>Kubota Air Conditioner, Ltd.</b> (Chuo-ku, Tokyo) Manufacturing and sales of various types of air-conditioning equipment	
<b>Okajima Business Center</b> (Osaka) Engines and iron castings	<b>Kubota Construction Co., Ltd.</b> (Osaka) Service water and sewage, civil engineering and construction contracting	
	<b>KMEW Co., Ltd.</b> (Osaka) Manufacturing and sales of roofing and siding materials	

### North America

- 31 Kubota Tractor Corporation**  
California, U.S.A.  
Sales of tractors, construction machinery, mowers and UVs\*
- 32 Kubota Credit Corporation U.S.A.**  
California, U.S.A.  
Retail financing of sales contracts
- 33 Kubota Manufacturing of America Corporation**  
Georgia, U.S.A.  
Development and manufacturing of small-sized tractors, mowers, UVs\* and tractor implements
- 34 Kubota Industrial Equipment Corporation**  
Georgia, U.S.A.  
Manufacturing and installation of tractor implements and assembly of tractors, etc.
- 35 Kubota Engine America Corporation**  
Illinois, U.S.A.  
Sales of engines and generators
- 36 Kubota Insurance Corporation**  
California, U.S.A.  
Underwriting non-life insurance
- 37 Kubota Tractor Acceptance Corporation**  
California, U.S.A.  
Business of insurance agencies in the United States
- 38 Kubota Membrane U.S.A. Corporation**  
Washington, U.S.A.  
Sales of submerged membranes
- 39 Kubota Canada Ltd.**  
Ontario, CANADA  
Sales of tractors, construction machinery, engines, mowers and UVs\*
- 40 Kubota Metal Corporation**  
Ontario, CANADA  
Manufacturing and sales of steel casting products
- 41 Beijing Office**  
Beijing, CHINA
- 42 Hanoi Office**  
Hanoi, VIETNAM
- 43 Malaysia Branch**  
Jaya, selangor, MALAYSIA
- 44 Singapore Branch**  
Singapore, SINGAPORE
- 45 Dubai Branch**  
Dubai, UNITED ARAB EMIRATES

\* UV stands for utility vehicle.

# Social Report

## Summary of the Fiscal 2011 Social Report, Priority Issues for the Next Fiscal Year and Medium-Term Goals

### KUBOTA's response to the asbestos issue

KUBOTA recognizes sincerely that asbestos-related diseases have occurred among local residents and employees in the vicinity of the former Kanzaki Plant. From the standpoint of fulfilling our social responsibility as a company that has handled asbestos in the past, we need to continue tackling this problem with sincerity in the future.

- ① As of March 31, 2011 relief payments had been made to 212 individuals pursuant to the internal policy of the "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant."
- ② KUBOTA employees, including those already retired, suffering from asbestos-related diseases comprised a total of 176 persons as of March 31, 2011, of whom 152 are already deceased and 24 are undergoing treatment.
- ③ We have provided financial support for clinical and basic research projects conducted by the Hyogo College of Medicine and the Osaka Medical Center for Cancer and Cardiovascular Diseases.

Charter for Action	Significant topics	Main focus of activity	Plan	Do	Check	Action	Plan
			Priority issues for FY2011 (From April 2010 to March 2011)	Activities in FY2011 (From April 2010 to March 2011)	Self-evaluation	Priority issues for the next fiscal year (FY2012) (From April 2011 to March 2012)	Medium-term goals
1	Winning Customer Satisfaction	Communication with customers	<ul style="list-style-type: none"> <li>Establishing and operating a domestic agricultural machinery customer center</li> <li>Conducting questionnaires with users on a continuous basis</li> </ul>	<ul style="list-style-type: none"> <li>Freephone service started to deal with inquiries at customer service centers</li> <li>Implementation of questionnaires aimed at purchasers of mainstream agricultural machinery</li> </ul>	○	<ul style="list-style-type: none"> <li>Improving capacity to respond to inquiries by phone and email, etc.</li> <li>Expanding the range of user questionnaire content</li> </ul>	<ul style="list-style-type: none"> <li>Full-scale operation and functional expansion of customer service centers in Japan for agricultural machinery</li> <li>Further improvements to inspections and consolidation in response to customer needs</li> </ul>
		Product safety and superior quality	<ul style="list-style-type: none"> <li>Increasing the coverage of ongoing quality audits among overseas affiliates and conducting on-the-spot audits</li> <li>Providing continued education on quality control and product safety</li> </ul>	<ul style="list-style-type: none"> <li>Preparations advanced for on-the-spot audits to be held in FY2012 on the basis of determination of which organizations overseas will be subject to quality audits and deciding on the items that demand quality assurance</li> <li>Quality control and product safety training provided</li> </ul>	△	<ul style="list-style-type: none"> <li>Compiling a checklist for audit purposes based on the quality assurance system and conducting on-the-spot audits</li> <li>Ongoing provision of education in the fields of quality control and product safety</li> </ul>	<ul style="list-style-type: none"> <li>Application of quality engineering to the whole company in order to forestall quality problems</li> <li>Further improvements in quality control and product safety education</li> </ul>
		CSR procurement	<ul style="list-style-type: none"> <li>Developing from green procurement to CSR procurement</li> </ul>	<ul style="list-style-type: none"> <li>Production of KUBOTA Group CSR Procurement Guidelines</li> <li>Informing suppliers through information provided on the website and in pamphlets, etc.</li> </ul>	○	<ul style="list-style-type: none"> <li>Encouraging implementation of the purport of Guidelines on the part of KUBOTA's suppliers</li> <li>Application of KUBOTA Group suppliers in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging practical application of the purport of Guidelines among suppliers associated with each company in the KUBOTA Group and spreading CSR procurement</li> </ul>
2	Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles	Compliance with the Antimonopoly Act	<ul style="list-style-type: none"> <li>Building and developing a prior consultation system mainly for divisions engaged in business with the private sector</li> <li>Expanding and continuing to implement compliance measures, such as hearings for sales companies</li> <li>Developing a system for preventing international cartel formation</li> </ul>	<ul style="list-style-type: none"> <li>Introduced a prior consultation system centering on divisions relating to demand in the private sector</li> <li>Promoted sharing of information at training sessions, etc. in the materials procurement divisions and provided education in the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors also in related divisions such as production control.</li> <li>Compiled guides and other materials in response to risks related to local domestic law in connection with overseas activities</li> </ul>	○	<ul style="list-style-type: none"> <li>Firmly establishing a system of prior consultations in connection with dubious acts through the activities of prior consultants</li> <li>Encouraging sharing of information and risk communication with related divisions in order to respond to increased risk involved in purchase transactions accompanying enforcement of the revised Antimonopoly Act</li> <li>Sharing of information and creation of a prior consultation system related to competition law risks in overseas business activities</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a prior consultation system in connection with actions that may infringe upon the Antimonopoly Act</li> <li>Flexible response to diversification of risk of infringement of the Antimonopoly Act and to globalization of business activities</li> </ul>
		Import/export control	<ul style="list-style-type: none"> <li>Ten overseas affiliates planned to make their export control checklists and in-house manual, and start trial use</li> </ul>	<ul style="list-style-type: none"> <li>With one more company being involved, eleven overseas affiliates started the trial operation of the checklists and manual, though some affiliates are yet to complete them</li> </ul>	○	<ul style="list-style-type: none"> <li>The overseas affiliates are expected to complete the checklists and in-house manual. KUBOTA is to audit their performance.</li> </ul>	<ul style="list-style-type: none"> <li>All the overseas affiliates conducting exportation should be exporting using the established export control system</li> </ul>
		Compliance with the Construction Business Law	<ul style="list-style-type: none"> <li>Ensuring that KUBOTA and domestic affiliates are in fuller compliance with the Construction Business Law</li> </ul>	<ul style="list-style-type: none"> <li>Conducted audits, education and support for KUBOTA and domestic affiliates in relation to compliance with the Construction Business Law</li> </ul>	○	<ul style="list-style-type: none"> <li>Strengthening compliance with the Construction Business Law on the part of KUBOTA and its domestic affiliates</li> </ul>	<ul style="list-style-type: none"> <li>Further efforts to ensure thorough compliance with the Construction Business Law by KUBOTA and its domestic affiliates</li> </ul>
		Control of intellectual property	<ul style="list-style-type: none"> <li>Guidance on intellectual property risk management by overseas affiliates engaged in development operations</li> </ul>	<ul style="list-style-type: none"> <li>Checking and guidance in connection with the state of intellectual property risk management by overseas affiliates</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintaining and strengthening the intellectual property risk management structure of overseas affiliates</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of intellectual property risk management in response to globalization</li> </ul>
3	Respecting Human Rights	Promotion of human rights awareness-raising	<ul style="list-style-type: none"> <li>Expanding group-wide human rights awareness-raising</li> </ul>	<ul style="list-style-type: none"> <li>Employees were encouraged to take part at least once in a year in training courses on human rights</li> <li>Efforts were launched to improve the employee education and consultation system across the KUBOTA Group.</li> </ul>	○	<ul style="list-style-type: none"> <li>Strengthening the human rights education and consultation system</li> <li>Examining activities in the light of international human rights guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Attempts to diffuse educational activities in human rights on the part of the KUBOTA Group at home and abroad</li> </ul>
		Creation of a vibrant work environment	<ul style="list-style-type: none"> <li>Support for the career development of female employees</li> <li>Organizing training sessions and information exchange meetings through K-Wing (see p.35)</li> </ul>	<ul style="list-style-type: none"> <li>K-Wing members were recruited in-house and related office affiliations were expanded</li> <li>Working groups consisting of K-Wing members were created, measures aimed at career formation and at creating work environment that facilitate work were studied, and meetings were held at which reports were made to senior management</li> </ul>	◎	<ul style="list-style-type: none"> <li>Study and promotion of measures aimed at the further promotion of activities by women centering on the activities of K-Wing</li> <li>Ascertaining tasks with a view to applying the standpoint of diverse working methods to foreigners as well as to women</li> </ul>	<ul style="list-style-type: none"> <li>Continuing efforts to promote diversity management (Establishing a system that enables female employees to fully demonstrate their abilities, recruiting foreign employees and providing them with more opportunities to work, etc.)</li> </ul>
4	Creating a Safe and Vibrant Work Environment	Health and safety	<ul style="list-style-type: none"> <li>Reducing the number of serious occupational accidents to zero</li> <li>Strengthening efforts focusing on building a safety system that can flexibly cope with changing situations</li> <li>Strengthening efforts to eliminate health and safety risks</li> </ul>	<ul style="list-style-type: none"> <li>Prioritized occupational accident elimination activities were promoted</li> <li>Hazard prediction training and other activities were performed in order to enhance the sense of safety</li> <li>Activities aimed at doing away with health and safety risks were promoted through deep involvement in risk assessment</li> </ul>	○	<ul style="list-style-type: none"> <li>Promoting basic safety by means of ongoing measures applicable to equipment</li> <li>Reviewing rules and standards applying to health and safety and adopting a thorough approach to training and compliance</li> <li>Improving the quality of risk assessment and securing the foundations for hazard prediction activities</li> </ul>	<ul style="list-style-type: none"> <li>Creating safe workplaces by strengthening the PDCA cycle in connection with health and safety risk management</li> </ul>
		Health management	<ul style="list-style-type: none"> <li>Promoting the enhancement of physical health and implementing measures to maintain mental health.</li> </ul>	<ul style="list-style-type: none"> <li>Health promotion activities were implemented focusing on "Health KUBOTA 21" (see p.37)</li> <li>In addition to implementation of practical measures such as organization of mental health study sessions, the current situation was analyzed and the foundations were laid for the study of further measures.</li> </ul>	○	<ul style="list-style-type: none"> <li>Updating "Health KUBOTA 21" and continuing with measures aimed at maintaining and promoting health</li> <li>Strengthening mental health measures among labor and management</li> </ul>	<ul style="list-style-type: none"> <li>Aiming to create a vibrant work environment that enables everyone in the KUBOTA Group to live healthy and satisfying lives</li> </ul>
6	Achieving Symbiosis with International and Local Societies	Activities contributing to society	<ul style="list-style-type: none"> <li>Promoting activities to contribute to society centering on the areas specially emphasized by KUBOTA (food, water, and the environment) and with the e-Project (see p.39) at the core</li> </ul>	<ul style="list-style-type: none"> <li>e-Projects were promoted overseas (support for well construction in India)</li> <li>Ongoing implementation of a multi-faceted approach to e-Projects</li> <li>Promotion of new topics for e-Projects ("UCHIMIZU" solution for heat island, etc.)</li> </ul>	○	<ul style="list-style-type: none"> <li>Assistance with recovery from the Great East Japan Earthquake</li> <li>Encouraging the implementation of e-Projects overseas</li> </ul>	<ul style="list-style-type: none"> <li>Promoting activities that contribute to society centering on the fields of food, water and the environment</li> <li>Revitalizing activities that contribute to regional prosperity overseas</li> </ul>
7	Fulfilling Responsibilities for Improving Management Transparency and Accountability	IR activities and the provision of corporate information	<ul style="list-style-type: none"> <li>Disclosing IR information reflecting changes in the business environment and related trends</li> <li>Organizing general meeting of shareholders in an easy-to-understand manner</li> </ul>	<ul style="list-style-type: none"> <li>Implemented IR activities in accordance with the needs of investors through timely disclosure and active response to inquiries from investors and analysts, etc.</li> <li>Simple transmission of content through the use of large screens and reports by narrators, etc.</li> </ul>	○	<ul style="list-style-type: none"> <li>Promotion of IR activities reflecting business trends and changes in the business environment</li> <li>Promotion of IR activities taking account of the effects of the earthquake disaster, etc.</li> <li>Further improvements in general meetings of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of IR activities aimed at achieving an appropriate share price that reflects the real state of the company</li> <li>Expanding the range of stable shareholders by means of appropriate release of information</li> </ul>
		Establishing the Corporate Communication Dept.	<ul style="list-style-type: none"> <li>Establishing the Corporate Communication Dept.</li> <li>Providing timely information in a manner satisfactory to various stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Setting up the Corporate Communication Dept.</li> <li>Improvement to global communication by revamping the corporate website for overseas</li> </ul>	○	<ul style="list-style-type: none"> <li>Strengthening global PR (transmission overseas)</li> <li>Improving global network sites (creation of area sites in the languages of the main regions of business)</li> </ul>	<ul style="list-style-type: none"> <li>Building a system for generating information from the KUBOTA Group including overseas regions</li> </ul>

\* For the Charter for Action 5 "Preserving the Natural Environment," see the Environmental Report section from p.41.

◎ Target exceeded ○ Target reached △ Portion of target not reached ✕ Target not reached



# 1

## Winning Customer Satisfaction

The KUBOTA Group seeks to win customer satisfaction and confidence by working to ensure product safety and offering products, technologies, and services that meet customer needs.

### Efforts to spread awareness among as many customers as possible

The KUBOTA Group strives to solve problems experienced by our customers and highly values the opportunity for communication to provide them with satisfaction.

For example, we invited about 70 customers and dealers from Thailand to Japan with the aim of deepening their understanding of agricultural machinery with Japanese agriculture as the model. They were offered the opportunity to learn about our tractors and rice transplanters through demonstrations and test-riding. By gaining knowledge about these products, as well as some models that are new to the Thai market, they could grasp the whole picture of the Japanese agricultural system, which will help them bring new agricultural innovations to Thailand.

We will remain committed to creating new demand through such communications with our customers.



Introducing Japanese agriculture to Thai customers

### Efforts with the customer at the forefront

- Improving liaison with customers for product categories and individual divisions
- Nationwide PR caravan campaign to promote the new earthquake-resistant pipes “GENEX” ▶



### Efforts to polish service capability on the highest international level

The KUBOTA Group is aiming toward the global standardization of service skills in order to create a flawless system and management structure which will ensure that customers can use our products with complete peace of mind.

At our production site for agricultural machinery, Kubota Agricultural Machinery (SUZHOU) Co., Ltd., in Jiangsu Province in China we held a large-scale competition on the theme of “pursuing standardization of service operations and aiming to enhance the brand through teamwork” with the aim of raising the service capacity of our dealerships. We hope to raise the overall level of service skills by expanding the range of participants to other countries in the future.

### Main product displays held in FY2011

- (in Japan) ● “N-EXPO 2010” (May 2010)  
Weighing devices, Shredders
- “Sewage Works Exhibition 2010 in Nagoya” (July 2010)  
Ductile iron pipes, Water treatment systems, Pumps, Plastic pipes, etc.
- (overseas) ● “Power China 2010” (April 2010)  
Engines, Generators
- “China International Green Industry Expo 2010” (November 2010)  
Water-related products
- “CONEXPO-CON/AGG 2011” (USA, March 2011)  
Mini excavators, Compact track loaders, Tractors, Utility vehicles (RTV), Engines



### Voice

Gao Linhua

Competition Secretariat  
Business Dept. Service Dept.  
Spare Parts Business Dept.  
Acting Minister  
Kubota Agricultural  
Machinery (SUZHOU) Co., Ltd.



### Aiming at further improvements in after-sales service capability

One of the ways in which we have been attempting to improve the service skills of our dealerships is by organizing a “KUBOTA Agricultural Machinery Skills and Service Competition” for two years in succession. Next year’s competition will include a wider range of machine types and defects in order to place more importance on actual service effectiveness. Objective assessment standards will be adopted in conditions that come as near as possible to real-life situations. We hope to raise yet higher the standards of after-sales service by encouraging the widest participation among dealerships.

## Product recall information

April 23, 2010: Recall of KBX series tractors (Japan only)  
March 25, 2011: Recall of wheel loaders

 For further information, see <http://www.kubota.co.jp/important/index.html>. (Japanese only)

### CSR procurement\* Collaboration with business partners (Procurement of materials)

The KUBOTA Group is striving to address social issues affecting the supply chain\* as a whole in order to be able to supply products and services of the required quality stably and safely. To this end, we drew up our "KUBOTA Group CSR Procurement Guidelines" in December 2010 and requested our business partners in Japan for their cooperation in this regard. We intend to expand the application of these guidelines to business partners of the KUBOTA Group from FY2012.

The KUBOTA Group will be collaborating with our business partners on promoting efforts to respond to CSR.

### Global customer support system (Quality control)

The Farm & Industrial Machinery Consolidated Division is engaged in business on a global scale including North America, Europe and Asia. It has created a global quality information system and has put together a flawless structure to enable customers to use its products with complete reassurance. By acquiring and transmitting quality

### Status of acquisition of ISO9001 certification (Quality assurance)

Beginning with KUBOTA's Hirakata Plant in 1993, our business sites and affiliates have been obtaining certification under the international quality assurance standard ISO9001 and are now acting in accordance with this standard. Application of the quality management system in ISO9001 enables us to respond to the trust placed in us by

### Efforts to improve product quality (Propagating skills)

The KUBOTA Group is always striving to improve our manufacturing skills and to ensure that the skills we have acquired are handed down inside the group. In 2010 Kubota Manufacturing of America Corp., a production site located in the state of Georgia, and Kubota Industrial Equipment Corp. jointly sponsored the first technical skills competition ever held in the United States. Such competitions will help toward the acquisition of the basic skills required for manufacturing as well as fostering the spirit of guidance on a global level.

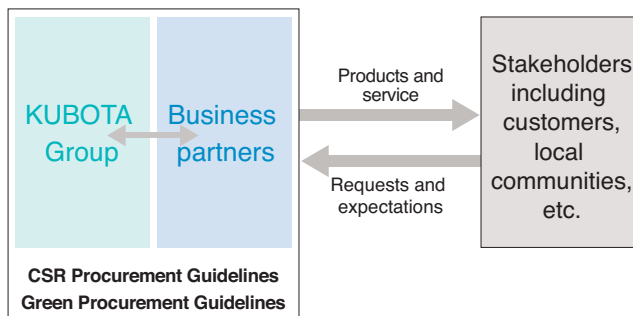
### Fostering young technicians (Education)

We are putting special efforts into teaching young technicians the skills of mechanical draftsmanship on the basis of the idea that lowering manufacturing costs is determined by design drawings. We have introduced three-dimensional CAD, which makes it possible to verify the precise workings of actual assembly processes and finished products, and are educating the next generation of technicians through practical training that will enable them to respond immediately to any task.

## Glossary

#### CSR (Corporate Social Responsibility) procurement:


CSR activity that requires a company's suppliers to also make efforts to address CSR.



 In connection with "CSR Procurement Guidelines" and "Green Procurement Guidelines," see [http://www.kubota-global.net/csr/stake\\_h/procure.html](http://www.kubota-global.net/csr/stake_h/procure.html)

information from all over the world on-line and in real time, responding to complaints from the market with the utmost speed, and issuing reports, making judgments and taking measures in a prompt manner, the aim is to ensure that any potential problems can be prevented before they have the chance to occur.

our customers and to provide them with products that will offer them full satisfaction.

 For the status of acquisition of certification, see <http://www.kubota-global.net/csr/report/pdf/2011/shakai-web1.pdf>



#### Supply chain:

The series of processes extending until products reach the customer, including product development, procurement of parts, manufacture, shipping and marketing.

## 2

## Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles

The KUBOTA Group conducts its corporate activities while observing the letter and spirit of legal regulations applicable to its business operations, in accordance with social ethical principles and good conscience.

Within the internal control system we are implementing a thorough system of compliance rooted in audit activities and enlightenment through education. Audit activities are carried out every year and are targeted at KUBOTA and its affiliates in Japan as well as at overseas affiliates and at some domestic sales companies depending on the risk category.

### Compliance with the Antimonopoly Act

The following measures taken in FY2011 to create a highly effective risk management system on the basis of enforcement of the revised Antimonopoly Act.

#### ● Divisions doing business with the public sector

In order to forestall any unreasonable restraint of trade\* we have carried out audits on an ongoing basis at three levels—the division level, consolidated division level, and company-wide level.

#### ● Divisions doing business with the private sector

We have introduced a prior consultation system in order to respond to the strengthening of regulation over unfair trade practices\* to the background of enforcement of the revised Antimonopoly Act.

#### ● Divisions involved in materials procurement

In order to ensure compliance with the Subcontractors Law and to prevent any abuse of dominant bargaining position,\* risk communication has been strengthened by means of training sessions and follow-up audits.

#### ● Overseas divisions

Efforts have been made to deal with individual cases in forms such as prior consultations in connection with overseas competition law.

### Import/Export control

We have assessed the performance of export control not only for KUBOTA but for domestic affiliates through audits. We gave appropriate guidance to them during the audits, and held additional in-house training seminars.

After examining the export situation at overseas affiliates, we implemented proper export checklists and export compliance manuals at each company.

### Activities related to intellectual property rights

As well as performing audits in FY2011 to ensure that the intellectual property rights of other companies were not being violated, we offered training and instruction in intellectual property to the sales and service divisions from an aggressive standpoint in the context of our attempts to deal with copy products modeled on KUBOTA products which are increasing in pace with the globalization of business operations.

### Activities to prevent improper payments

We have adopted a thorough policy with regard to breaking off relations with antisocial forces such as *sokaiya* and gangster organizations and refusing to entertain any of their illegitimate demands. Meetings of the Donations Auditing Committee and related audits were performed in FY2011 too, and we checked on whether any inappropriate dealings and payments had taken place. We also take measures to prevent the payment of bribes to foreign officials.

### Compliance with the Construction Business Law

Bearing in mind that we have previously been disciplined for infringing the Construction Business Law, we continued in FY2011 to strengthen our system of compliance through audits and educational activities in an effort to prevent any recurrence.

### Information management

As well as continuing to examine the state of information management in FY2011, we also took the following measures.

#### ● Information security measures

We took various measures to ensure the security of information and thus prevent any damage occurring in forms such as information leakage and succumbing to infection from computer viruses. In FY2011, as well as appointing officers responsible for implementing such measures at our overseas bases, we consolidated the rules applicable to overseas bases and ordered the strengthening of security measures.

#### ● Management of confidential information

We attempted to raise our management levels in FY2011 in response to revisions made to the Unfair Competition Prevention Act. Learning our lesson from the increase in the number of cases of confidential information leakage throughout society as a whole, we intend to strive harder than ever to ensure that confidential information is properly managed.

#### ● Protection of personal information

As well as performing audits concerning the protection of customers' information and other examples of personal information, we are including educational materials that summarize past cases of information leakage throughout society as a whole and checkpoints in relation to routine work on our Intranet. We are also encouraging educational activities on the part of individual divisions.



With regard to our policy on protection of personal information, see <http://www.kubota-global.net/privacy.html>

### Glossary

#### Unreasonable restraint of trade:

Acts or attempts by two or more companies to avoid competition by determining sales prices in advance. This practice is also called "cartel behavior."

#### Unfair trade practices:

Tie-in sales and acts that involved a manufacturer restricting the retail prices set by distributors.

#### An abuse of dominant bargaining position:

An act that involves a company in a dominant bargaining position unjustly disadvantaging a business partner.

## 3

# Respecting Human Rights

The KUBOTA Group bases its activities on the Universal Declaration of Human Rights,\* respects human rights, and does not violate human rights.

Moreover, the Group respects the privacy of individuals and works to protect personal information.

## Instilling awareness of human rights

It states clearly in the Code of Conduct of the KUBOTA Group that “We do not discriminate or make violations of human rights on the basis of nationality, age, gender, or for any other reason whatsoever, and do not permit forced labor or child labor” (excerpt). Every year we determine our “Policy for Risk Management” to provide education in human rights and implement a “plan-do-check-action” (PDCA) cycle for promotion, audits and reports.

Within Japan we appoint human rights education advancement officers to each of our business sites and engage in organized educational activities throughout the group. In other countries we give guidance in improvements and follow up on how progress is being made on the basis of practical surveys.

In March 2011 we were commended by the Osaka Council for Promotion of Corporate Human Rights for our achievements in promoting awareness of

## Deepening understanding through training

With the aim of providing human rights training at least once a year to each individual, training is planned depending on rank and base and extends from executives to new company recruits. During FY2011, a total of 19,272 employees participated in this training program within the KUBOTA Group. Incorporation of group discussions into the training program gives each participant the opportunity to think about human rights and to discuss related questions with other participants. The knowledge gained thereby can then be made use of in the context of work activities.

Human rights education advancement officers at each base are backed up by human rights leaders who take part in on-site fieldwork training, while

human rights. We intend to continue in the future regarding respect for human rights.



officers who engage directly in consultations receive training aimed at enhancing their counseling skills.



Fieldwork training for human rights leaders



Executive training

### Voice

#### Kazuo Takagi

Human rights leader  
Labor Affairs Section  
Hanshin Plant, KUBOTA Corporation



### Toward the creation of a vibrant workplace

Joint training is difficult at factories with varied working conditions, and efforts are therefore made to raise the attendance rate by drawing up schedules tailored to specific workplaces. Everything is done to ensure that awareness of human rights acquired through a variety of activities and training is conveyed widely and correctly. We intend in the future to continue tackling increasingly diversified questions of human rights with a view to creating safe and secure workplaces in which everyone works together in a spirit of mutual respect.

## Efforts to create environments that encourage people to seek advice

The “KUBOTA Hotline” offers a point of access for anyone in the company who wishes to discuss a particular matter. Applications are received by telephone, in writing, by email or from a dedicated screen on the portal site. Opportunities are also provided for contacting lawyers outside the company. A Consultation Office

has been set up at each base within Japan in an effort to create the conditions for encouraging people to raise specific problems and to ensure that problems can be nipped in the bud before they have the chance to surface.

## Activities during Human Rights Week

Educational events are held at all our bases of operations in Japan during Human Rights Week with the intention of stimulating awareness of human rights.

- Ideas for human rights slogans are solicited through the KUBOTA Group and the best ideas are subject to commendation. Slogans are also submitted to the Corporate Report Association of Human Rights Issue in Osaka.
- Entries for “My Human Rights Message” contest sponsored by the Human Rights Education Promotion Council of Sakai City, Osaka Prefecture
- Human rights panel exhibition (head office district)
- Participation in regional human rights exhibitions and open-air educational activities (individual bases)



Bread and cookies produced by a small-scale vocational training center\* for disabled persons in conjunction with an exhibition of human rights panels were placed on sale. This was our contribution to a project promoted by the Osaka prefectural government with the aim of doubling the labor charges of people working such training centers over a five-year period.

### The “Universal Declaration of Human Rights”:

It was proclaimed as a “common standard of achievement for all peoples and all nations” to respect and assure human rights and freedoms. It was adopted by the 3<sup>rd</sup> General Assembly of the United Nations in 1948.

### Small-scale vocational training center:

An institution that aims to offer opportunities to people who have difficulty in finding jobs or acquiring skills due to disabilities or for other reasons to work and develop vocational skills.

# 4

## Creating a Safe and Vibrant Work Environment

The KUBOTA Group maintains a safe and healthy working environment and works to improve workplace conditions. In addition, the Group respects the diversity and creativity of its employees and promotes a vibrant work environment.

### Recruitment and training of human resources worldwide

Overseas sales account for almost a half of the KUBOTA Group's revenue. We are concentrating especially on the recruitment and training of human resources worldwide in order to develop our global business operations.

As well as actively engaging in recruitment in Japan, North America and Asia, we provide foreign language education to new recruits. We expect that the abilities that they acquire during their period of one month's study at language schools in North America and Asia will prove useful to them for their work.

We are strengthening our organizational structure from the standpoint of human resources in order to win out in global competition.

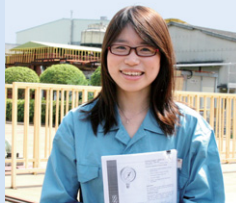


Recruitment activities in China

### Voice

**Chen Fang**

Participation in language training  
Materials Section, Pump Manufacturing Department  
Hirakata Plant, KUBOTA Corporation



### Learning about the local culture and people and gaining confidence in the local language

I had the chance to visit the United States for a month for language study in 2010. With the warm support provided by the host family with whom I stayed, I was able to experience the local culture and acquire a spirit of mutual respect through communication with other language school students of both sexes and of varied nationalities and ages. I acquired confidence in speaking in front of other people in a foreign language, an experience that will now stand me in good stead for dealing directly with business partners in other countries in connection with overseas procurement activities.

### Promoting diversity management\*

In order to respond to further globalization of business operations and to labor shortages caused by the falling birthrate and the ageing of the Japanese population, we believe that it is important to create work environments that are able to maximize the abilities of each worker and to make the most of diversity on the levels of gender, nationality and disability.

The immediate issue we are tackling right now is promoting activities by female employees. As well as actively recruiting women on an ongoing basis, we have set up a "K-Wing"\* as a venue for personal exchange in order to enhance women's abilities and enthusiasm and thereby to provide female employees with career support. The main activities of "K-Wing" in FY2011 included study sessions for career formation and the holding of report meetings aimed at managerial personnel in connection with the policies needed to allow female employees to contribute to and play a fully active role in business activities.



K-Wing report meeting for managerial personnel

### Talk with the President

Informal discussion meetings with the President began in FY2010. Aimed at employees recently promoted to managerial ranking, participants are organized into small groups of around ten people to discuss matters with the President and gain a shared vision. Follow-up meetings involving those who had been present at the

previous year's meetings were held in parallel in FY2011 with a total of 270 people participating. The matters raised at these discussions proved to be the starting point for various fresh developments such as visits by members to factories inside and outside the company.

### Glossary

#### Diversity management:

Human resource management that aims to increase corporate competitiveness by taking advantage of the diversity of employees (differences in sex, age, and nationality, etc.), striving to develop a highly creative organization, which eventually enhances corporate value.

#### K-Wing:

An acronym for KUBOTA Women's Initiative Diversity Network & Group.

## Supporting work-life balance

Achieving harmony between work and private life is indispensable if employees are to be able to demonstrate their autonomy and creativity to the full, to take pride in their work and feel that they are doing a really worthwhile job.

KUBOTA has formulated various ideas based on the Act on Advancement of Measures to Support Raising Next-Generation Children\* so as to enable employees to work in a manner in harmony with their private lives. Our efforts along these lines were officially recognized, leading to receipt of “Kurumin” mark (Next Generation Recognition Mark) in 2009 and 2011.

### Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

- Encouraging acquisition of childcare leave program by male employees.
- Adoption of a system under which employees who are raising children can take time off to attend school events, etc.
- Introduction of a system that allows employees to take leave in half-day units to care for sick children.



Term of plan: April 1, 2011 to March 31, 2013 (two years)



### Stimulating greater awareness through use of a handbook

A document entitled “Support Book for Balancing Work and Life” has been published and distributed to employees in order to change employees’ attitudes and to effect a culture change in respect to crucial events in their private lives such as child-rearing and nursing.

### Voice

#### Osamu Kondo

Use of the shorter hours working system

Middle & Large Scale Johkasou\* Group  
Shiga Plant, KUBOTA Corporation

\* Johkasou: Waste water treatment tanks



### It's given me the chance to think about the importance of housework sharing.

I made use of the shorter hours working system for child-rearing for four months thanks to the generous support I received from my superior officers and colleagues. Seeing my wife every morning putting our two daughters on her bicycle and taking the older one to and from kindergarten made me want to decrease the burden she had to face every day, even if it meant little more than me taking our daughter to kindergarten during the cold winter months. When I did start taking advantage of this system, my wife was absolutely delighted and I became aware of how important it is to share housework. I'm really glad now that I did make use of this system.

## Creating workplaces for disabled persons

We founded Kubota Sun-Vege Farm Co., Ltd. in February 2010 to engage in hydroponic business operations. Our aims in this connection included providing assistance to disabled persons in supporting themselves and in coexisting with their local communities and encouraging the revitalization of Japanese agriculture through the use of previously cultivated land that is no longer under cultivation. The new company's Kanan Farm was completed in December. Twelve company employees are now working hard on the smooth production of lettuces, mizuna, komatsuna and other vegetables. The produce from the farm is being supplied to local supermarkets as well as to the canteens of companies in the KUBOTA Group, where it is being sold to employees and is proving very popular.



Completion ceremony of the Kanan Farm

### Act on Advancement of Measures to Support Raising Next-Generation Children:

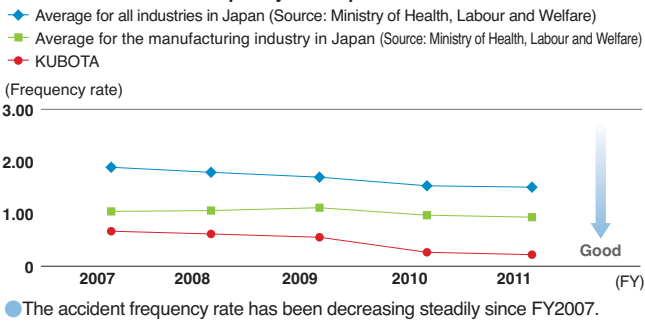
The law aims to develop a work environment more friendly to employees who are about to give birth or who are engaged on raising the children in whose hands the future lies. On the basis of this law, owners of businesses are obliged to draw up a plan of action in connection with creating the employment conditions needed to allow their employees to combine work with child-rearing and with diversifying working conditions in such a way that people will think again about how they actually work.

# 4 Creating a Safe and Vibrant Work Environment

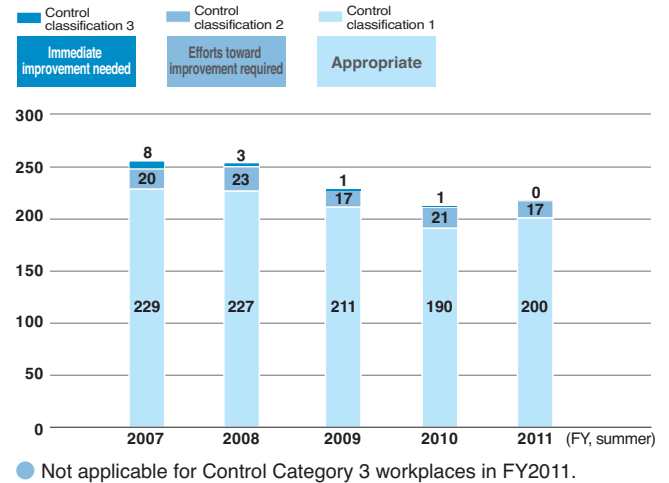
## Thorough approach to management of health and safety

Planned efforts are being made by the KUBOTA Group to prevent accidents and disasters and to create pleasant workplace environments on the basis of the “Long-Term Occupational Accident Prevention Program” which is updated every five years, and health and safety guidelines that are updated annually.

### Trends in the accident frequency rate at plants



### Trends in the number of worksites subject to legally required work environment assessment



## Implementation of health and safety audits

Efforts being made to improve health and safety at individual bases are followed up by health and safety audits centered on the workplace in an attempt to raise health and safety management levels throughout the KUBOTA Group both inside Japan and overseas.



Checking that work is being carried out safely at SIAM KUBOTA Corporation Co., Ltd. in Thailand.

## Keeping fit to enjoy every day

The KUBOTA Group is implementing a plan entitled “Health KUBOTA 21” which focuses on five health-related issues, namely obesity, lack of exercise, dental health, mental health, and smoking. Activists at each company base are carrying out planned events in accordance with lifestyle and working customs on the basis of regular health check-ups. In FY2011 efforts along these lines resulted in better tooth-brushing habits and a reduction in the number of smokers.

In terms of mental health care, there is a system of stress diagnosis using computers and a telephone consultation system. Better support will be provided in the future for employees who return to work.

Highly distinctive activities are under way at our overseas bases too: In the United States, for example, health fairs are held every year at lunchtime to facilitate general participation.



“Shape-up Seminar” at SAPPORO TAISEI KIKO CORPORATION

**Voice**

**Hiroyuki Abe**

“Health KUBOTA 21” activist  
General Manager,  
General Affairs Dept., KPS Co., Ltd.

**Taking responsibility for one’s own health**

The basis for a dynamic workplace is the physical and mental health of employees. In the conviction that prevention is more effective than treatment, we are creating the opportunity to acquire better routine habits. Especially popular in FY2011 was our “Stretch Seminar.” Amidst anguished cries of “It hurts!” and “I can’t do that!”, participants engaged happily in the seminars. We intend to keep coming up with new ideas in the future about how to keep our employees fit and healthy.

\* For the Charter for Action 5 “Preserving the Natural Environment,” see the Environmental Report section from p.41.

## 6

## Achieving Symbiosis with International and Local Societies

The KUBOTA Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

### Disaster relief

#### Support for victims of the Great East Japan Earthquake

Immediately after the Great East Japan Earthquake, the KUBOTA Group set up the “Countermeasure Headquarters for Reconstruction Assistance” which is now engaged in providing support and assisting with rehabilitation by directing all the Group’s available resources towards recovery from this unprecedented disaster.

- Our support activities have included donations of money and 20 units of construction machinery with an equivalent value of ¥500 million.

We have donated construction machinery to local governments in Fukushima and Iwate prefectures to help the disaster-affected area to recover as rapidly as possible. The transfer ceremonies held at various locations were attended by people from the organizations receiving the donations, who were given explanations about how to operate the equipment. Construction machines including special attachments capable of responding to detailed movements are proving to be useful in getting rid of the vast amount of debris generated in the disaster area and in demolishing partially wrecked homes.

- Restoring agricultural land in the disaster area

The earthquake rendered many farmers unable to grow seedlings ready in time for planting. We supported these farmers with a unique technique involving the sewing of rice husks dusted with iron powder directly into the paddy fields. We also take part in field-testing of the measures against salt damage in agricultural land.

- Recruitment of new high school graduates in the disaster-affected region (from April 2012)
- Agricultural produce gathered in the affected region is being supplied to canteens of company offices throughout Japan
- Provision of products and services and personal support, etc. through our lifeline-related operations

#### Other support activities

The following support has also been provided to assist with the rehabilitation in disaster-affected areas.

- **April 2010: Earthquake in Qinghai Province in China**  
Support in the form of financial donations.
- **May 2010: Outbreak of foot-and-mouth disease in Miyazaki Prefecture**  
Support in the form of financial donations.
- **August 2010: Floods in Pakistan, landslides in Gansu Province in China**  
Support in the form of financial donations.
- **February 2011: Floods in Australia**  
Support in the forms of financial donations and donations of tractors.
- **March 2011: Earthquake in New Zealand**  
Support in the forms of financial donations and donation of generators and wheel loaders.



A catalogue was presented listing construction machinery donated by KUBOTA to Fukushima Prefecture in the hope of assisting with rapid recovery in the region.



The equipment being handed over to the Fukushima Prefecture authorities



Assisting in the restoration of the agricultural land in the disaster-stricken area



Offering support to victims of the Earthquake in Qinghai Province in China



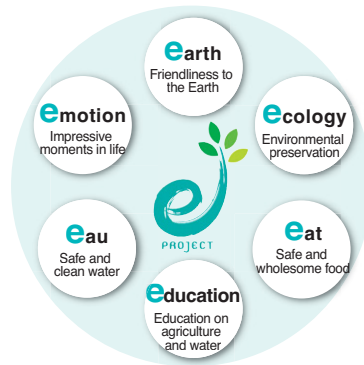
## Contributing to local societies

### Pursuing the KUBOTA e-Project on a group-wide basis

At the KUBOTA Group, we believe that we will continue our corporate activities perpetually, precisely because we are supported and appreciated by our stakeholders.

With a view to solving social problems linked to the KUBOTA business domains of “food,” “water” and “the environment,” we are pursuing social contribution activities in line with the principles represented by the Six “e”s.

### The KUBOTA e-Project



#### Activities

- Support for the restoration of abandoned farmland
- KUBOTA GENKI Agriculture Experience Workshop
- Support for the production of bio-fuel crops
- Developing regional brands, advertising farm fresh crops
- Introduction of the activities of farmers with vision
- Improving global water environments
- Water Cycle Education Program
- “UCHIMIZU” solution for heat island
- KUBOTA e-Day Volunteer Program
- Kubota Sun-Vege Farm Co., Ltd.
- KUBOTA TERRA-KOYA (educational camp)
- Academy of Science and Environment

#### ● Support for the restoration of abandoned farmland

With a view to reclaiming abandoned farmland all over Japan, the KUBOTA Group is providing support in the form of practical assistance with some aspects of farm restoration work (including grass-cutting and tilling) and crop cultivation work (including sowing, interim management and harvesting) involving agricultural machinery. During FY2011, this support was provided in 28 locations around Japan.



#### ● Carrying out clean-ups and environmental beautification activities: The KUBOTA e-Day Volunteer Program

Because we regard it as very important to achieve symbiosis with local societies, the KUBOTA Group carries out clean-ups, grass-cutting and other social contribution activities on an annual basis. In FY2011, these activities were held in some 400 locations all over Japan, with the participation of 8,800 people affiliated to the KUBOTA Group.



#### ● Helping to educate tomorrow’s leaders: The KUBOTA “TERRA-KOYA” educational camp

We sponsor the KUBOTA “TERRA-KOYA” educational camp (hosted by the BeGood Café, a non-profit organization) which enables children to learn about the rich blessings of nature and The importance of a recycling-based society. In FY2011, applications were invited from the general public in the Tokyo metropolitan area, and the camp consisted of about 20 elementary-school children aged from about 9 to 12 years old. They spent three nights and four days taking part in whatever camp activities took their fancy, including observing wildlife in forests, rivers and rice-fields, harvesting vegetables and cooking meals.



### ● Helping to educate children through the Water Cycle Education Program

In order to contribute to the education of children – tomorrow’s citizens – KUBOTA holds events in collaboration with a range of organizations. In FY2011, we exhibited the KUBOTA Water Cycle Education Program at the 15<sup>th</sup> Nippon Jamboree held by the Scout Association of Japan. To bring home to the children the importance of tackling environmental and water-supply problems in a familiar context, we conducted a practical experiment in which miso soup was purified: this had the children all agog with curiosity.



### Interacting with local residents through corporate sports

Through the medium of rugby – a sport known for its “one for all, and all for one” spirit – KUBOTA conducts activities on a widespread basis, spearheaded by our corporate sports team, the Spears.

In FY2011, besides taking part in the annual Funabashi Rugby Festival, KUBOTA held its first-ever social event for fans in Western Japan. We also provided coaching for very young aspiring rugby-players, and engaged in local contribution activities through clean-ups and other initiatives.



### Praying for a bumper harvest for Thai agriculture

To help raise the morale of Thailand’s agricultural industry, which suffered severe damage in last year’s drought, KUBOTA launched a “One Million Fish Release Campaign” at our production site, SIAM KUBOTA Corporation Co., Ltd. in Thailand, marking our prayers for a stable agricultural water supply and a bumper harvest. At the first event in this campaign, held at Pasak Jolasit Dam in Saraburi Province, attended by some 850 people, including KUBOTA employees and their families, along with dealers and others, roughly 200,000 fish were released. We plan to release a total of one million fish over a three-year period.



### Sponsoring an Australian campaign to eradicate prostate cancer

By sponsoring “Movember,” a campaign to eradicate prostate cancer, Kubota Tractor Australia Pty Ltd and its national dealer network have helped to raise public awareness of this type of cancer. The name “Movember” is a combination of “mo,” which is slang for “moustache,” and “November.” In November each year, participants in this unique initiative grow their moustaches as a way of publicizing the campaign and raising public awareness of prostate cancer. Playing on the “mo”/“mower” punning potential, the KUBOTA sites held a mower sales promotion campaign which raised a total of A\$75,000 in donations to the Movember Foundation.



# Environmental Report

The KUBOTA Group has made global environmental conservation a high priority goal of its CSR management, and is pursuing activities aimed at raising the level of its environmental management.

## Basic Policy

KUBOTA Group  
Environment  
Charter

**The KUBOTA Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.**

KUBOTA Group  
Environmental  
Action  
Guidelines

- 1 The KUBOTA Group takes initiatives for the protection of the natural environment in all its activities.
  - (1) By setting specific goals on its own initiative while remaining in compliance with all laws and regulations
  - (2) By promoting initiatives at all levels of its operations, from product development to production, sales, distribution, and services
  - (3) By taking a proactive stance toward securing the understanding of the importance of protecting the environment among its suppliers and actively obtaining their cooperation
  - (4) By promoting activities friendly to the natural environment and biodiversity
- 2 The KUBOTA Group works to protect the environment and create a symbiotic relationship with the community.
  - (1) By participating in community beautification and environmental enlightenment activities in its role as a good corporate citizen
  - (2) By engaging in business activities that take full account of environment protection in the community, including pollution prevention
- 3 The KUBOTA Group undertakes systematic initiatives to protect the environment.
  - (1) By conducting environmental impact assessments, working to reduce environmental risk, and preventing environmental pollution
  - (2) By working to solve environmental issues, including prevention of global warming, creation of a recycling society, and reduction of the release of harmful substances
- 4 The KUBOTA Group implements a thorough program of environmental management.
  - (1) By introducing environmental management systems and promoting initiatives in everyday operations
  - (2) By proactively monitoring whether the “Plan, Do, Check, Action (PDCA)” cycle is functioning in environmental management activities
  - (3) By promoting enlightenment and educational activities related to the environment and working to heighten awareness of the environment
- 5 The KUBOTA Group is proactive in communicating its environmental perspective.
  - (1) By issuing timely and easily understandable environmental information
  - (2) By gathering environmental information from a broad range of stakeholders and reviewing as well as upgrading its environmental protection activities

## Basic direction of corporate environmental management

The KUBOTA Group has established “Stop Climate Change,” “Work Towards a Recycling-based Society,” and “Control Chemical Substances” as the three basic goals of our corporate environmental management, for building a society capable of sustainable development on a global scale. We are also focusing on the enhancement of the “Environmental Management System” and “Environmental Communication” as the foundation of our efforts toward these goals.

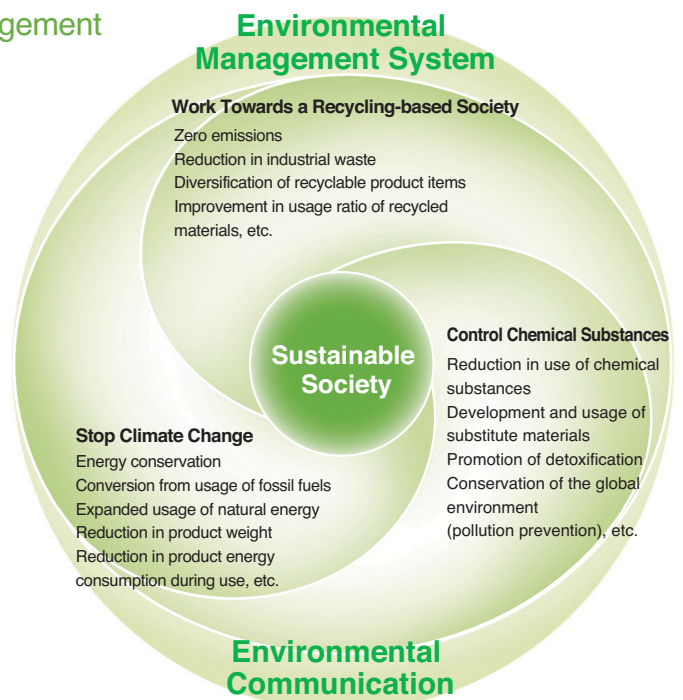
## Approval as an “Eco-First Company”


In May 2010, having made the “Eco-First Commitment” to the Japanese Environment Minister, pledging to carry out environmental preservation measures, KUBOTA was officially approved as an “Eco-First Company.” Making a commitment to undertake the four measures listed below, the KUBOTA Group has incorporated them into its Medium-Term Environmental Conservation Plan, and is tackling them proactively.

- Stopping climate change
- Working towards a recycling-based society
- Controlling chemical substances
- Conserving biodiversity



“Eco-First” mark



















The environmental information in this document (KUBOTA REPORT 2011-Business and CSR Activities), in combination with that given on our website (<http://www.kubota-global.net/csr/report/r2011.html>), has received third-party assurance by KPMG AZSA Sustainability Co., Ltd. Indices covered by this assurance are indicated by the “” mark.

## The Medium-Term Environmental Conservation Plan

The KUBOTA Group adopted and has been promoting the Medium-Term Environmental Conservation Plan in order to put into practice the basic policy of our corporate environmental management.

Since FY2010, we have been tackling this undertaking on a group-wide basis, including our overseas business sites. The implementation of our Medium-Term Environmental Conservation Plan was also designated as “Enhancement of CSR management” in our management policy for FY2012.

## Medium-Term Environmental Conservation Plan and Targets/Results for FY2011 Global Data

Issues	Actions	Management Indicators	Base FY	Plan	Do	Check	Action Achievements, Future Tasks and Actions to be Taken (reasons for failing to achieve targets for FY2011)	Plan		
				Targets FY2011	Results FY2011	Self-evaluation <sup>2</sup>		Targets		
								FY2012	FY2013	
1 Stopping climate change	Reduce CO <sub>2</sub>	CO <sub>2</sub> emissions per unit of sales	2009	-4%	-8.3%		By means of energy-saving actions at our business sites, we reached our target.  To accommodate the power shortages following the Great East Japan Earthquake, we organized a Rotating Operation System, and are implementing power-saving measures, at the 21 KUBOTA Group business sites in the Kanto and Kansai areas. These measures, which include appropriate management of heating and air-conditioning temperatures, mainly at our offices, are implemented methodically, and the Cool Biz dress code period is extended for the six-month period from May 1 to October 31, which is longer than in a normal year.	-7%	-10%	
			(2005)	(-3.2%)	(-7.5%)			(-6.2%)	(-9.3%)	
			(1991 (KUBOTA production plants))	(-19.2%)	(-31.2%)			(-21.7%)	(-24.2%)	
		Volume of CO <sub>2</sub> emissions	2009	-4%	-22.7%			Reason for failure: Although our emissions fell by 16.6% from the FY2009 level, our sales decreased, so we did not reach our target.	-7%	-10%
			(2005)	(+7.8%)	(-13.2%)				(+4.4%)	(+1.0%)
			(1991 (KUBOTA production plants))	(-26.7%)	(-44.1%)				(-29.0%)	(-31.3%)
	Reduce CO <sub>2</sub> during distribution	CO <sub>2</sub> emissions per unit of sales (business sites in Japan)	2009	-2%	+0.2%		-3%		-4%	
(2007)			(-7.7%)	(-5.7%)		(-8.7%)	(-9.6%)			
2 Working towards a recycling-based society	Reduce waste	Waste discharge per unit of sales	2009	-4%	-11.7%		By reducing our waste discharge and increasing the thoroughness of our waste sorting, we reached our target.		-6%	-8%
			(2005)	(-11.7%)	(-18.8%)			(-13.5%)	(-15.4%)	
		Ratio of business sites that have achieved zero emissions goal	—	50%	50%			60%	70%	
	Conserve water resources	Water consumption per unit of sales	2009	-2%	-1.5%		Reason for failure: Although the volume of water we used fell by 17.0% from the FY2009 level, our sales decreased, so we did not reach our target.	-3%	-4%	
			(2005)	(-21.8%)	(-20.7%)			(-22.6%)	(-23.4%)	
3 Controlling chemical substances	Reduce PRTR-designated substances <sup>1</sup>	Release and transfer per unit of sales (business sites in Japan)	2009	-4%	-23.9%		Through finding alternatives and other reduction activities, combined with the effect of revised legislation and other factors, we reached our target.	-6%	-8%	
			(2005)	(-31.5%)	(-44.1%)			(-32.9%)	(-34.4%)	
	Reduce chemical substances in products	Ratio of models with reduced RoHS-designated substances	—	30%	22.2%		Reason for failure: Due to remaining difficulties in substitution for principal components for machinery, we did not reach our target. Going forward, we will continue to encourage our suppliers towards finding alternatives, and to develop technology with this end in view.	35%	40%	

\*1: Due to the revision of the PRTR Law, the designated substances have been reviewed. \*2: Key to self-evaluation rating symbols:  Target exceeded (by at least 20%)  Target reached  Target not reached

Our performance regarding the FY2011 targets in our Medium-Term Environmental Conservation Plan is as follows.

As for “reducing CO<sub>2</sub>,” the reduction measures implemented with increased intensity since FY2010 have started to bear fruit, and this, along with other factors, has enabled us to reach this target. In FY2012 and onwards, we will continue to devote effort to reducing emissions, and to pursue activities aimed at reaching our final targets for FY2013.

As for “reducing CO<sub>2</sub> during distribution” and “conserving water resources,” however, we were unable to reach our FY2011 targets. The principal reason is that our sales were lower than in the Base

Year, so the figures per unit of sales were worse than the Base Year.

As for “reducing chemical substances in products,” we are still facing difficulties in finding alternatives for lead in some components, especially those for agricultural machinery and environmental equipment, so we did not reach our target. However, by developing alternative technology, we succeeded in reducing use of hexavalent chromium.

In FY2012 and onwards, we plan to step up our pursuit of measures aimed at reaching our targets by tackling these issues.

# Stopping Climate Change

As a manufacturer, the KUBOTA Group has placed special emphasis on its production process in implementing measures to prevent climate change. To add momentum to our group-wide activities to reduce CO<sub>2</sub> emissions from FY2010, we have set new medium-term goals and are concentrating our efforts on their achievement.

## Reducing CO<sub>2</sub> emissions

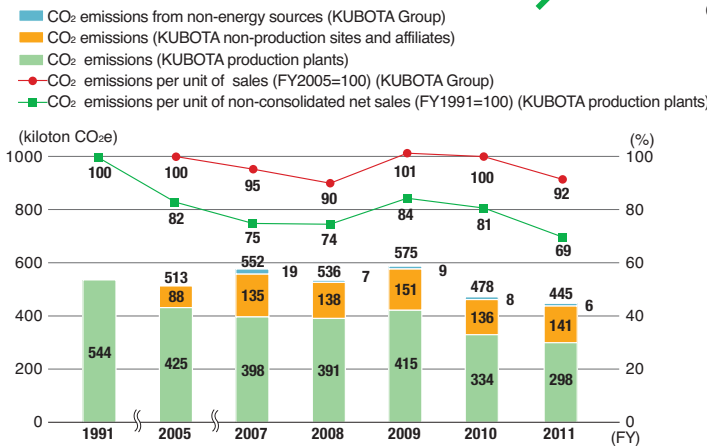
Targets and results in FY2011	Activity themes in our Medium-Term Environmental Conservation Plan	FY2011 targets	FY2011 results	Self-evaluation
	● CO <sub>2</sub> emissions per unit of sales	● A 4% decrease from the FY2009 level	● An 8.3% decrease from the FY2009 level	●
	● CO <sub>2</sub> emissions	● A 4% decrease from the FY2009 level	● A 22.7% decrease from the FY2009 level	●

Our CO<sub>2</sub> emissions were 445 kilotons, which was 22.7% lower than the FY2009 level, and our CO<sub>2</sub> emissions per unit of sales were 8.3% lower than the FY2009 level. By means of CO<sub>2</sub> reduction activities, including cutting the standby power used by our production equipment, switching to town gas as fuel for the kerosene burners used in our casting process, and reducing the amount of coke we use by improving

the combustion efficiency of our cupola furnaces, we succeeded in reaching our target.

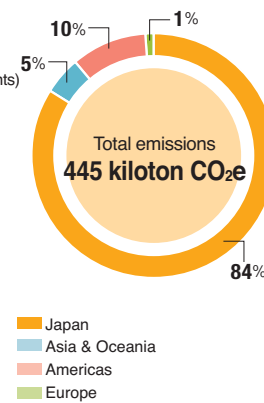
In FY2012, besides robustly implementing power-saving measures throughout the KUBOTA Group in order to accommodate the power shortage caused by the Great East Japan Earthquake, we are also pursuing climate-change prevention measures.

### Trends in CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per unit of sales

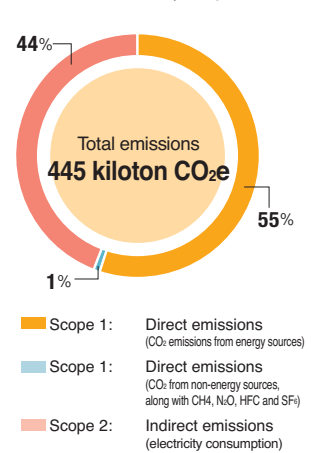


\* Since FY2005, non-production sites and affiliates have been added to calculations. The number of applicable business sites is being gradually increased.  
 \* CO<sub>2</sub> emissions per unit of sales = CO<sub>2</sub> emissions/sales  
 (● Consolidated net sales, ● Non-consolidated net sales)

### CO<sub>2</sub> emissions by region



### CO<sub>2</sub> emissions by scope\*



\* Scope of emission source as defined in the Greenhouse Gas (GHG) Protocol

### Report from the Front

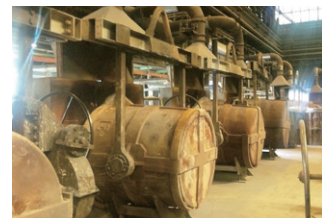
#### Energy-saving activities involving the ladle-drying equipment at the Keiyo Plant (Funabashi)

At our Keiyo Plant (Funabashi), ductile iron pipes are cast for use in pipelines for water, sewage, gas, etc.

The photo on the right shows the equipment used for drying and preheating the ladles. These ladles – the vessels from which the molten metal used to make the pipes is poured into the molds – need to be heat-resistant. At the Keiyo Plant (Funabashi), the following energy-saving activities have been implemented in the equipment used to dry the ladles.

- Using town gas instead of kerosene as the burner fuel
- Optimizing the gas combustion pattern
- Increasing thermal efficiency by reviewing the position and angle of the ladle, and its distance from the shield board
- Removing the need for a soot collector by fuel conversion

By means of these activities, we were able to achieve a 30% reduction in the amount of fuel used by the burners relative to the FY2011 level, and the reduction in CO<sub>2</sub> came to 1,100 tons. Going forward, we will continue to undertake improvement activities aimed at manufacturing iron pipes underpinning lifeline services for the general public, using even less energy.



Ladle drying and preheating equipment

## Reducing CO<sub>2</sub> during distribution

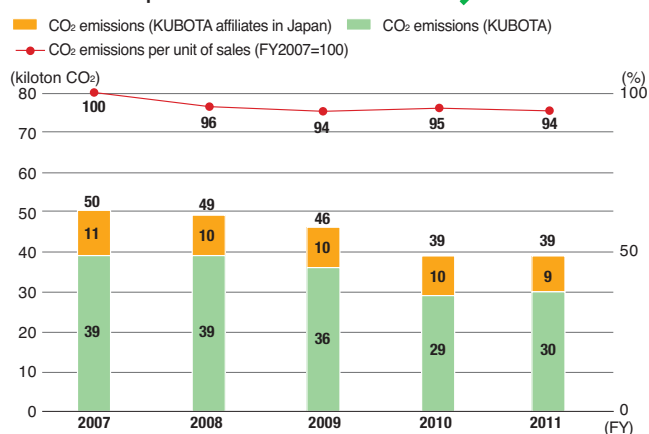
Targets and results in FY2011	Activity theme in our Medium-Term Environmental Conservation Plan	FY2011 targets	FY2011 results	Self-evaluation
	● CO <sub>2</sub> emissions during distribution per unit of sales (business sites in Japan)	● A 2% decrease from the FY2009 level	A 0.2% increase over the FY2009 level	✗

As consignors, we shipped 300 million ton-km of freight traffic within Japan, generating 39 kilotons of CO<sub>2</sub> emissions. Our CO<sub>2</sub> emissions during distribution per unit of sales rose by 0.2% over the FY2009 level, and we did not reach our target. This was because the decrease in our sales was greater than the decrease in our CO<sub>2</sub> emissions (of 16.6%) achieved by sharing combined-load transportation to optimize distribution, and the improvement in the modal shift rate for transportation between our Hanshin and Keiyo Plants, among other factors.

In the future, we will continue pursuing the following measures aimed at decreasing CO<sub>2</sub> emissions during distribution:

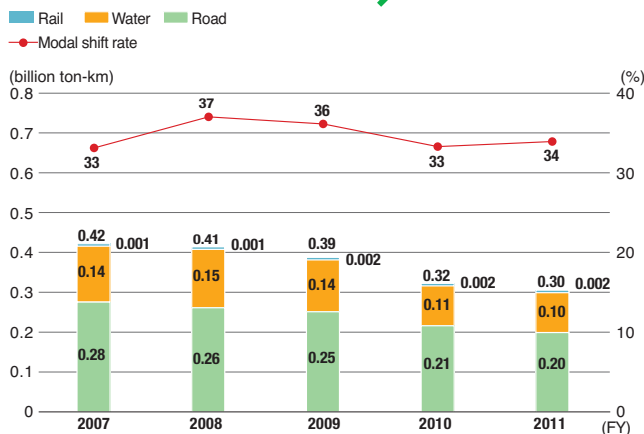
- Improving load efficiency by changing packing, shipment leveling, vehicle aggregation and other means
- Shortening transportation distances by changing production sites, increased use of direct shipment and other means
- Reducing fuel consumption by idle reduction
- Promoting a modal shift away from road transportation and towards transportation by water and rail

### Trends in total CO<sub>2</sub> emissions during distribution and CO<sub>2</sub> emissions per unit of sales



\* CO<sub>2</sub> emissions per unit of sales = CO<sub>2</sub> emissions/consolidated net sales

### Trends in freight traffic and modal shift rate



\* Modal shift rate = freight traffic by rail and water/total freight traffic

### Voice



**Takanobu Morimoto**  
KBS KUBOTA Corporation  
Iizuka Distribution Center

### Combined-load transportation of several products

KBS KUBOTA is implementing ongoing improvements jointly with the consignor, KUBOTA, in order to optimize distribution across the KUBOTA Group. The photos on the right show examples of combined loading of plastic pipes and waste water treatment tanks (upper photo) and plastic pipes and iron pipes (lower photo). Although expertise is needed to perform combined loading of products requiring different types of freight-handling, this approach allows empty space to be utilized effectively, and helps to save energy. Making use of the accomplishments and expertise we have amassed so far, we will continue to come up with new solutions to the challenges of distribution, and to take our energy-saving activities even farther.



Combined loading of plastic pipes and waste water treatment tanks



Combined loading of plastic pipes and iron pipes

# Working towards a Recycling-based Society

The KUBOTA Group encourages recycling and reduction of waste to achieve zero emissions and contribute toward the formation of a recycling-based society.

## Promoting the 3Rs (Reduce, Reuse, Recycle)

Targets and results in FY2011	Activity themes in our Medium-Term Environmental Conservation Plan	FY2011 targets	FY2011 results	Self-evaluation
	<ul style="list-style-type: none"> <li>Waste discharge per unit of sales</li> <li>Ratio of business sites that have achieved zero emissions goal (Zero emissions: a landfill ratio of 0.5% or less)</li> </ul>	<ul style="list-style-type: none"> <li>A 4% decrease from the FY2009 level</li> <li>50%</li> </ul>	<ul style="list-style-type: none"> <li>An 11.7% decrease from the FY2009 level</li> <li>50%</li> </ul>	<ul style="list-style-type: none"> <li>☉</li> <li>○</li> </ul>

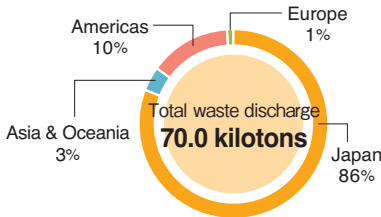
### Waste discharge per unit of sales

Waste discharge per unit of sales in FY2011 declined by 11.7% from the FY2009 level; thus, the target for the year was achieved. Total waste discharge amounted to about 70.0 kilotons, down 25.6% from the FY2009 level. By converting waste oil into fuel, downing rubber crawlers from construction machinery, recovering iron from waste chips and grinding sludge, and so on, we are pursuing internal recycling. Through even more meticulous management in the future, we plan to reduce our waste discharge.

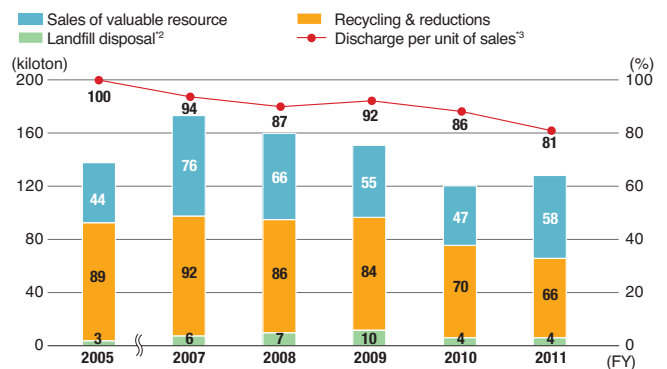


Waste rubber crawlers

### Waste discharge by region



### Trends in waste discharge<sup>1</sup> and waste discharge per unit of sales



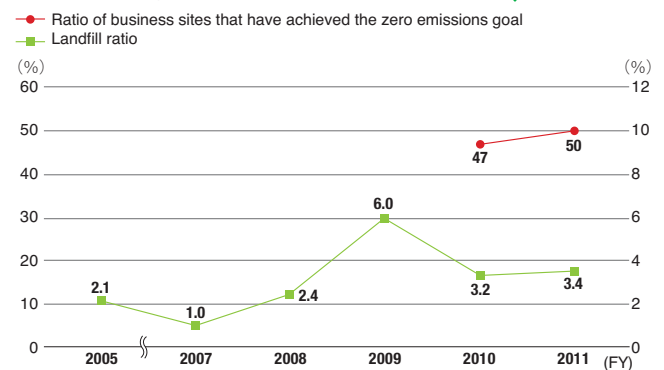
<sup>1</sup>: Includes business sites in Japan only in FY2005 and overseas business sites from FY2007.  
<sup>2</sup>: Landfill disposal = direct landfill disposal + landfill disposal after intermediate treatment  
<sup>3</sup>: Discharge per unit of sales (FY2005=100) = waste discharge/consolidated net sales

### Zero emissions

The zero emissions achievement ratios in FY2011 are: 67% for production sites in Japan, 11% for overseas production sites, and 50% in total. Thus, the target for FY2011 was achieved. Going forward, we will intensify recycling initiatives at our overseas business sites.

<sup>1</sup>: Number of business sites certified by Environmental Protection Department, KUBOTA Corporation as having achieved the zero emissions goal / number of production sites (30sites, excluding defunct sites) among the production sites included when the Medium-Term Environmental Conservation Plan was formulated x 100%.  
<sup>2</sup>: The percentage of business sites that have achieved the zero emissions goal for FY2010 was erroneous and corrected.  
<sup>3</sup>: Landfill ratio (%) = (Amount of waste direct to landfill + amount of waste final landfill disposal after intermediate treatment) / (amount of valuable resources sold + amount of waste discharged) x 100%.  
<sup>4</sup>: Includes business sites in Japan only up to FY2009 and overseas business sites from FY2010.

### Trends in ratio of business sites that have achieved zero emissions goal<sup>1,2</sup>, and trends in landfill ratio<sup>3,4</sup>



### Voice

#### Kenji Matsuura

KUBOTA Corporation  
 Kyuhoji Business Center  
 General Affairs Section



### Waste-management initiative using measurement system

At the Kyuhoji Business Center, a waste measurement system has been installed in order to "Reduce" (in other words, reduce waste), which is one of the "3Rs." This system is used to measure and manage the weight of waste generated by each worksite. It is now possible to find out how much waste has decreased (or increased) at each workplace, and waste reduction activities have been made "visible." Going forward, we will continue to devote effort to reducing our environmental impact by ongoing activities that "reduce waste by measuring it."



Waste measurement system

# Chemical Substance Controls

The KUBOTA Group has continued concerted efforts to provide appropriate control over chemical substances and achieve the target for reducing them.

## Reducing PRTR-designated substances

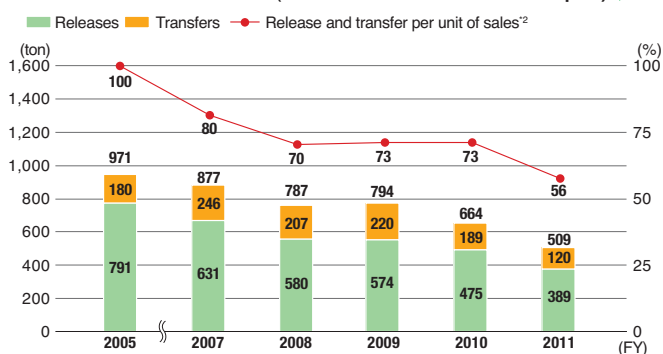
Targets and results in FY2011	Activity theme in our Medium-Term Environmental Conservation Plan	FY2011 targets	FY2011 results	Self-evaluation
	● Release and transfer of PRTR-designated substances* per unit of sales	● A 4% decrease from the FY2009 level	A 23.9% decrease from the FY2009 level	◎
*Since FY2011, following the revision of the PRTR Law, 8 substances have been newly designated as Class I Chemical Substances, and 3 substances have been removed. Three designated chemical substances derived from recycled resources have also been excluded from the totals.				

### Measures taken to reduce PRTR-designated substances

We are working for the reduction of PRTR-designated substances by: replacing conventional products with alternative ones that do not contain these substances, introducing waste thinner recycling units,

and improving the production process. In FY2011, we achieved a 35.9% reduction in the amount of PRTR-designated substances released and transferred from the FY2009 level.

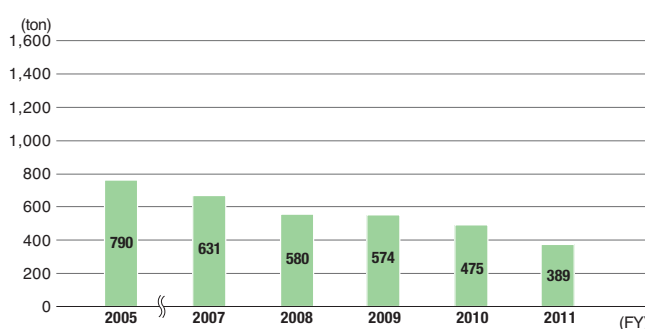
#### Trends in the amounts of PRTR-designated substances\*<sup>1</sup> released and transferred (Data on business sites in Japan)



\*1: The data shows the total amount of the substances for which the annual handling quantity equaled one ton or more (0.5 tons or more for Specific Class I designations) at each business site and for which reporting is required under the PRTR Law (business sites in Japan only).

\*2: Release and transfer per unit of sales (FY2005=100) = total release and transfer/consolidated net sales

#### Trends in the amounts of VOC\*<sup>1,2</sup> released (Data on business sites in Japan)



\*1: VOC stands for Volatile Organic Compound.

\*2: The data shows the total amount of VOCs for which reporting is required under the PRTR Law only.

## Reduction of chemical substances in products

Targets and results in FY2011	Activity theme in our Medium-Term Environmental Conservation Plan	FY2011 targets	FY2011 results	Self-evaluation
	● Ratio of models with reduced RoHS-designated substances*	● 30%	22.2%	×
* The ratio of the value of shipped products that contain RoHS-designated substances (lead, hexavalent chromium, mercury, cadmium, PBB, and PBDE) in an amount equal to or less than the threshold limits (except those products that use RoHS-designated substances for the applications falling under the exemptions specified in the RoHS and ELV Directives) against the total value of shipped products (excluding plants, facilities, work, services, and software development) in FY2011.				

### Initiatives aimed at reducing RoHS-designated substances

The EU's RoHS and ELV directives and similar regulations of other countries and regions are intended for electrical/electronic equipment and automobiles, and are not applied to most of the industrial machinery offered by the KUBOTA Group. However, we have been taking voluntary measures to reduce the six RoHS-designated substances (lead, mercury, cadmium, hexavalent chromium, PBB, and PBDE) in a well-planned manner. The ratio of KUBOTA models with reduced RoHS-designated substances is 22.2% in FY2011, against the target of 30%.

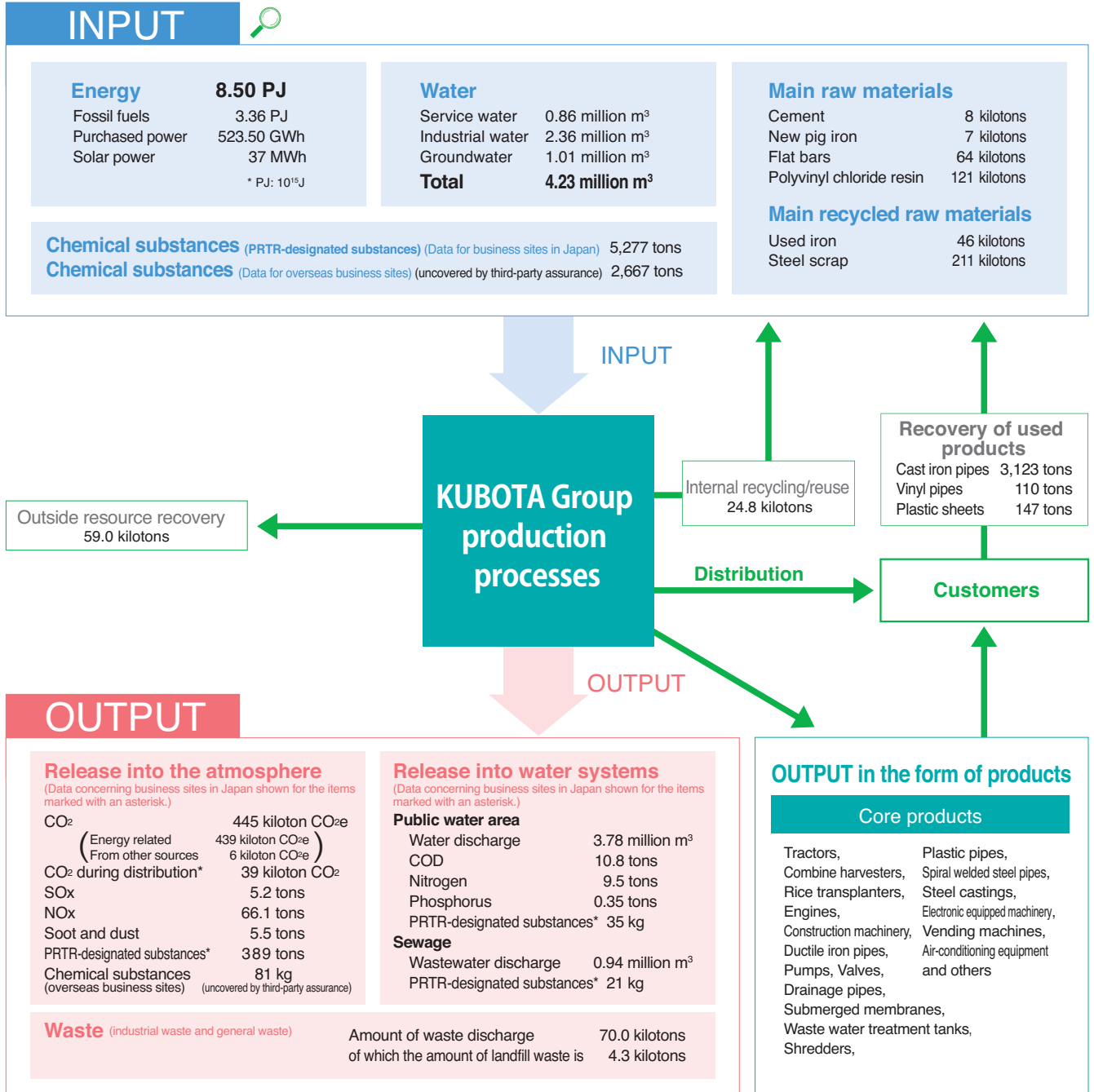
### Building a management system

The EU's REACH regulation ("REACH" stands for Registration, Evaluation, Authorisation and restriction of Chemicals) requires that chemical substances are registered and information is provided regarding Substances of Very High Concern contained in products. In FY2011, we drafted new internal rules for the identification and appropriate management of chemical substances contained in KUBOTA Group products. We also established a list of "Substances to be Restricted" of which we are going to use less, and for which we are going to find alternatives. We have incorporated these rules into our Green Procurement Guidelines, and, while forging even closer links with our materials suppliers, we are moving ahead with our compliance with REACH and other relevant legislation.



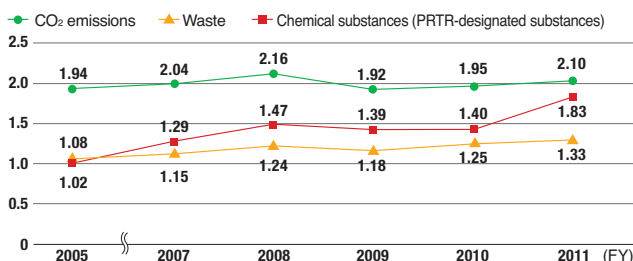
# KUBOTA Group Business Activities and Environmental Loads

The numerical data and an overview of the environmental load resulting from the KUBOTA Group's corporate activities both in Japan and abroad are shown below. We are ascertaining and analyzing our environmental load, and endeavoring to reduce it, and to improve our eco-efficiency.



(Items not specifically marked with a note include data for overseas business sites. The method used to calculate each indicator is given under "Calculation Standards of Environmental Performance Indicators" on our website (<http://www.kubota-global.net/csr/report/r2011.html>).

## Eco-efficiency indicator\*



Across all three indicators, our eco-efficiency has risen relative to the previous fiscal year due to a reduction in environmental load.

- Eco-efficiency indicator for CO<sub>2</sub>=Consolidated net sales (million yen)/CO<sub>2</sub> emissions (ton CO<sub>2</sub>e) (KUBOTA Group)
- Eco-efficiency indicator for waste=Consolidated net sales (million yen)/Waste discharge (100 kg) (FY2005: KUBOTA Group in Japan; during and after FY2007: Entire KUBOTA Group)
- Eco-efficiency indicator for chemical substances=Consolidated net sales (million yen)/PRTR-designated substance release and transfer (kg) (KUBOTA Group in Japan)

\* Because each indicator has improved, our sales per unit of environmental load such as CO<sub>2</sub> and others have increased and our eco-efficiency is likely to have increased.

# Environmental Management

At the KUBOTA Group, we are working to enhance our environmental management system to promote environmentally-friendly corporate management. We are also working to enhance the standards of our environmental activities by checking our compliance with the rules for environmental conservation activities and by providing educational programs to increase environmental awareness among our employees.

Note: By "environmental management" we mean pursuing environmental conservation initiatives, setting our own environmental policies and targets, and taking steps towards reaching those targets.

## Promoting environmental management

### Environmental management promotion system

The Environmental Protection Department, which drives the KUBOTA Group's environmental conservation activities, is located at our head office. We have also established departments in charge of environmental management at our business sites and affiliates: integrated with the Environmental Protection Department, these departments tackle environmental protection on a global and regional basis.

### Compliance with environmental laws

To ensure good compliance with environmental laws, the KUBOTA Group is setting independent control values for gas emissions, waste water, noise, vibration and other parameters, at its business sites. These values are even stricter than the regulation values imposed by laws and ordinances.

If an independent control value is exceeded, even if the value is within, for example, the legal limit, a rigorous investigation is conducted to determine the cause, and corrective measures are implemented to prevent re-occurrence.

In FY2011, there was not a single critical violation of environmental laws throughout the KUBOTA Group.

### Environmental education

When it comes to environmental issues, it is important to start with awareness. Through education by employee-level, we are working on a regular basis to raise awareness of environmental issues.

To ensure that we deal with such issues in a well-judged way, we are systematically providing specialist education including courses for internal environmental auditors. As well as raising skill levels, this is helping more employees gain environmental qualifications, and leading to better implementation of environmental conservation. In FY2012, by establishing new courses on energy-saving activities at our production sites, among other measures, we will be continuing to upgrade our environmental education.

### Environmental auditing

We conduct annual "KUBOTA Group Environmental Audits," pursuant to the "Environmental Risk Management Policy" established for each fiscal year, based on the "Environmental Risk Management Regulations and Environmental Preservation Rules and Guidelines" that were formulated by the internal control system of the KUBOTA Group.

In FY2011, our focus was on checking the viability of the internal auditing function exercised by each business site and upper level managerial division, in addition to the checking of existing audit details performed principally by the head office Environmental Protection Department.

On-site guidance and auditing is conducted at our overseas production sites, just as at our sites in Japan.

Auditing is also conducted at our maintenance and servicing sites, offices, and construction departments. If any shortcoming is found, rigorous corrective measures are implemented.



Audit conducted at an overseas production site

## Voice



**Nora DeForest**

HR Manager  
Kubota Engine America Corporation

### Kubota Engine America Corporation's Green Initiative

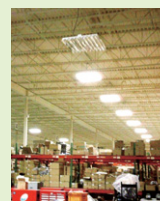
The KUBOTA Group has been promoting the slogan "For Earth, For Life" and Kubota Engine America (KEA) has been taking it very seriously by taking steps to protect and sustain the environment, including initiatives to reduce electricity use. KEA has replaced all light switches with automatic sensors. After 10 – 15 minutes, if no activity in a room is detected, lights will automatically switch off. We have also changed all of the warehouse light fixtures. The new fixtures provide highly efficient lighting which enhances the brightness of the work environment while using less energy.

In an effort to reduce waste, KEA has started a company wide recycling program for paper, cardboard, aluminum cans, and metal scrap. All of these items are collected weekly and sent to a recycling center.

Most importantly, KEA has invested in beautifying the landscape by adding more flowers, shrubs, and trees. The addition of over 50 trees provides cleaner air and reduces ozone levels. We have also added bird feeders to attract more exotic birds. These changes are KEA's way of participating and promoting the new company slogan, "For Earth, For Life."



Trees planted at entranceway



High-efficiency lighting installed in warehouse



Bird feeder

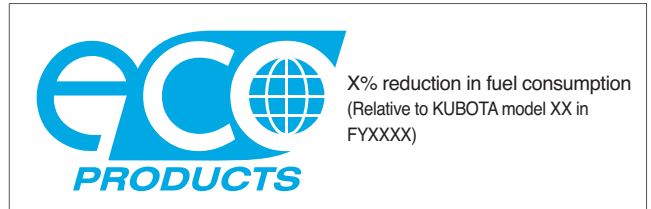
# Environmentally-Friendly Products

One of the ways we are making our products more environmentally-friendly is by working to reduce the environmental load throughout the product life-cycle.

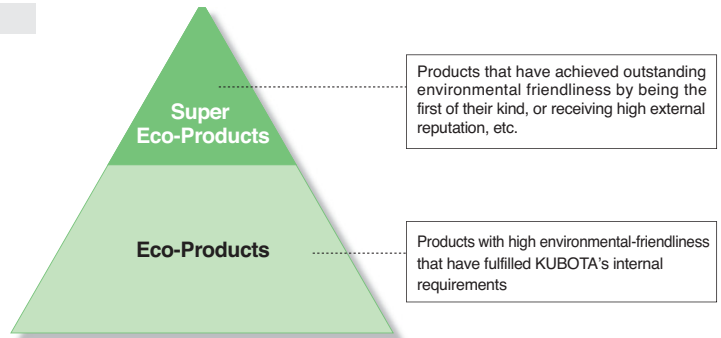
## KUBOTA's internal Eco-Products Certification System

In FY2012, the KUBOTA Group began running its own Eco-Products Certification System to certify environmentally friendly products. Products which have fulfilled our internal requirements, which include "energy saving," "resources saving and recycling," and "reducing environmentally hazardous substances," are certified as "Eco-Products," and display our proprietary Eco-Products label. By means of this system, we are improving our range of environmentally-friendly products, and further intensifying our efforts to preserve the global environment as an environmentally leading company.

### Example of Eco-Products label



Evaluation items	
Stop climate change	<b>1. Energy saving (CO<sub>2</sub> reduction)</b> Reducing energy consumption during production, construction and use, etc.
Work towards a recycling-based society	<b>2. Resources saving</b> Reducing weight, volume, use of rare metals, etc.
Control chemical substances	<b>3. Recycling</b> Using recycled plastics/rare metals, etc.
Other	<b>4. Reducing environmentally hazardous substances</b> Reducing RoHS-designated substances, reducing gas emissions, etc.
	<b>5. Information disclosure</b> Notes about energy-saving operation, recycling, disposal, etc.



## Endeavors in development of environmentally-friendly products up to FY2011 (case studies)

### Tractor Kingwell R-PC



- Energy saving
- Reducing gas emissions

To the Kingwell R-PC series of medium-sized Power Krawler Tractors (24 to 34 PS) for the Japanese market, we added an "e-Guide" function and a fuel consumption graph display, enabling energy-saving operation. This series is also equipped with engines that meet the Ministry of Land, Infrastructure and Transport and Tourism's exhaust gas emissions regulations for special vehicles

\* A lamp on the instrument panel that lights up when energy-saving operation is possible

### KUBOTA Membrane Bioreactor (applied in reconstruction of medium to large-scale sewage treatment plants)



- Effluent purification, conserving water bodies
- Resources saving ● Energy saving

The KUBOTA Membrane Bioreactor is an advanced processing system for sewage, whereby eutrophication can be prevented and processed water can be re-used. It can be applied at medium to large-scale sewage treatment plants without securing extra land, and contributes to the resources saving by effective use of existing civil engineering structures. This system also uses large-scale unit siphon filtration and other energy-saving technologies.

### Digital Platform Scale KL-100NX Kubo-Eco Series



- Energy saving
- Reducing environmentally hazardous substances

At the time of the Digital Platform Scale KL-100NX series model change, we implemented power-saving designs, and realized a battery life of 2,000 hours using alkaline batteries. We also minimized the use of RoHS-designated substances lead, cadmium, mercury and hexavalent chromium. Consequently, the environmental load generated during use and at disposal, is now greatly reduced.

# Conservation of Biodiversity

One of the targets included in the KUBOTA Group's Eco-First Commitment is to "conservation of biodiversity." In our business activities and our social contribution initiatives, we are endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

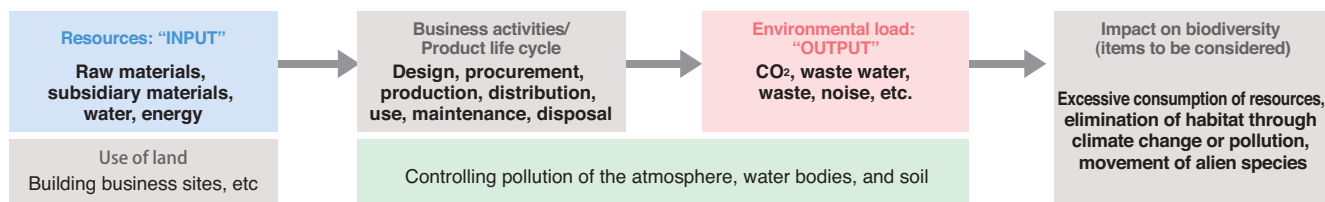
## Understanding KUBOTA Group's relationship with biodiversity

In December 2009, in order to conserve biodiversity and ensure that natural resources are used in a sustainable way, the KUBOTA Group incorporated a principle on biodiversity into its Environmental Action Guidelines. To impose order on KUBOTA's relationship with biodiversity, we also drafted the list shown below. KUBOTA defines its business domains as "food," "water" and "the environment." All our business activities use the bounty of nature in some form, while

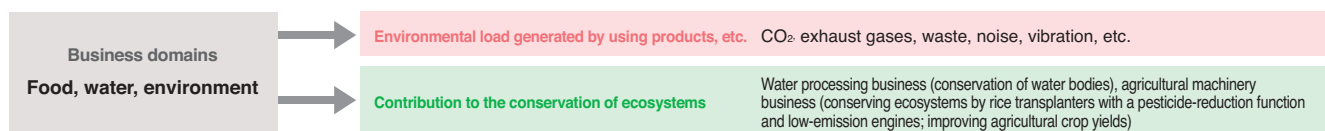
simultaneously having a major impact on animal and plant life. Besides the biotope installation and tree-planting initiatives we have been carrying out for some years, we are managing the environmental load of our business activities in an appropriate way. We are also engaging in biodiversity protection activities in the KUBOTA e-Project, one of our social contribution initiatives (see P. 39 for details).

### The KUBOTA Group's relationship with biodiversity

**Initiatives designed to manage and reduce the environmental load of our business activities** ▶ **At each stage of our business activities, we need to reduce our environmental load and consider our impact on biodiversity.**



**Reduction of impact of business (products and services), contribution to conservation** ▶ **We need to reduce the environmental impact of our business, and contribute to the conservation of ecosystems**



**Achieving symbiosis with the natural environment through social contribution initiatives** ▶ **As a corporate citizen, we need to devote effort to protecting the natural environment.**

- e-Projects (supporting reclamation of abandoned farmland)
- e-Day (environmental beautification volunteers)
- Planting trees and installing biotopes in the grounds of business sites, etc.

### Report from the Front

#### Rooftop garden opened at KUBOTA head office

In May 2011, a rooftop garden was opened at KUBOTA head office as a part of "communication space" for employees. By setting up vegetable beds and a meadow, along with various tree species, care was taken to allow the garden to become a habitat and stopover for insects, birds and other living things. Organic vegetables and rice grown in the vegetable beds are used in meals served at the employee lounge built adjoining the rooftop garden. Resource recycling initiatives are also in place: these include using KUBOTA membrane processing technology to recycle waste water from the lounge's kitchen for use in irrigation, and using fallen leaves for composting.




Fruit trees and other plants



Vegetable-bed boxes

# Third-Party Assurance on Environmental Reports

Since FY2005, the KUBOTA Group has received third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The “” symbol is used to indicate the sections of this pamphlet and our website that have received third-party assurance. Following the third-party assurance this fiscal year, our environmental report was accorded the environmental report assurance and registration symbol\*1 of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)\*2. This indicates that the reliability of the environmental data given in the KUBOTA REPORT 2011 – Business and CSR Activities meets the requirements for this mark.

## Factory visit



Hanshin Plant (Mukogawa)

\*1: The mark appears on the back cover of this report.

\*2: <http://www.j-sus.org/>




## Independent Assurance Report

To the Representative Director, Chairman, President and CEO of Kubota Corporation

### Purpose and Scope

We were engaged by Kubota Corporation (the “Company”) to provide limited assurance on its KUBOTA Report 2011–Business & CSR Activities on KUBOTA’s website (the “website Report”) on its website for the fiscal year ended March 31, 2011. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- 1) the environmental performance indicators and environmental accounting indicators marked with:  for the period from April 1, 2010 to March 31, 2011 included in the website Report (the “Indicators”) are prepared, in all material respects, in accordance with the Company’s reporting criteria; and,
- 2) all the material environmental information defined by the Japanese Association of Assurance Organizations for Sustainability Information (“J-SUS”) is included in the website Report.

The content of the website Report is the responsibility of the Company’s management. Our responsibility is to carry out limited assurance procedures and to express our conclusion.

### Criteria

The Company applies its own reporting criteria as described in the website Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan’s Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material environmental information, we used the ‘Criteria for Granting an Environmental Report Assurance and Registration Symbol’ of J-SUS.

### Procedures Performed

We conducted our engagement in accordance with ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board, and the ‘Practical Guidelines of Sustainability Information Assurance’ of the Japanese Association of Assurance Organizations for Sustainability Information (“J-SUS”).

The limited assurance engagement on the website Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the website Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company’s responsible personnel to obtain an understanding of its policy for the preparation of the website Report.
- Reviews of the Company’s reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and also a recalculation of the Indicators.
- Visits to the Company’s domestic factory, selected on the basis of a risk analysis.
- Assessment of whether or not all the material environmental information defined by J-SUS is included in the website Report.
- Evaluating the overall statement in which the Indicators are expressed.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- 1) the Indicators in the website Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the website Report; and
- 2) all the material environmental information defined by J-SUS is not included in the website Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.  
Osaka, Japan  
July 14<sup>th</sup>, 2011

# Comments on the KUBOTA REPORT 2011 – Business and CSR Activities



**Professor  
Katsuhiko Kokubu**

Graduate School of Business Administration  
Kobe University

## **Integrating business and CSR reports**

The most striking feature of KUBOTA's report for this fiscal year is that the business and CSR reports have been integrated and issued as the "KUBOTA REPORT 2011 – Business and CSR Activities." The practice of issuing an integrated annual report and CSR report is gaining ground in Europe and the USA, and in my view, it is also a commendable policy from the perspective of global trends. As a result of this integration, more extensive economic data is made available. I think it would be a good thing if KUBOTA also considered disclosing economic data from a CSR perspective – including, for example, how things stand regarding distribution of added value, and regarding corporate expenditure on social contribution activities.

## **KUBOTA's aspirational vision of society**

Active in the business domains of food, water and the environment, which are closely connected with the sustainability of society, KUBOTA is committed to making a social contribution through its business activities. This ethos is also emphasized in the Top Message in this report. In fact, KUBOTA is conducting numerous activities relating to social development in Asian countries and elsewhere, and its corporate attitude has earned high acclaim. The KUBOTA e-Project is a particularly noteworthy initiative, even from an international perspective. In this connection, if KUBOTA goes on to clarify its aspirational vision of the society, and emphasizes newly-created social value, I am sure that the company will be able to pursue activities that are even more effective.

## **Introducing KPIs (Key Performance Indicators) for CSR activities**

Using a PDCA (Plan-Do-Check-Action) cycle, KUBOTA assesses the degree to which its CSR activities have reached their targets. At present, most of the company's non-environmental CSR targets are still defined in qualitative terms; however, there is a worldwide trend towards disclosing KPIs for CSR. In my view, when a company's business and CSR reports are integrated, the next stage is for stakeholders to expect KPIs to be disclosed. I would therefore recommend that KUBOTA start considering introducing KPIs for its CSR targets.

## **High hopes for Eco-Products**

One of the noteworthy trends at KUBOTA on the environmental front is the launch of the company's own internal certification system for its Eco-Products. Reducing environmental load during the product's service life is just as important as reducing it during the manufacturing process, so for that reason, Eco-Products are a very important initiative. They are an experiment in unifying business activities with environmental conservation. I anticipate that KUBOTA, as one of the front runners in its industry, will lead that industry in terms of environmentally-friendly products as well as in other ways.

## **In response to the above comments**

Determined to make solid progress in CSR activities year by year, the KUBOTA Group has, for the last three years, asked Professor Kokubu to contribute his comments. This year, once again, I would like to express KUBOTA's profound gratitude for his valuable input.

KUBOTA sincerely takes to heart Professor Kokubu's view regarding the need to clarify our aspirational vision of society, and his other suggestions, and will continue developing our activities.

In this year's report named "KUBOTA REPORT," to give the reader an even better understanding of KUBOTA's activities, we have included more economic data than in previous years, and achieved a better balance with social and environmental information. Here at the KUBOTA Group, in the future as in the past, we shall not only be providing support for the reconstruction following the Great East Japan Earthquake, but also endeavoring to continue being a company able to contribute to "the development of society and the preservation of the earth's environment" through our activities in the business domains of food, water and the environment, which are of critical importance to society.

**Kunio Suwa** Executive Officer, General Manager of CSR Planning & Coordination Headquarters KUBOTA Corporation



# Corporate Information

## Corporate Data

Corporate name	KUBOTA Corporation	
Head office	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan	
Representatives	Representative Director, Chairman, President & CEO	Yasuo Masumoto
	Representative Director and Executive Vice President	Tetsuji Tomita
Established	1890	
Capital	¥84,070 million (as of March 31, 2011)	
Total number of shares issued	1,285,919,180 (as of March 31, 2011)	
Number of shareholders	45,121 (as of March 31, 2011)	
Consolidated revenues	¥933,685 million (Fiscal Year ended March 31, 2011)	
Number of employees (consolidated basis)	25,409 (as of March 31, 2011)	



Head office

## Board of Directors

As of June 24, 2011

Directors	Representative Director, Chairman, President & CEO	Yasuo Masumoto	
	Representative Director and Executive Vice President	Tetsuji Tomita	
	Director and Senior Managing Executive Officer	Satoru Sakamoto	
	Director and Senior Managing Executive Officer	Takeshi Torigoe	
	Director and Managing Executive Officer	Masayoshi Kitaoka	
	Director and Managing Executive Officer	Toshihiro Kubo	
	Director	Yuzuru Mizuno	
	Director	Junichi Sato	
	Executive Officers	Senior Managing Executive Officer	Eisaku Shinohara
		Senior Managing Executive Officer	Masatoshi Kimata
		Senior Managing Executive Officer	Nobuyuki Toshikuni
		Managing Executive Officer	Hideki Iwabu
		Managing Executive Officer	Katsuyuki Iwana
		Managing Executive Officer	Kenshiro Ogawa
		Managing Executive Officer	Tetsu Fukui
		Managing Executive Officer	Satoshi Iida
Managing Executive Officer		Shigeru Kimura	
Executive Officer		Masakazu Tanaka	
Executive Officer		Taichi Ito	
Executive Officer		Yujiro Kimura	
Executive Officer		Shinji Sasaki	
Executive Officer		Hiroshi Matsuki	
Executive Officer		Yuichi Kitao	
Executive Officer		Kunio Suwa	
Executive Officer	Toshihiko Kurosawa		
Executive Officer	Hiroshi Kawakami		
Executive Officer	Satoshi Machida		
Executive Officer	Masaharu Tabata		
Executive Officer	Yoshiyuki Fujita		
Executive Officer	Kaoru Hamada		
Executive Officer	Takashi Uei		
Corporate Auditors	Corporate Auditor	Hirokazu Nara	
	Corporate Auditor	Hiroshi Shiaku	
	Corporate Auditor	Masao Morishita	
	Corporate Auditor	Akira Negishi	
	Corporate Auditor	Ryoji Sato	

## List of information available on KUBOTA's website

 <http://www.kubota-global.net/csr/report/r2011.html>

Information on the activities of the KUBOTA Group is given both in this report and on the official website. For more detailed information not shown in this report, please visit our website.

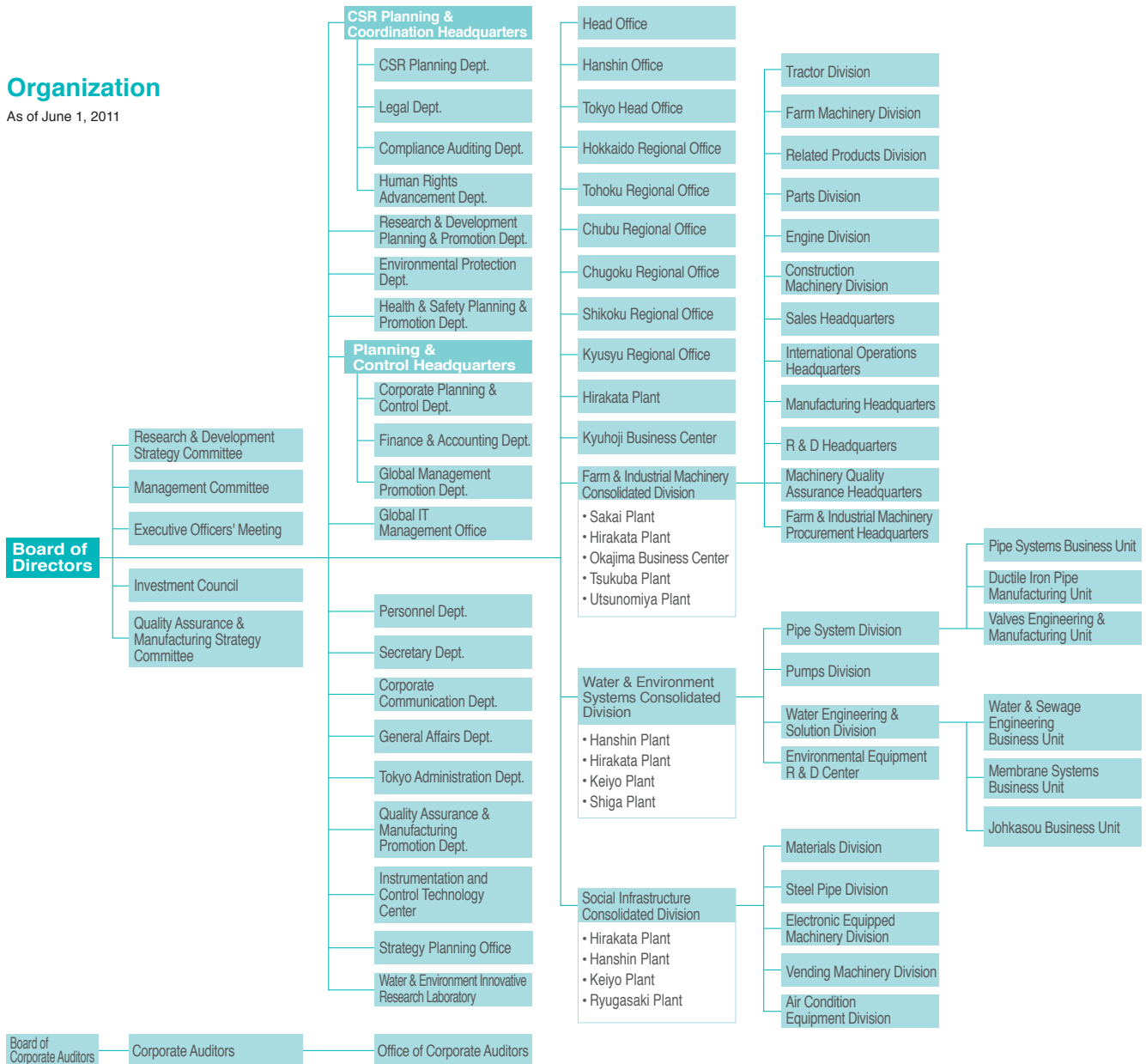
		Website page	Supplementary information shown on the website
<b>Economic Report</b>	Financial Data (U.S. GAAP)	p28-①-p28-④	① Consolidated Balance Sheets ② Consolidated Statements of Comprehensive Income ③ Consolidated Statements of Cash Flows ② Consolidated Statements of Income ② Consolidated Statements of Changes In Equity ④ Consolidated Segment Information
<b>Social Report</b>	Supplementary Information	p40-① and p40-②	① Status of ISO9001 Certification ② Promoting Diversity Management ② Personnel Policy and Personnel System ② Status of OHSAS18001 Certification
<b>Environmental Report</b>	Supplementary Information on Environmental Management	p50-①-p50-④	① Environmental Management Promotion System ③ Environmental Education ④ ISO 14001 Certification Status ② Environmental Risk Management ③ Green Purchasing/Green Procurement
	Environmental Performance Data	p50-⑤-p50-⑭	⑤ Trends in Major Environmental Indicators ⑤ Coverage of corporate environmental management ⑥ Data Concerning CO <sub>2</sub> Emissions ⑦ Results of PRTR Reporting/Groundwater Monitoring ⑧ Environmental Accounting ⑨ Conversion Coefficient concerning CO <sub>2</sub> ⑩ Calculation Standards of Environmental Performance Indicators for the KUBOTA REPORT 2011 – Business and CSR Activities ⑪-⑫ Data on production sites ⑬-⑭ Data on KUBOTA Group Production Sites

You can respond to the questionnaire concerning the KUBOTA REPORT 2011 – Business and CSR Activities on our official website.

<http://www.kubota-global.net/csr/report/anke-to.html>

# Organization

As of June 1, 2011



## Editorial note:

From FY2012, Kubota will publish “KUBOTA REPORT” through which you can understand its development of CSR management and global business activities through increasing descriptions and reports of its business and economic activities along with its existing social and environmental reports.

### Scope of the KUBOTA REPORT 2011 Business and CSR Activities

The KUBOTA REPORT 2011 Business and CSR Activities covers the entire KUBOTA Group, in principle.

#### Economic Report

The Economic Report contains data on the consolidated accounting that was performed based on U.S. accounting standards. Fiscal year 2011: 104 consolidated subsidiary companies and 19 affiliates accounted for under the equity-method

#### Social Report

The Social Report covers social activities carried out by KUBOTA Corporation and some of its affiliates.

#### Environmental Report

The Environmental Report contains the results of environmental activities carried out by KUBOTA Corporation itself as well as 68 domestic and 36 overseas consolidated subsidiary companies.

### Period covered by this report

The content of this report focuses on activities during fiscal 2011 (April 2010 to March 2011). Some portions may include information on recent events. Data in the Environmental Report are aggregate totals of domestic (April 2010 to March 2011) and overseas activities (January 2010 to December 2010).

### Cautionary Statements with Respect to Forward-Looking Statements

This document may contain forward-looking statements that are based on management’s expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company’s markets, particularly government agricultural policies; levels of capital expenditures, both in public and private sectors; foreign currency exchange rates; the occurrence of natural disasters; continued competitive pricing pressures in the marketplace; as well as the Company’s ability to continue to gain acceptance of its products.

### Referenced guidelines

Environmental Report Guidelines (Fiscal Year 2007 version), Ministry of the Environment (Government of Japan)  
Sustainability Reporting Guidelines Version 3.0, GRI (Global Reporting Initiative)

Planning: CSR Planning Dept.

Editing and publication: Corporate Communication Dept.



# Kubota

For Earth, For Life



As a leading company for environmental performance, KUBOTA has made a promise to implement environmental conservation activities to the Ministry of the Environment.



We practice Green Purchasing.



KUBOTA REPORT 2011 has been determined eligible to use the environmental report assurance and registration symbol of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS).



## KUBOTA Corporation

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