2018 KUBOTA REPORT

For Earth, For Life

Kubota

Business and CSR Report <Full Version>

FOOD
WATER
ENVIRONMENT

KUBOTA Corporation

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KUBOTA REPORT 2018

Business and CSR Report <Full Version>

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Editorial Note

The objective of this report is to provide our stakeholders with a report on the business and CSR activities of the Kubota Group from a global viewpoints in an easy-to-understand manner.

The Kubota Group is taking on the challenge of solving global issues through business activities, in view of the concepts of SDGs*, the goals for the world sustainable development.

* For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website.

www.un.org/sustainabledevelopment/

Relationship between Digest Version and Full Version

Digest Version: Concise and clear report, focusing on visual presentation to make the entire picture of the Kubota Group easier to understand.

Full Version: Comprehensive report to disclose information on details of businesses and CSR activities.

- Digest Version (PDF download)
- Full Version (PDF download)

Period covered by this report

From January 2017 to December 2017

Note) Some entries may be outside of the period stated above.

Boundary of the KUBOTA REPORT 2018

In principle, the entire Kubota Group is covered.

Note) Where stated, some portions cover Kubota Corporation only.

Financial Report

The Financial Report contains data on the consolidated accounting based on U.S. accounting standards of generally accepted accounting principles in the United States (U.S. GAAP).
Year ended Dec. 2017: 173 consolidated subsidiaries and 14 affiliated companies accounted for under the equity method

Environmental Report

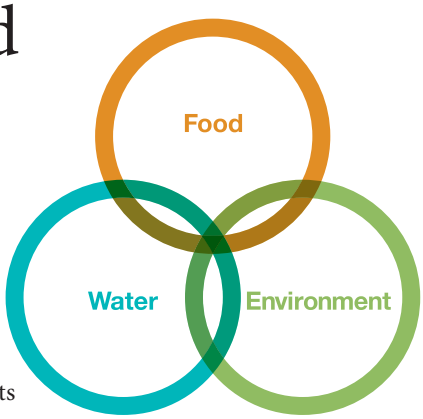
The Environmental Report contains the results of environmental activities carried out by Kubota Corporation as well as 173 consolidated subsidiaries and 9 affiliated companies accounted for under the equity method (partial).

Social Report / Others

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

The Kubota Group contributes to the world in the areas of food, water and the environment.

Food, water and the environment are indispensable for human beings.
The Kubota Group continues to support the future of the earth and humanity by contributing to the abundant and stable production of food, the supply and restoration of water, and the creation of a comfortable living environment through its superior products, technologies and services.



Kubota Global Loop

Basic Policy for CSR Management

All Kubota Group employees share their corporate philosophy –the Kubota Global Identity– and will contribute to their stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, they are aiming for the ongoing synergistic development of the Kubota Group and society.

Setting SDGs as a compass, we take the path toward the realization of the "Global Major Brand Kubota."

Since its foundation in 1890, Kubota has delivered a variety of products that contribute to people's lives and society, including iron water pipes for the development of modern waterworks, and agricultural machinery to increase food production and save labor. Today, the world faces many challenges in the areas of food, water and the environment, which are indispensable for human beings. The Kubota Group believes that its mission is to comprehensively solve the problems of food, water and the environment through its superior products, technologies and services, thereby continuing to support the future of the earth and humanity.

Now, the Kubota Group aims at realizing the "Global Major Brand (hereafter, 'GMB') Kubota." It means not simply becoming a top company in terms of sales or profits, but becoming a "company (brand) that can make the greatest social contribution as a result of being trusted by the largest number of customers."

In 2015, the United Nations adopted 17 sustainable development goals, or SDGs, including "ZERO HUNGER" and "CLEAN WATER AND SANITATION," as a set of common goals for the international community. We see that the direction aimed at by the SDGs is the same direction that the GMB Kubota should aim at, as a company contributing to the world in the areas of food, water and the environment under the brand statement "For Earth, For Life."

Besides promoting our current businesses, we will acquire new business opportunities through initiatives to achieving the SDGs, thereby improving our CSR management. This will surely contribute to the realization of the GMB Kubota.

The Kubota Group will continue to make united efforts across countries, regions, and departments to become a company trusted by customers and society.

We sincerely request your continuous support.

March 2018

木股昌俊

Masatoshi Kimata

President and Representative Director, Kubota Corporation

Kubota, Always Tackling Social Problems

~ History of Kubota Businesses and Products ~

Products, technologies and services that resolve issues relating to food, water and the environment

This success derives from the spirit passed down from Gonshiro Kubota, who believed "For the prosperity of society, we need to put all of our efforts into creation," and "Our products should be not only technically excellent, but also useful for the good of society." The founder Gonshiro Kubota's spirit of social contribution through businesses remains strong in the hearts and minds of Kubota's employees even today, nearly 130 years later.

Business foundation established through tackling social problems

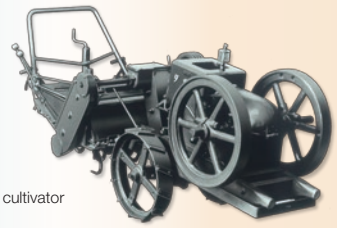
Corporate slogan/ Brand statement

1955 **"From country building to rice making"**

Responding to serious post-war food shortage

1947

Developed the cultivator, a pioneer in mechanization of agriculture



First cultivator

1960

Developed the first Japanese tractor, to support farming villages suffering from labor shortage

First Japanese riding upland farming tractor (T15 type)

1890

Established as a casting manufacturer
Started production of castings for weighing equipment and daily commodities

Founder, Gonshiro Kubota (1870-1959)

Contributing to water services development, urgently in need in the aftermath of cholera epidemics

1893

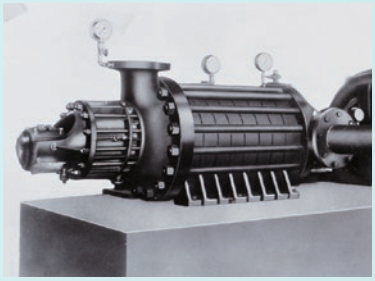
Succeeded in the production of the first cast iron pipes for water supply in Japan, contributing to the development of modern waterworks

Kubota iron pipe shipping site around 1905

Contributing to the building of post-war water infrastructure

1952

Launched the pump business, to create water flows



First pump
(750 horsepower boiler feed turbine pump for power stations)

Contributing to the building of post-war social infrastructures

"Create products with all your heart and soul, and realize the commodity values of such products in correct definitions."

1953

Developed power shovels and other equipment to contribute to post-war reconstruction

Mechanical power shovel performing loading (KB60 type)

Tackling tasks associated with the development of society

1969 **"Create an environment affluent to human beings."**

1980 **"Pursuing a promised future with our technological strength"**

1992 **"Let's make our habitat more beautiful."**

Responding to demand for mechanization of agriculture to compensate decline in the agricultural workforce

1965

Developed the binder, tremendously improving efficiency in reaping work

Small binder

1968

Developed the first full-automatic walk-behind rice transplanter in the industry, to mechanize severe rice transplanting work

Full-automatic walk-behind rice transplanter (SPS type), the original model for subsequent transplanters

Tackling water environment problems caused by high economic growth

1962

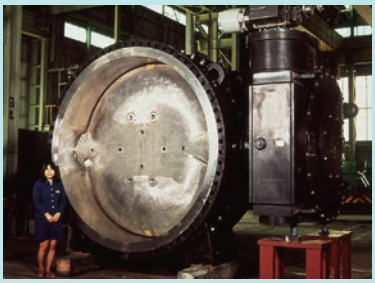
Entered the water treatment business and tackled the emerging water pollution problem

Night soil treatment plant in Miyoshi, Hiroshima, the first project after the Division was formed

Responding even to overseas demand for water-related technologies

1972

Valve for water tunnel control helped improve the lives of American citizens.



Stainless metal sheet 2400 mm butterfly valve delivered to the New York Water Bureau

Responding to growing demand for machinery in line with the development of industry

1953

Offered compact, high-performance, and high-power engines, contributing to the development of various industries

Light, ultra-small engine (SH type)

Responding to increasing construction works for improving the urban environment

1974

Started manufacturing mini excavators, supporting small-scale urban construction

Full-revolving small hydraulic shovel (KH1), the base model for subsequent Kubota mini excavators

Toward a company that challenges social problems on a global scale

2006 "Building foundations" 2012

For Earth, For Life
Kubota

Responding to the needs of the global mainstream upland farming market

2014

Established a large upland farming tractor manufacturing company in France, to satisfy the needs of the upland farming market, four times larger than the rice-growing market

Large tractor with improved operability, mobility, and comfort (M7001 Series)

Responding to the ever-increasing food demand in Asia

2017

Responded to ever-increasing food demand along with the expanding population in Asia, by enhancing plants, etc. in China

Wheel combine harvester launched in the Chinese market

Supporting social infrastructure development prepared for natural disasters

2013

Kubota's earthquake-resistant pipes, which all survived great earthquakes in the past, were appreciated in U.S.

Installing the earthquake-resistant pipe "GENEX©" in Los Angeles

Contributing to the sustainable development of developing countries

2015

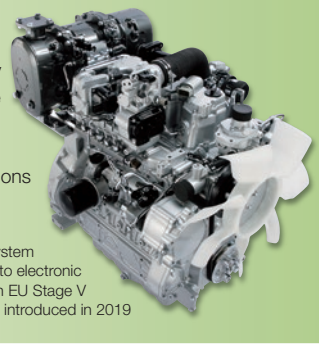
Constructed water treatment facilities, etc. for the first special economic zone in Myanmar, contributing to the infrastructure building of the country

Water purification plant constructed in Thilawa Industrial Park Zone A

Tackling global air pollution

2011

Was the first company in the world to acquire the U.S. CARB certificate, responding swiftly to global emissions regulations



Engine with fuel injection system improved from mechanical to electronic control to be compliant with EU Stage V emissions regulations to be introduced in 2019

Responding to growing construction demand worldwide

2016

Introduced the skid steer loader to satisfy the needs of diverse operations

Above: Skid steer loader
Below: from the left, mini excavator, wheel loader, compact track loader

Contributing to the achievement of the United Nations' Sustainable Development Goals (SDGs) through its business activities

The Kubota Group will aim at realizing the "Global Major Brand Kubota," while contributing to solving social problems for the sustainable growth of both society and the company. See P.09 for details

Toward achieving SDGs, challenges for the world

The Kubota Group's business areas	SDGs* related to specific businesses	SDGs common to all businesses

By streamlining of agriculture,

the Kubota Group contributes to the abundant and stable production of food.

Food

2 ZERO HUNGER

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

By enhancing water infrastructures,

the Kubota Group contributes to supply and to restore reliable water.

Water

6 CLEAN WATER AND SANITATION

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

By enhancing social infrastructures,

the Kubota Group contributes to create and preserve a comfortable living environment.

Environment

11 SUSTAINABLE CITIES AND COMMUNITIES

7 AFFORDABLE AND CLEAN ENERGY

15 LIFE ON LAND

* For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website. www.un.org/sustainabledevelopment/

Kubota, Always Tackling Social Problems

~ The Kubota Group's Direction to Aim at ~

Realization of "Global Major Brand Kubota"

"Global Major Brand" that the Kubota Group aims at is a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers.
Through providing products, technologies and services, and setting SDGs, the world common themes, as a compass, we will become a company that solves issues relating to food, water and the environment, thereby making its customers happy.

The Global Major Brand Kubota's

Corporate Principles

Kubota Global Identity

Spirits

- Work for the development of society by drawing on all of 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.

Brand Statement

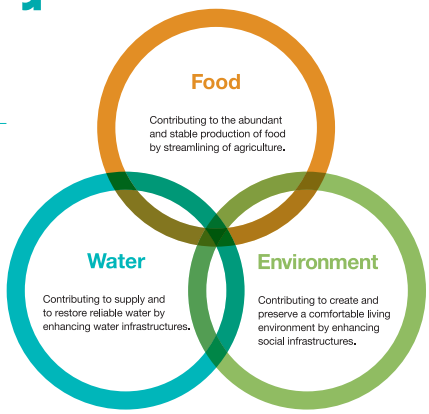
For Earth, For Life

Kubota

Mission

Food, water and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.

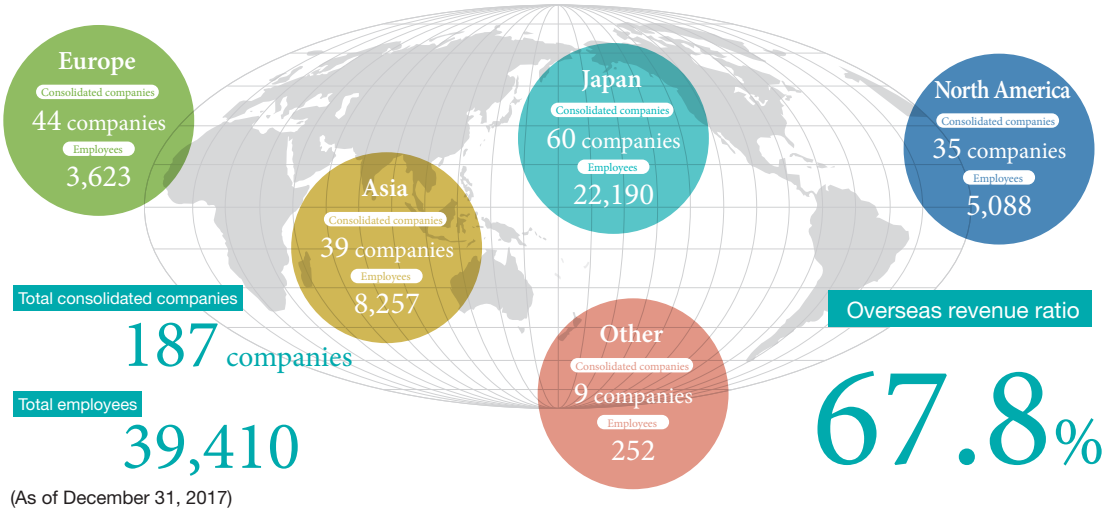
* This Corporate Principles has been translated in 22 languages so as to be understood by global Kubota Group employees.



Kubota Global Loop

Global Network

of the Kubota Group, aiming at becoming a "Global Major Brand"



Total consolidated companies

187 companies

Total employees

39,410

(As of December 31, 2017)

Overseas revenue ratio

67.8%

<SDGs related to Kubota's activities in the food area>

Food

Supporting farm life across generations

— Asia —

Vietnam

With an area smaller than Japan, this country is the world's third largest exporter of rice.

The Mekong Delta, sprawling across the southern part of the country along the Mekong River, is a particularly fertile rice-growing area.

On this land, where double or triple cropping is naturally possible, Kubota tractors have been used and taken good care of by the people of this country over generations.

Highly appreciated not only for their excellent durability against heavy use for triple cropping, but also for their high efficiency that enables large harvests with little labor, as well as their high investment potential in tenant farming business, Kubota tractors today are supporting agriculture in Vietnam, a country that plays an important role in world food supply, as the leading brand in the country.

Kubota will continue to contribute to the abundant and stable production of food.

<SDGs related to Kubota's activities in the water area>

Water

Ensuring stable delivery of water to rainless desert towns

— Middle Eastern countries —

Qatar

Desert land spreading under scorching heat, where water is a precious resource that supports the living and lives of its residents.
In this desert country, where people used to carry water using animals, a national waterworks project has been launched.
Kubota supplies ductile iron pipes of a total length of several hundred kilometers for this stretch of harsh desert terrain.
It is an important role entrusted to Kubota; constantly conveying desalinated seawater from the distant sea without degrading the water quality.
Thanks to its technologies capable of producing iron pipes of some nine meters long, as well as the trust it has cultivated over several decades, not to mention its quality ensuring durability in environments where the maximum temperature reaches over 50 degrees, Kubota was made a core part of this enormous national project.

Kubota will continue to contribute to supply and to restore reliable water.

<SDGs related to Kubota's activities in the environment area>

Environment

Developing cities while maintaining their attractive old streetscapes

— Europe —

France

Paris, a beautiful city where the beautiful old townscape is preserved.

In Paris, a city attracting tourists from all around the world, urban planning has been promoted to further develop this city by improving transportation and other infrastructures.

Kubota has long supplied small-sized construction machinery for construction sites in this city full of historical buildings, supporting their highly difficult construction work.

Demonstrating high mobility and operability enabling construction in narrow streets without damaging historical buildings, and also satisfying strict environmental regulations, Kubota's small-sized construction machinery has held the top share for around 30 years in Europe, a region that strictly preserves its historic architecture and environment.

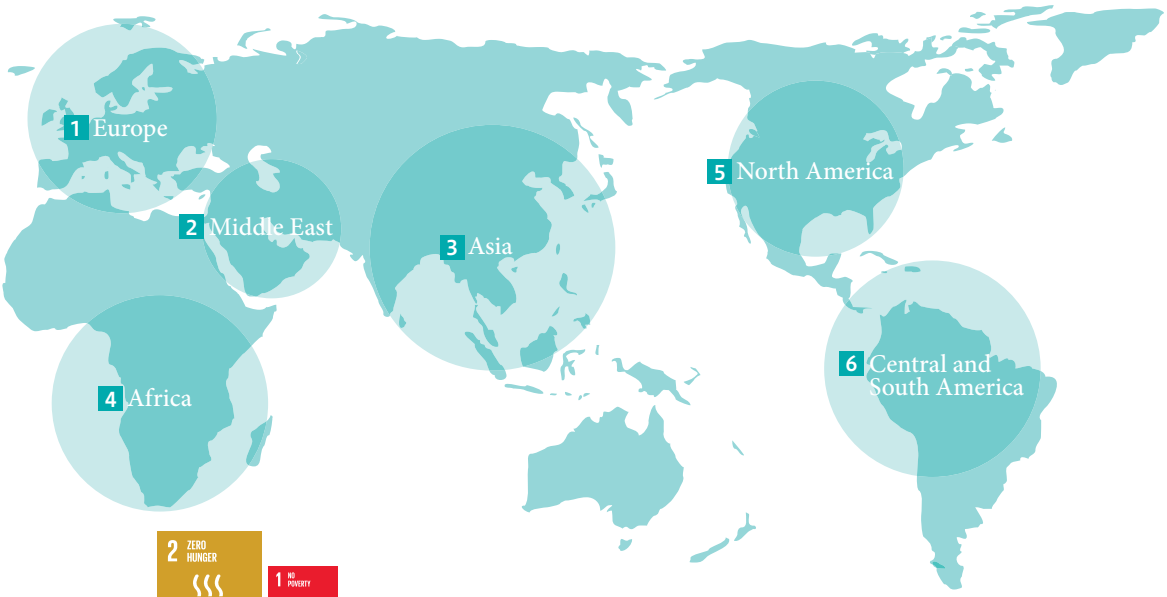
Kubota will continue to contribute to create and preserve a comfortable living environment.

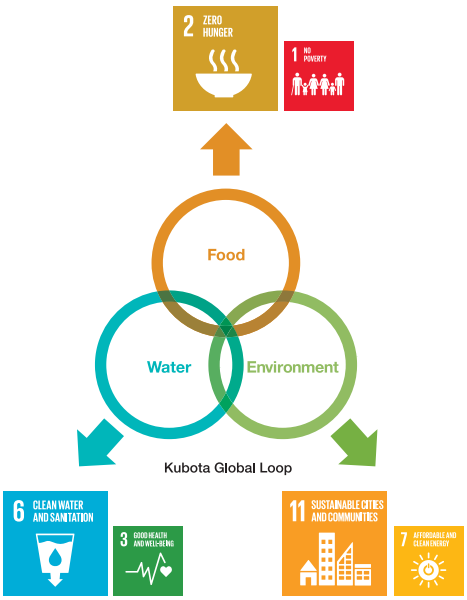
[Feature] Toward Realization of "Global Major Brand Kubota"

~ Cases of Initiatives to the SDGs around the world ~

The Kubota Group is committed to the achievement of SDGs around the world.

* Only the SDGs closely related to the Kubota businesses are presented here.





1 Europe

France

Large upland farming tractors supporting France, the greatest agricultural power in EU

France

Engines responding swiftly to global emissions regulations and serving as the power source of various industrial machines

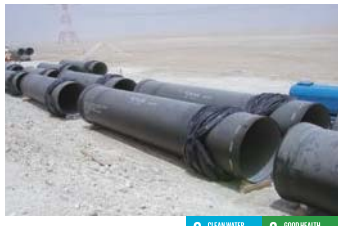
Germany

Mini excavators playing an important role on narrow streets in medieval old towns

2 Middle East

Oman

Wastewater treatment using submerged membranes blocking parasites and bacteria



Abu Dhabi

Water pipes delivering water to people in deserts as a lifeline

3 Asia

India

Multipurpose tractors demonstrating excellent towing performance and high durability against use under severe local conditions

China

Mini excavators supporting urban construction sites

China

Combine harvesters satisfying the needs of professional contract harvesters with appropriate performance and support

Thailand

Tractors having served through much of the history of rice farming in the country, from traditional to machine farming

Vietnam

Wastewater treatment units responding to the growing needs for clean water in Southeast Asia

4 Africa

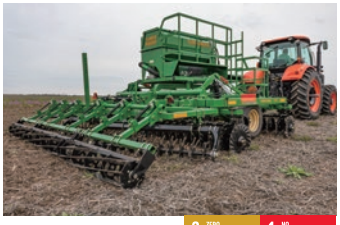
South Africa

Tractors satisfying the needs of fruit farms with low fuel consumption and excellent durability

Kenya

Tractors that have achieved low fuel consumption, a key to growth in the agricultural field

5 North America



United States

Satisfying the needs of the North American upland farming market, through the creation of synergies between tractors and implements

United States

As a comprehensive small-sized construction machinery manufacturer, Kubota satisfies the booming construction.

6 Central and South America

Dominican Republic

Unsinkable, unbreakable tractors useful for rice farming

Financial and Non-financial Highlights

For the year ended December 31, 2017, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥155.4 billion [9.7%] from the prior year to ¥1,751.5 billion. Domestic revenues increased from the prior year because of increased revenues in Farm & Industrial Machinery, which was mainly due to strong sales of agricultural-related products, and tractors. In the overseas markets, revenues increased from the prior year because sales of construction machinery and engines increased significantly due to worldwide favorable business conditions, and strong demand in the construction industry.

Operating income increased by ¥10.0 billion [5.3%] from the prior year to ¥198.8 billion. Income before income taxes and equity in net income of affiliated companies increased by ¥15.9 billion [8.1%] from the prior year to ¥212.9 billion. Income taxes increased by ¥13.4 billion to ¥69.9 billion mainly because the federal corporate tax rate cut in the United States has been determined. Net income attributable to Kubota Corporation increased by ¥4.0 billion [3.0%] from the prior year to ¥136.4 billion after taking into account equity in net income of affiliated companies and net income attributable to non-controlling interests.

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, some data on the chart below is presented on the 12-month basis, which commenced on January 1, 2015 and ended on December 31, 2015, as a reference. Return on assets and return on equity of the year ended December 31, 2015 are calculated on the 12-month basis only.

Five-year Summary of Key Financial Data

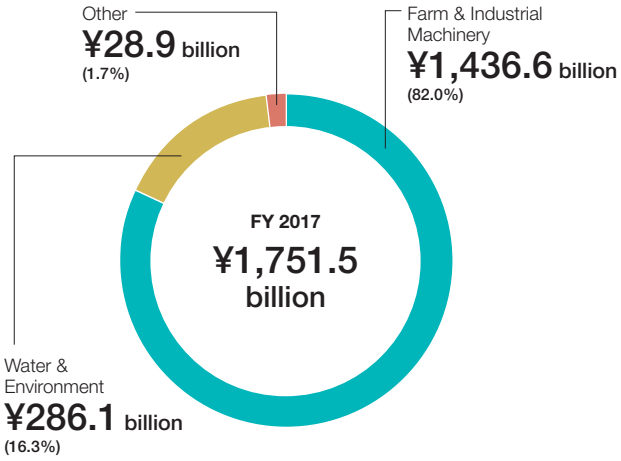
	2014.3	2015.3	2015.12 (9 months)	2016.12	2017.12	2015.12*7
Operating results for fiscal year (in billions of yen)						
Revenues	¥1,510.5	¥1,584.3	¥1,244.8	¥1,596.1	¥1,751.5	¥1,688.6
Operating income	203.9	203.1	166.9	188.8	198.8	222.9
Income before income taxes and equity in net income of affiliated companies	212.4	210.7	169.5	197.0	212.9	224.0
Net income attributable to Kubota Corporation	132.7	139.5	110.1	132.5	136.4	149.4
Capital investments	51.6	50.4	35.3	65.4	52.2	53.9
Depreciation and amortization	35.3	38.2	31.2	43.4	45.3	41.4
R&D expenses	36.0	39.5	29.6	43.0	48.1	39.4
Net cash provided by operating activities	83.0	85.9	197.0	185.0	222.3	205.9
As of fiscal year-end (in billions of yen)						
Total assets	¥2,110.7	¥2,472.2	¥2,532.9	¥2,670.6	¥2,853.9	¥2,532.9
Shareholders' equity	935.8	1,100.1	1,140.3	1,198.8	1,301.3	1,140.3
Interest-bearing debt	592.1	765.1	768.7	818.0	836.6	768.7
Per share data (yen)						
Earnings per share (EPS)*1	¥105.74	¥111.68	¥88.47	¥106.58	¥110.30	¥119.93
Book-value per share (BPS)*2	748.76	883.10	916.28	966.19	1,054.86	916.28
Annual cash dividend	28	28	28	30	32	—
Financial indicators						
Operating margin (%)	13.5	12.8	13.4	11.8	11.4	13.2
Return on assets (ROA)*3 (%)	10.7	9.2	—	7.6	7.7	9.0
Return on equity (ROE)*4 (%)	15.3	13.7	—	11.3	10.9	13.5
Shareholders' equity to total assets (%)	44.3	44.5	45.0	44.9	45.6	45.0
Payout ratio (%)	26.5	25.1	31.6	28.1	29.0	—
Shareholder return ratio (%)*5	34.0	30.6	33.9	32.7	38.6	—
Net debt equity ratio*6 (times)	0.54	0.59	0.55	0.54	0.47	0.55

*1 Earnings per share (EPS) = Net income attributable to Kubota Corporation ÷ Weighted average number of common shares outstanding
*2 Book-value per share (BPS) = Shareholders' equity ÷ Number of common shares outstanding as of each balance sheet date
*3 Return on assets (ROA) = Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
*4 Return on equity (ROE) = Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
*5 Shareholder return ratio = (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
*6 Net debt equity ratio = (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity
*7 12 months, reference data

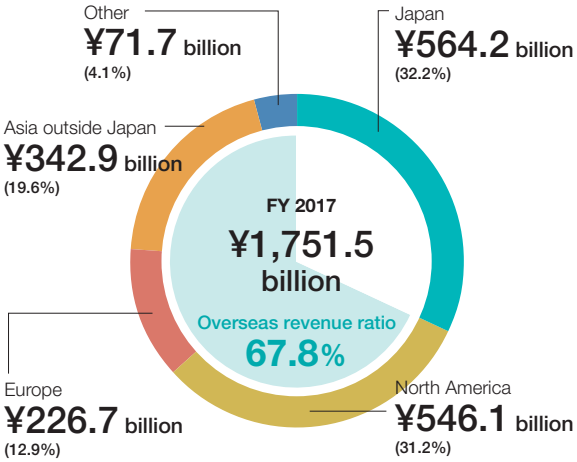
Please refer to the Annual Securities Report for the detailed financial information.

www.kubota.com/company/ir/financial/yuho/

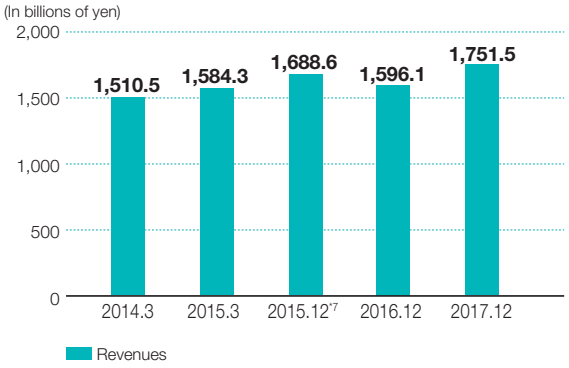
Revenues by reportable segment



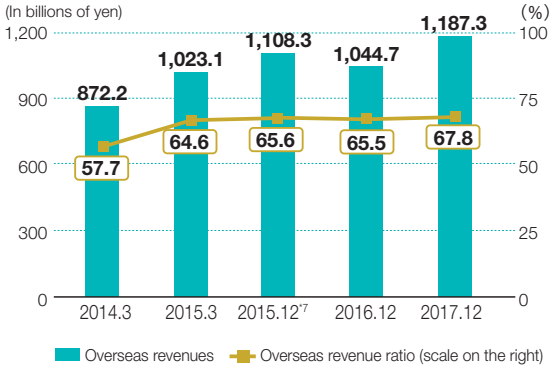
Revenues by region



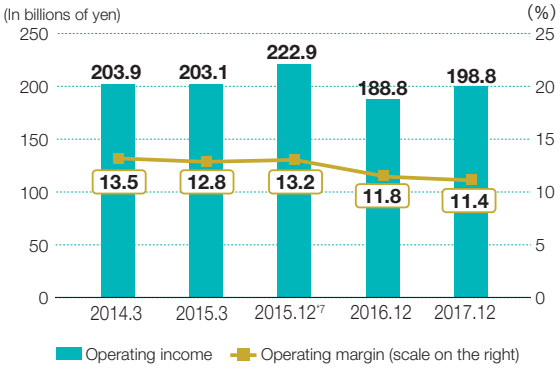
Revenues



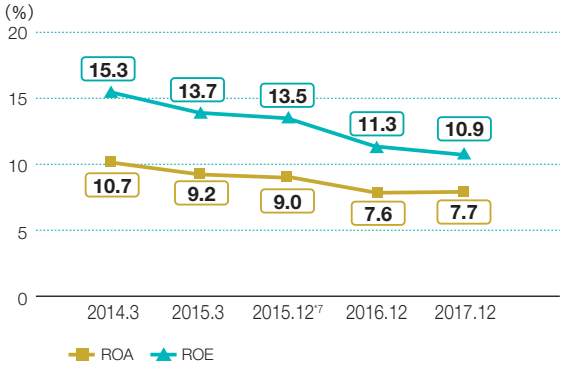
Overseas revenues and overseas revenue ratio



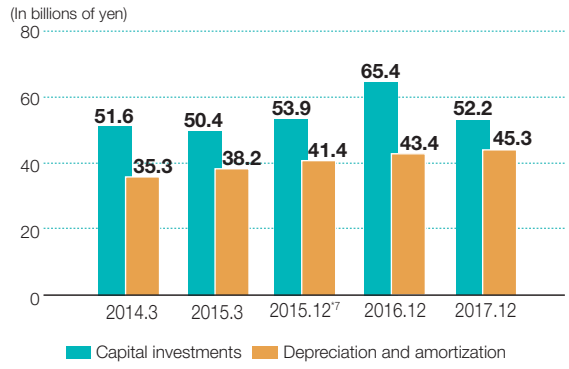
Operating income and operating margin



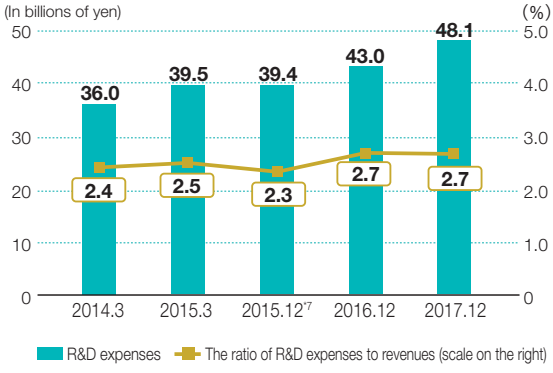
ROA*3 and ROE*4



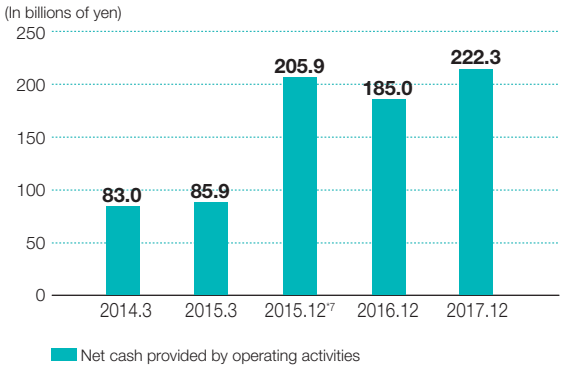
Capital investments, depreciation and amortization



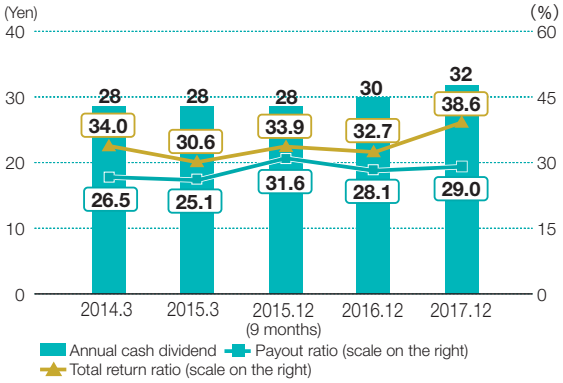
R&D expenses and the ratio of R&D expenses to revenues



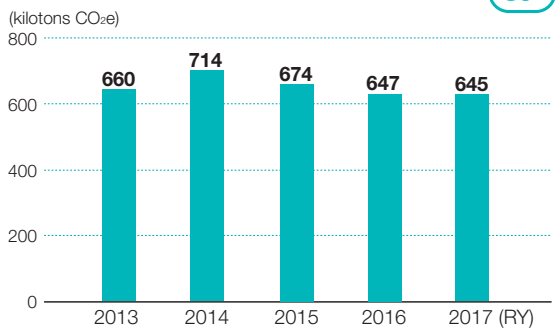
Net cash provided by operating activities



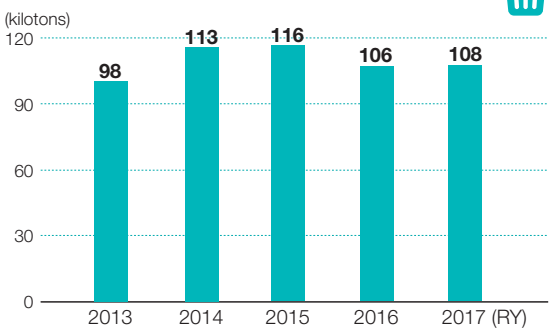
Annual cash dividend per share, payout ratio, and total return ratio*5



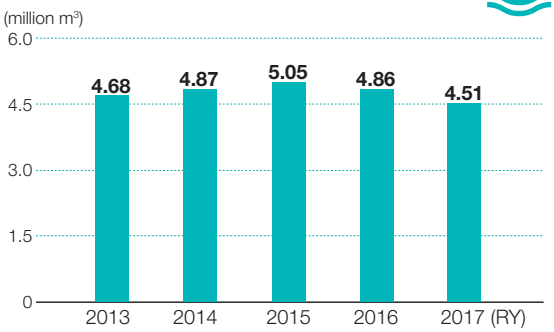
CO_2 emissions*8, 9



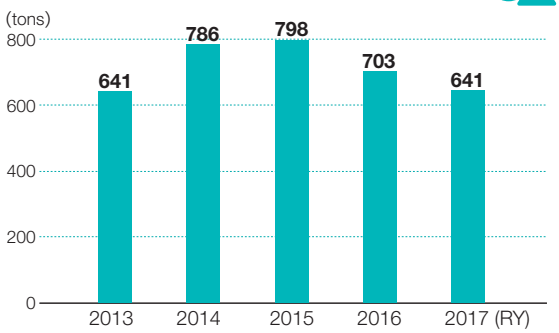
Waste discharge*8, 10



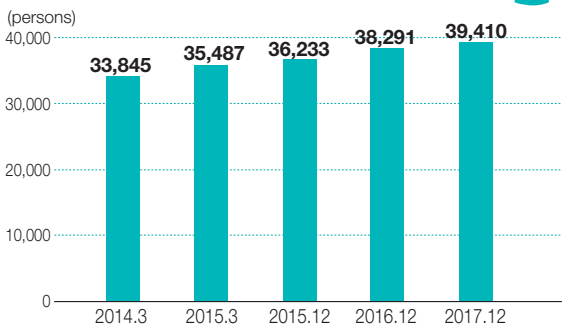
Water consumption*8, 11



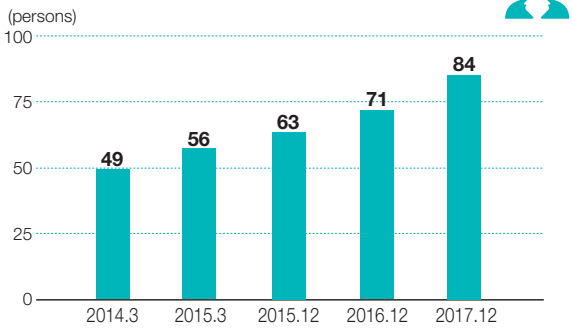
VOC (volatile organic compound) emissions*8, 9



No. of Employees

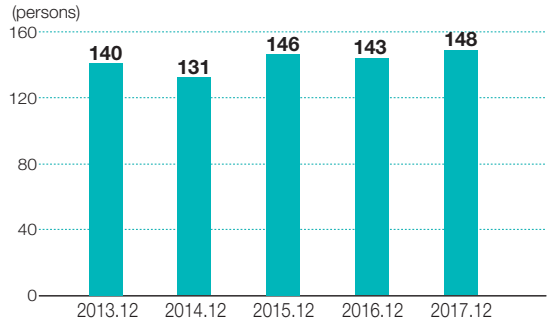


No. of females in management positions (Kubota Corp.)



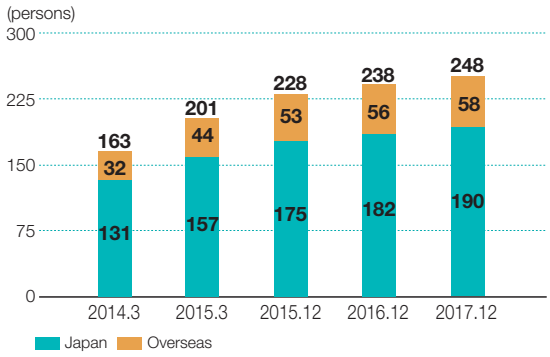
*8 For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).
*9 To improve accuracy, the figures from RY2013 to 2016 were corrected.
*10 To improve accuracy, the figure for RY2014 was corrected.
*11 To improve accuracy, the figures for RY2014 and 2015 were corrected.

No. of employees who have completed foreign language training (Kubota Corp.)*12

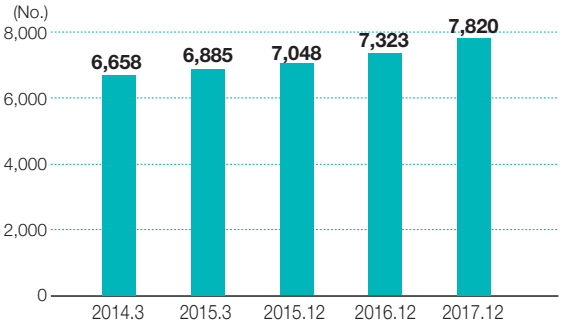


*12 The totals for the period from January 1 to December 31 of each year

No. of participants in the Technical Skills Contest



No. of patents/new utility models possessed (Kubota Corporation and Group companies in Japan)



Inclusion in SRI Indices

FTSE4Good

FTSE Blossom Japan

MSCI 2017 Constituent MSCI ESG Leaders Indexes

MSCI 2017 Constituent MSCI Japan ESG Select Leaders Index

MSCI 2017 Constituent MSCI Japan Empowering Women Index (WIN)

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

Corporate Responsibility Prime rated by oekom research

member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE

(As of March 1, 2018)

Business Overview

Farm & Industrial Machinery

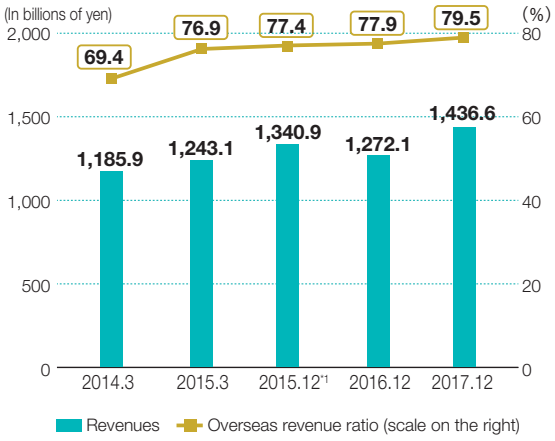
Results of FY2017

Revenues in this segment increased by 12.9% from the prior year to ¥1,436.6 billion, and accounted for 82.0% of consolidated revenues. Domestic revenues increased by 4.6% to ¥294.5 billion, and overseas revenues increased by 15.3% to ¥1,142.1 billion.

Operating income increased by 7.1% from the prior year to ¥198.2 billion.

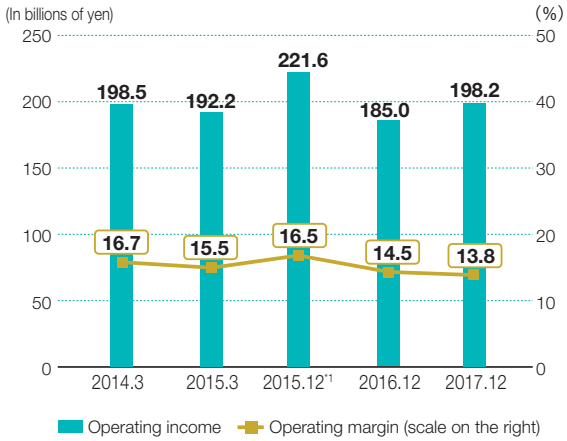
* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.
Therefore, for the fiscal year ended December 31, 2015, results of the period from January 1, 2015 to December 31, 2015 are presented for reference.

Revenues and overseas revenue ratio



*1 12months, reference data

Operating income and operating margin



Agricultural machinery and agriculture-related products

Tractors:
used mainly in agricultural operations, including tillage, leveling and transportation.

Implements:
connected to tractors and used for a variety of tasks.

Combine harvesters:
used for simultaneous harvesting and threshing of crops such as rice, wheat and pulses.

Rice transplanters:
used to transplant rice seedlings to rice paddies, contributing significantly to labor saving.

Utility vehicles:
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.

Riding mowers:
used for cutting lawns in private residences, office areas and parks.

Construction machinery

Mini excavators:
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.

Wheel loaders:
used mainly for transporting and stacking tasks (at construction sites, farms, etc.).

Compact track loaders:

Skid steer loaders:

Engines

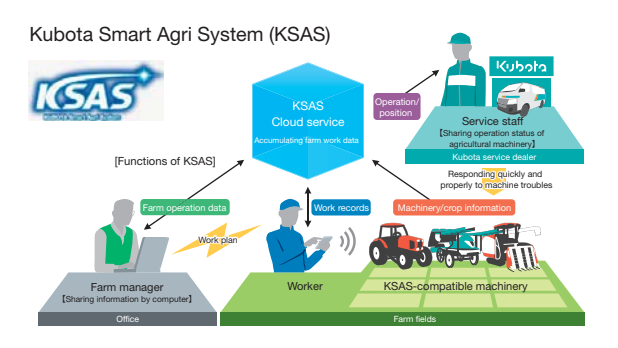
Gasoline engine (left) / Diesel engine (right):
used mainly as a power source in industrial machinery such as agricultural or construction machinery.

The Kubota Group's ICT × IoT (Agricultural Machinery)

Kubota aims for smart agriculture

As the farming population is aging and the scale of farms is expanding, it is globally crucial to grow agricultural produce efficiently with higher yield and quality.

By promptly introducing ICT (information and communication technology) in agriculture, Kubota will realize smart agriculture, contributing to the abundant and stable production of food.



Kubota Smart Agri System (KSAS)
A system to support farm operations by integrating advanced technologies with ICT. KSAS visualizes agricultural data, enabling efficient farm operations with no need to rely on experience and intuition.


Autonomous tractors with an auto-steering function (left: unmanned, right: manned)


Rice transplanter with keeping straight function

Autonomous agricultural machinery
Kubota has been developing autonomous agricultural machinery using GPS (global positioning system), capable of performing unmanned automatic operations under manned surveillance.
Following the AGRIROBO Tractor, for which trial sales have been started, the development of autonomous rice transplanters and combine harvesters is now under way.

Water & Environment

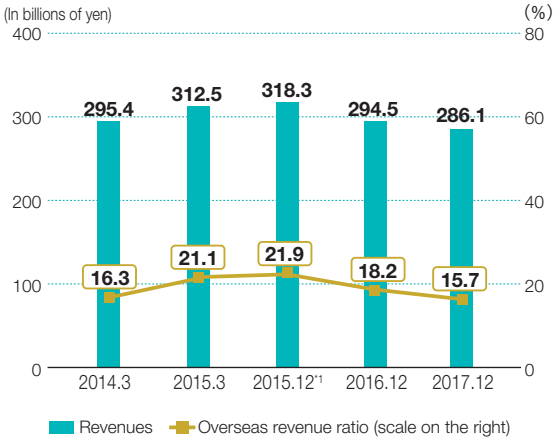
Results of FY2017

Revenues in this segment decreased by 2.9% from the prior year to ¥286.1 billion, and accounted for 16.3% of consolidated revenues. Domestic revenues increased by 0.1% from the prior year to ¥241.1 billion, and overseas revenues decreased by 16.2% to ¥45.0 billion.

Operating income increased by 18.3% from the prior year to ¥26.2 billion.

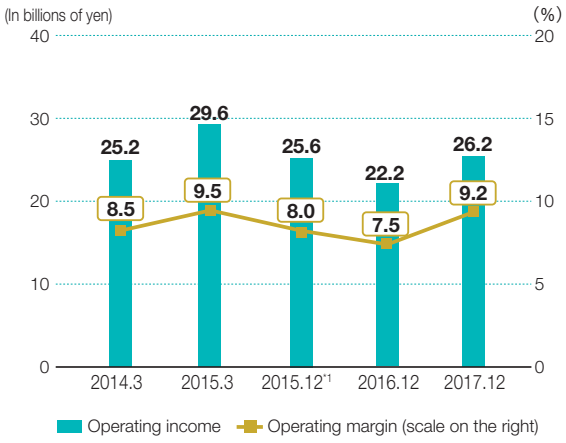
* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.
Therefore, for the fiscal year ended December 31, 2015, results of the period from January 1, 2015 to December 31, 2015 are presented for reference.

Revenues and overseas revenue ratio



*1 12 months, reference data

Operating income and operating margin

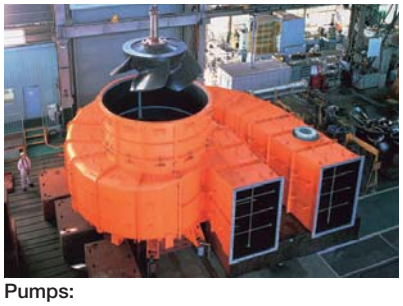


Pipe systems and water treatment facilities

Ductile iron pipes:
used in infrastructure, including water and sewage lines, and agricultural water facilities.

Plastic pipes:
used in infrastructure, including water and sewage lines, and gas piping.

Submerged membranes:
used to purify wastewater, including industrial and domestic sewage.



Pumps:
used to pump water in water and sewage lines, and in storm water drainage.

Valves:
used in water and sewerage lines to control the flow of fluids or gases.

Wastewater treatment plants (Johkasou):
used to treat wastewater in areas where there are no sewage lines.

Materials

Steel casting:
used at petrochemical plants for ethylene purification and other operations.

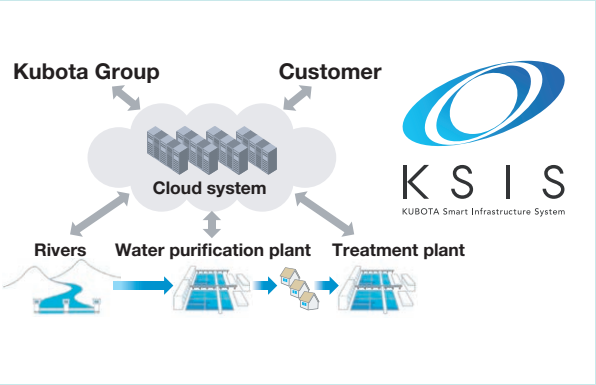
Spiral welded steel pipes:
used in foundation construction, such as for buildings and bridges in addition to harbor and river projects.

The Kubota Group's ICT × IoT (Water & Environment)

Kubota aims for IoT-monitored water and environment infrastructure

Kubota has developed the Kubota Smart Infrastructure System (KSIS), a new service utilizing IoT in the water and environment field. At present, R&D projects in partnership with the NTT Group, including facility diagnosis using AI, are under way, and planned to be released as the practical service.

KSIS offers comprehensive solutions covering everything from individual products and plant devices to systems and after-sales services, thereby helping customers inside and outside Japan solve their problems.



<SDGs related to this section>

Environmental Management Basic Policy

Today we face various environmental problems. Many environmental problems, from those unique to each region to those on a global scale, exist around the world. As they are complexly intertwined and continuing to deteriorate, achieving a sustainable society is a global common challenge. Companies are expected to play an increasingly larger role in tackling this challenge.

Since the time of its foundation, the Kubota Group has pursued a mission of solving social problems in developing its businesses. Toward the realization of “For Earth, For Life,” the Kubota Group has promoted and will further advance its environmental management.

Environmental Charter / Action Guidelines

The Kubota Group Environmental Charter

- **The Kubota Group aspires to create a society where sustainable development is possible on a global scale.**
- **The Kubota Group contributes to the conservation of global and local environments through its environmentally friendly operations, products, and technologies.**

The Kubota Group Environmental Action Guidelines

1. Environmental Conservation Efforts in All Business Activities

(1) We promote environmental conservation measures in all stages of our corporate activities, including product development, production, sales, physical distribution, and service.
(2) We also request that our suppliers understand the importance of environmental conservation efforts and cooperate in this regard.

2. Global Environmental Conservation

(1) We promote global environmental conservation measures for stopping climate change, creating a recycling- based society, and controlling chemical substances.
(2) We promote global environmental conservation by providing technologies and products contributing to solving environmental problems.
(3) We strive to ensure our corporate activities are friendly to the natural environment and biodiversity.

3. Environmental Protection to Create a Symbiotic Relationship with Local Societies

(1) We make efforts in the reduction of environmental risks and promote our business activities with proper consideration for the protection of local environments, including pollution prevention.
(2) We actively participate in environmental beautification/education activities in local communities.

4. Our Voluntary and Organized Efforts in Environmental Conservation

(1) By introducing the environmental management system and establishing voluntary targets and action plans, we work on our daily business operations.
(2) We endeavor to enhance environmental awareness through active environmental education/enlightenment activities.
(3) We actively provide stakeholders with environment-related information.
(4) We collect stakeholders' opinions broadly through environmental communication, and reflect the findings in our environmental activities.

Message from the Environmental Conservation Control Officer

Kenshiro Ogawa
Director and Senior Managing Executive Officer
General Manager of Manufacturing Headquarters (Environmental Conservation Control Officer)

As the Sustainable Development Goals (SDGs) have been adopted at the United Nations, efforts toward solving global-scale problems are increasingly important. It is now a crucial task for companies to contribute to the achievement of the SDGs.

The Kubota Group upholds the slogan "For Earth, For Life" as its mission, and its business activities are closely related to the SDGs. We address the SDGs as a priority issue in our management policy for this year. We will continue to contribute to the development of society and conservation of the global environment through our business activities, while advancing initiatives toward achieving the SDGs.

In line with these initiatives, toward achieving our Medium and Long-Term Environmental Conservation Targets, we will further enhance our environmental management through accelerating the reduction of the environmental loads and environmental risks, and the enhancement of the lineup of environment-friendly products.

The Kubota Group has deployed throughout the company the Kubota Production System (KPS), which is based on "Just-In-Time" and "automation," and continuously pursues the thorough elimination of loss, with the aim of establishing a "Made by Kubota" production system to support its businesses. We adopt this concept of KPS in our environmental conservation activities, and will further enhance the activities toward the reduction of waste and loss in the use of energy and resources. For environment-friendly products, while working to expand the sales ratio of Eco-Products, we will also enhance our products and services that utilize advanced technologies, such as IoT, AI and robots, thereby contributing to the conservation of the environment and the solution of customers' problems.

The Kubota Group will continue to make united efforts toward the establishment of a sustainable society and promote environmental management appropriate to the Global Major Brand Kubota.

Concepts of Environmental Management / Materiality / Key Measures

Concepts of Environmental Management

Toward the realization of "For Earth, For Life," the Kubota Group balances its business growth and contribution to environmental conservation through its environment-friendly products, technologies, services and corporate activities, aiming for ongoing synergistic development with society.

The Group has set five basic items for environmental conservation, namely, "Tackling Climate Change," "Working towards a Recycling-based Society," "Conserving Water Resources," "Controlling Chemical Substances," and "Conserving Biodiversity." Based on these items, the Group is committed to the reduction of environmental loads and environmental risks in corporate activities while contributing to the conservation of the global environment through its products, technologies and services that help solve social problems in the fields of food, water, and the living environment.

Materiality

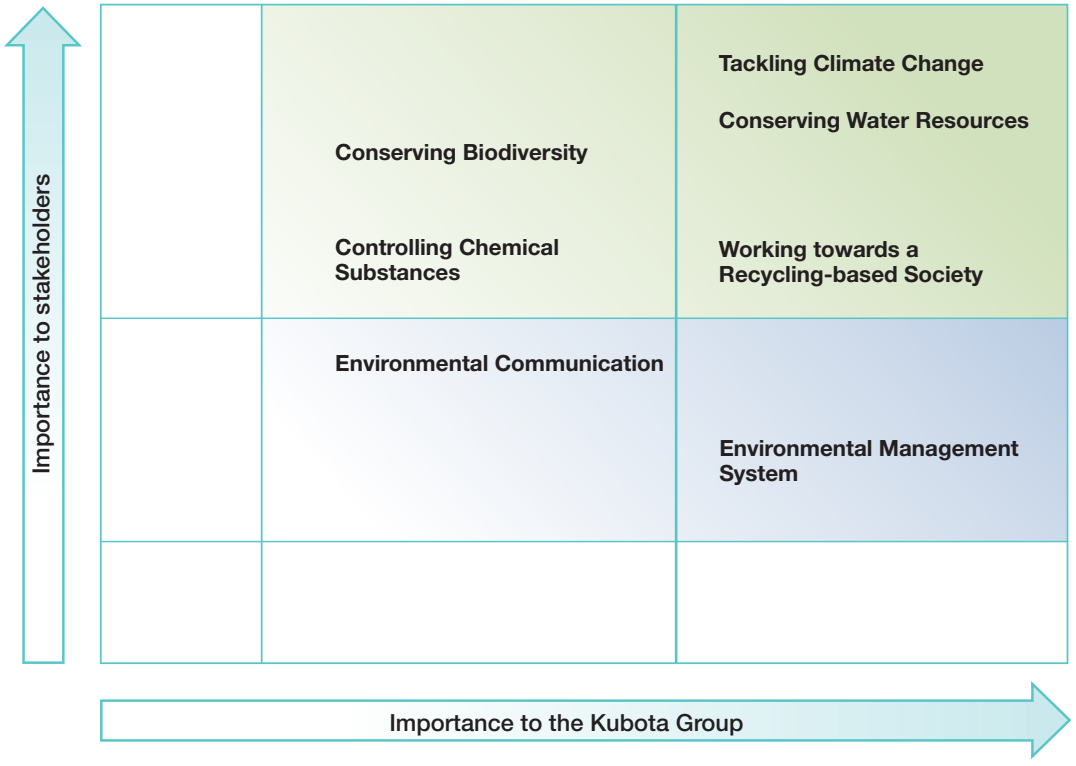
The Kubota Group listed material issues (priority issues) in its environmental conservation activities, taking into consideration their importance in business, requests and expectations from stakeholders, and social trends, and set priorities for tackling these issues.

Process for Identifying Materiality

Step 1	**Gathering and analyzing information** We gathered and analyzed information on international frameworks and policy trends, key external evaluation indicators, global trends in the Kubota Group's business fields, etc.
Step 2	**Listing material issues** Through discussions at the Group's Environmental Management Strategy Committee and interviews with relevant internal departments, and dialogues with ESG (environment, society, governance) investment institutions and external experts, we listed issues relating to environmental conservation.
Step 3	**Identifying materiality** We examined the identified issues from the perspectives of both the importance to stakeholders and the importance to the Kubota Group, and plotted the identified priority issues on a matrix.
Step 4	**Formulating and implementing key measures** For issues that are highly important to both stakeholders and the Kubota Group, we formulate key measures and promote the steady implementation thereof.

Materiality Matrix

The material issues of the Kubota Group, whose mission is to solve social problems in the fields of food, water and the environment, are as follows:



Key Measures

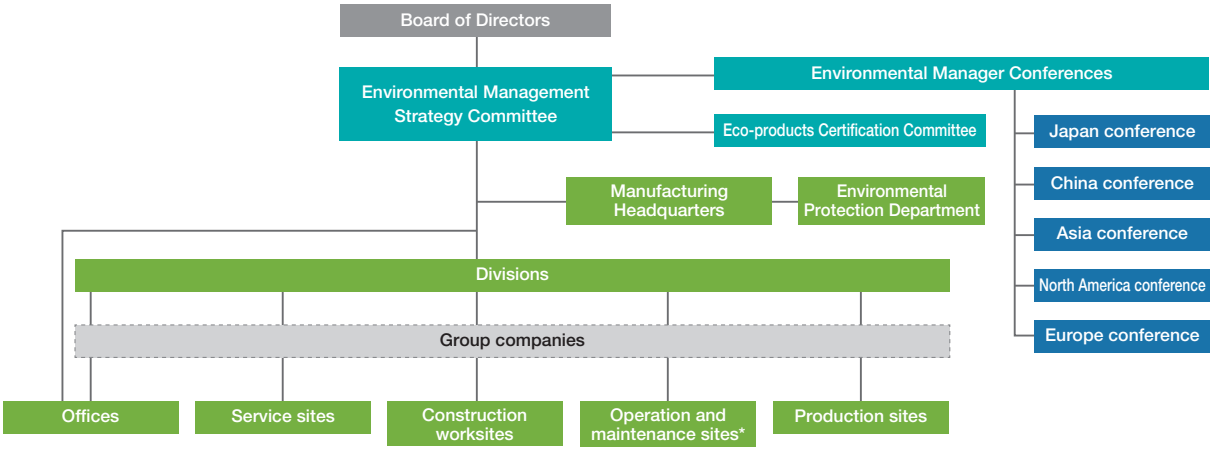
In order to address the issues identified as materiality, the Kubota Group promotes the following key measures from the perspective of the value chain.

	Value chain of business		
	Design and development, procurement	Manufacturing and distribution	Use and disposal
Tackling Climate Change	・Conduct global procurement (Optimal regional procurement)	・Reduce waste and loss in the use of energy based on the Kubota Production System concept ・Recover and reuse waste energy ・Expand use of renewable energy ・Improve distribution efficiency ・Promote modal shift	・Lower fuel consumption ・Improve efficiency and save labor for work and management ・Conserve energy during construction
Working towards a Recycling-based Society	・Use recycled materials ・Reduce the number of parts	・Conserve resources ・Promote the 3Rs for waste and convert waste into functional materials	・Extend product life ・Improve ease of maintenance ・Promote product recycling ・Ensure proper disposal
Conserving Water Resources	・Assess water risks	・Promote the 3Rs for water resources	・Save water consumption ・Promote purification or recycling of wastewater
Controlling Chemical Substances	・Reduce the use of substances of concern	・Reduce VOC emissions ・Substitute for organic solvents	・Make exhaust gas cleaner
Conserving Biodiversity	・Assess the impact on natural capital	・Manage and reduce the environmental loads ・Promote the beautification and greening of business sites and neighborhoods	・Ensure the proper application of fertilizer ・Conserve water areas ・Reduce noise and vibration
Environmental Management System	・Promote global environmental management led by the members at the management class level ・Systematically reduce environmental loads toward achieving the Medium and Long-Term Environmental Conservation Targets ・Reduce environmental risks through environmental risk assessment ・Ensure environment-friendly design through product environmental assessment ・Promote green procurement ・Develop products that contribute to the global environment protection and solving social problems ・Enforce compliance in accordance with globally systemized environmental conservation rules ・Promote environmental training and environmental awareness-raising activities		
Environmental Communication	・Strengthen information dissemination through the environmental report and website ・Promote environmental communication tailored to each target ・Enhance two-way communication with stakeholders ・Participate in regional environmental conservation activities		

Environmental Management Promotion System

Organization Structure

In 2014, the Environmental Management Strategy Committee was newly established to take a more strategic and innovative approach to environmental management by management-led promotion. In addition, Environmental Manager Conferences are held for each region—Japan, China, Asia, North America and Europe—to globally advance environmental management across the Kubota Group.



* Sites engaged in the business of operation or maintenance of environmental plants

Environmental Management Strategy Committee

The Environmental Management Strategy Committee is chaired by Kubota's executive vice president and is comprised of executive officers. The Committee discusses the medium- and long-term direction of the Kubota Group's environmental management, such as medium and long-term targets and key measures. It determines priority items and plans that should be carried out in order to reduce environmental impacts and risks, and to enhance the lineup of environment-friendly products.

It also promotes management based on the plan-do-check-action (PDCA) cycle by assessing and analyzing the progress of the entire Group's environmental conservation activities and reflecting the results when formulating new plans and policies. We will continue to promote swift environmental management led by members at the management level.

Environmental Management Strategy Committee

Environmental Manager Conferences

The Kubota Group holds Environmental Manager Conferences for each region aimed at strengthening the environment management system and reducing environmental loads and environmental risks on a global basis. Overseas, the conference is held as the Environmental/Safety and Health Manager Conference, and is also aimed at strengthening the safety and health aspects.

In 2017, the conferences for Europe, Asia and Japan were held. Environmental managers and staff members of three companies that have production sites in Europe gathered for the Europe Conference, and those of eight companies with business sites in Asia, excluding China and Japan, gathered for the Asia Conference. Environmental managers from relevant mother plants in Japan also participated in the respective conferences. For the Japan Conference, environmental managers and staff members of 21 sites, including Group companies, gathered.

At these conferences, the Kubota Group's policies and matters to be promoted were communicated, and the progress toward achieving the Medium-Term Environmental Conservation Targets was shared. Participants presented case studies on energy-saving measures and observed the improvement initiatives at plants. They also discussed the problems of each operation field faced by each site, as well as Group-wide problems, and examined the countermeasures to be taken. Later, each site prepared an activity implementation plan for a year, sharing the progress thereof with the Kubota Head Office. After the conference, the participants gave positive feedback, such as that it had been a precious opportunity to learn the initiatives of other sites, and that they could deepen their understanding through exchanging opinions.

In Japan, several subcommittees were established under this conference. The Waste Subcommittee set up in 2016 held discussions on matters such as the reduction of waste discharge and the enhancement of on-site investigation of industrial waste treatment contractors, and examined the measures. The Antipollution Subcommittee established in 2017 conducted education and discussion on the improvement of risk sensitivity and examined the measures, with a view to lowering the risk of exceeding the environmental regulation values for the water or air quality.

The Kubota Group plans to establish a business operation system for each region and promote a shift to region-led conference operation, for the purpose of enhancing their governance in the environment and safety aspects and spiraling up the level of their initiatives. As part of this attempt, the Thai Conference was set up in December 2017 by six sites located in Thailand. The Thai Conference is not a conference led by the Kubota Head Office, but is operated under the initiative of local sites. In the conference, staff in charge of practical work play a central role in discussing responses to legal regulations and exchanging information on the reduction of environmental loads and environmental risk management.

We will endeavor to enhance ties within each region and raise the level of environmental conservation activities at each site, while continuing to review the roles of the Environmental Manager Conferences.

Europe Conference　Kubota Baumaschinen GmbH

Asia Conference　KUBOTA Engine (Thailand) Co., Ltd.

Japan Conference　Kubota Head Office

Antipollution Subcommittee　Mukogawa Site, Kubota Hanshin Plant

<SDGs related to this section>

Medium- to Long-Term Environmental Conservation Targets and Results

The influence of climate change, such as extreme weather events, has been gradually worsening, and the global movement toward the reduction of greenhouse gas has become increasingly active. Global environmental issues pose a significant threat to “ensuring food security,” as well as “ensuring a safe and secure water supply.”

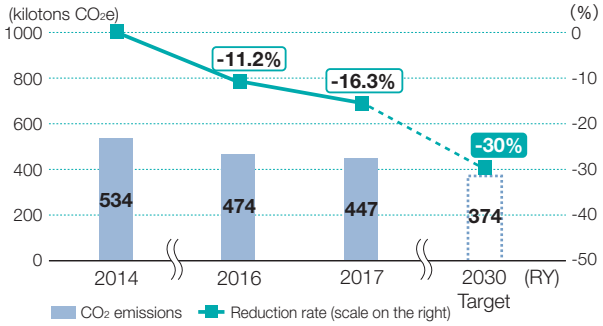
In order to promote environmental management and contribute to the resolution of various issues, such as SDGs, as a sustainable company, the Kubota Group has been promoting environmental activities by formulating its medium -and long-term targets for environmental conservation. The Kubota Group has formulated Long-Term Environmental Conservation Targets 2030 and Medium-Term Environmental Conservation Targets 2020. Toward achieving these targets, the Group is advancing systematic initiatives in both the production and product development stages.

Long-Term Environmental Conservation Targets 2030

Efforts to Stop Climate Change

Goal	**Reduce** CO_2 emissions from the Kubota Group in Japan*1 by **30%** compared to the base year 2014
Result	In 2017, CO_2 emissions of the Kubota Group in Japan*1 were reduced by 16.3% compared to the base year 2014.

Trends in the CO_2 Emissions of the Kubota Group in Japan*2

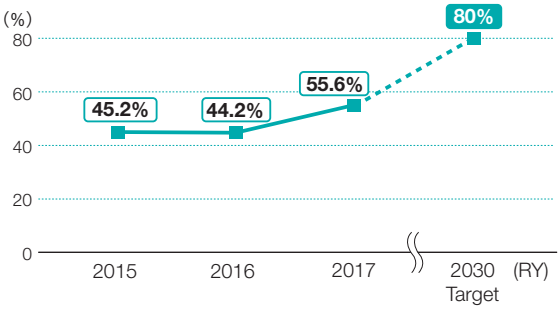


*1 CO_2 emissions include greenhouse gases from non-energy sources.
*2 Values for RY2016 were corrected to improve accuracy.

Efforts to Develop Environment-friendly Products

Goal	**Increase** the sales ratio of Eco-Products-certified products* to **80%** by 2030. Aim to put all new products which are certified as Eco-Products in the market in 2030 and later.
Result	The sales ratio of Eco-Product-certified products* was 55.6% in RY2017.

Trends in Sales Ratio of Eco-Product-certified Products



*The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Medium-Term Environmental Conservation Targets 2020

Since 2016, the Kubota Group has been advancing initiatives toward achieving the Medium-Term Environmental Conservation Targets 2020. Each business site and division determined the measures to take, formulated an implementation plan, taking into consideration fluctuations in the volume and contents of business, and has been implementing the plan. The results for RY2017 are as shown in the table below. For global production sites, the targets for RY2020 for all items were achieved earlier than planned. For the product segment, 34 products were newly certified as Eco-Products, boosting their ratio to sales by 11.4 point from the previous year to 55.6%.

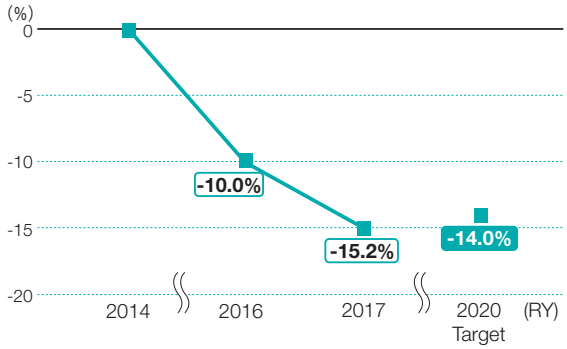
Scope	Issue	Action item	Management indicator*3	Base RY	Target for RY2020*8	Result of RY2017*8	Achievement Status
Global production sites	Tackling Climate Change	Reduce CO_2*1	CO_2 emissions per unit of production	2014	▲14%	▲15.2%	We are promoting the energy-saving initiatives for production equipment, lighting, etc., fuel conversion, and the measures for heat insulation of buildings.
		Save energy	Energy consumption per unit of production	2014	▲10%	▲13.0%	
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲10%	▲13.6%	We are promoting thorough sorting of wastes and converting waste into valuable resources.
			Recycling ratio (Japan)*4	–	Maintain 99.5% or more	99.8%	We are maintaining the existing level through continuous efforts.
			Recycling ratio (Overseas)*4	–	Maintain 90.0% or more	91.4%	We are promoting the reduction of the amount of waste sent to landfills by changing contractors.
	Conserving Water Resources	Conserve water resources	Water consumption per unit of production	2014	▲10%	▲16.9%	We are promoting recycling of wastewater and saving of water use.
	Controlling Chemical Substances	Reduce VOCs*2	VOC emissions per unit of production	2014	▲10%	▲25.1%	We are promoting the elimination or reduction of VOC-contained paint, thinner.
Product	Improving Product's Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products*5	–	60% or more	55.6%	In RY2017, 34 products were newly certified as Eco-Products.
		Promote recycling	Usage ratio of recycled materials*6	–	Maintain 70% or more	More than 70%	We are maintaining the usage ratio of recycled materials higher than the target.
		Develop vehicles compliant with exhaust gas regulations	Development of industrial diesel engines that comply with the latest emissions regulations, and launch onto the market of products with such engines*7			The following products*9 equipped with the engines that comply with the emissions regulations were launched onto the market. Tractors (GENEST Series): Conforming to the Japan Regulations on Emissions from Non-Road Special Motor Vehicles (75 kW and above, lower than 130 kW, Regulation 2014) Combine harvesters (Korea Special ER595K): Conforming to the Korean Agricultural Machinery Regulations Tier 4 (56 kW and above, lower than 130 kW)	

*1 CO_2 emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO2 emissions from energy sources.
*2 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.
*3 The figures per unit of production represent the intensity of the environmental load per unit of money amount of production. The exchange rate of the base year is used when translating the money amount of production of overseas sites into Japanese yen. The figures per unit of production for the base year were adjusted in RY2017 to improve accuracy.
*4 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100. Heat recovery is included in the external recycling amount.
*5 The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100
*6 Usage ratio of recycled materials (%) in the cast metal products and parts (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))
*7 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage IV) level, shipped to Europe, North America, Japan, and Korea
*8 ▲ indicates a negative figure.
*9 Major products of products launched onto markets in 2017

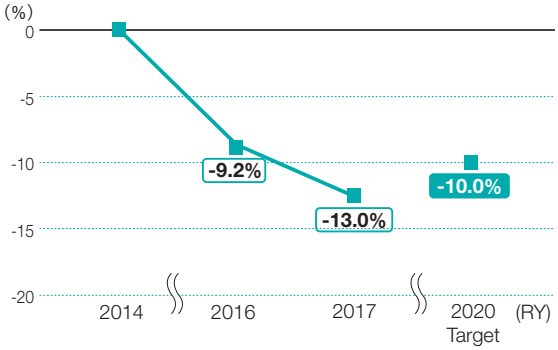
The environmental information provided in the KUBOTA REPORT 2018 Business and CSR Report <Full Version> has received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indexes subject to assurance are marked with the "🔍" symbol.

The results for Medium-Term Environmental Conservation Targets 2020

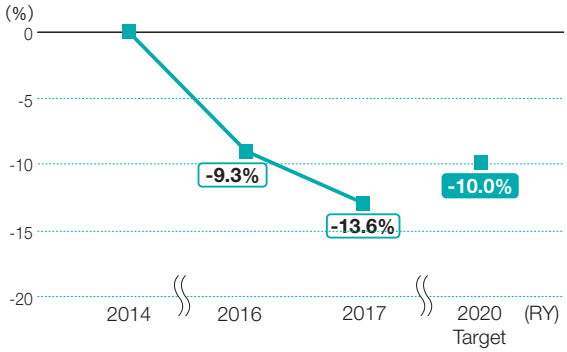
Trends in the Reduction Ratio of CO_2 Emissions per Unit of Production



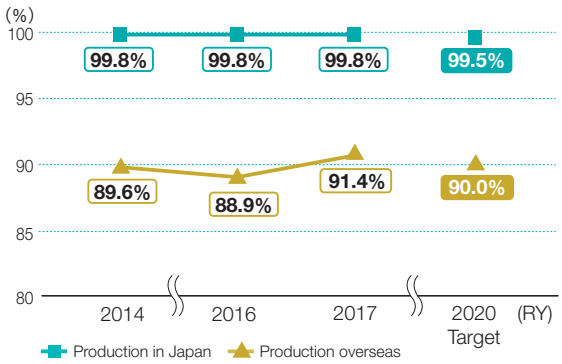
Trends in the Reduction Ratio of Energy Use per Unit of Production



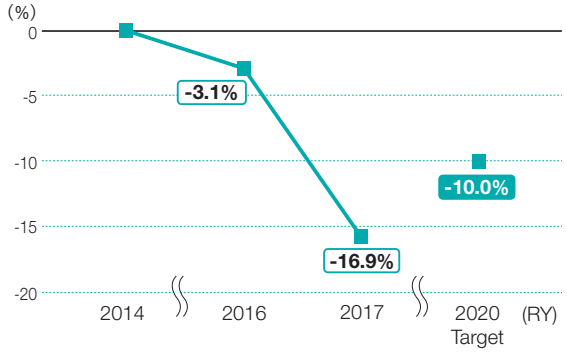
Trends in the Reduction Ratio of Waste Discharge per Unit of Production



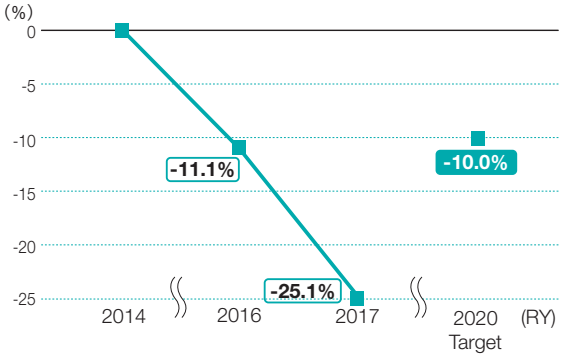
Trends in the Waste Recycling Ratio



Trends in the Reduction Ratio of Water Consumption per Unit of Production



Trends in the Reduction Ratio of VOC Emissions per Unit of Production



* Values for the base year (RY2014) and RY2016 were corrected to improve accuracy. Therefore, the reduction rates per unit of production for RY2016 were corrected retrospectively.

Products with engines compliant with the latest exhaust gas regulations (Major products launched onto markets in 2017)

Tractor of the GENEST Series

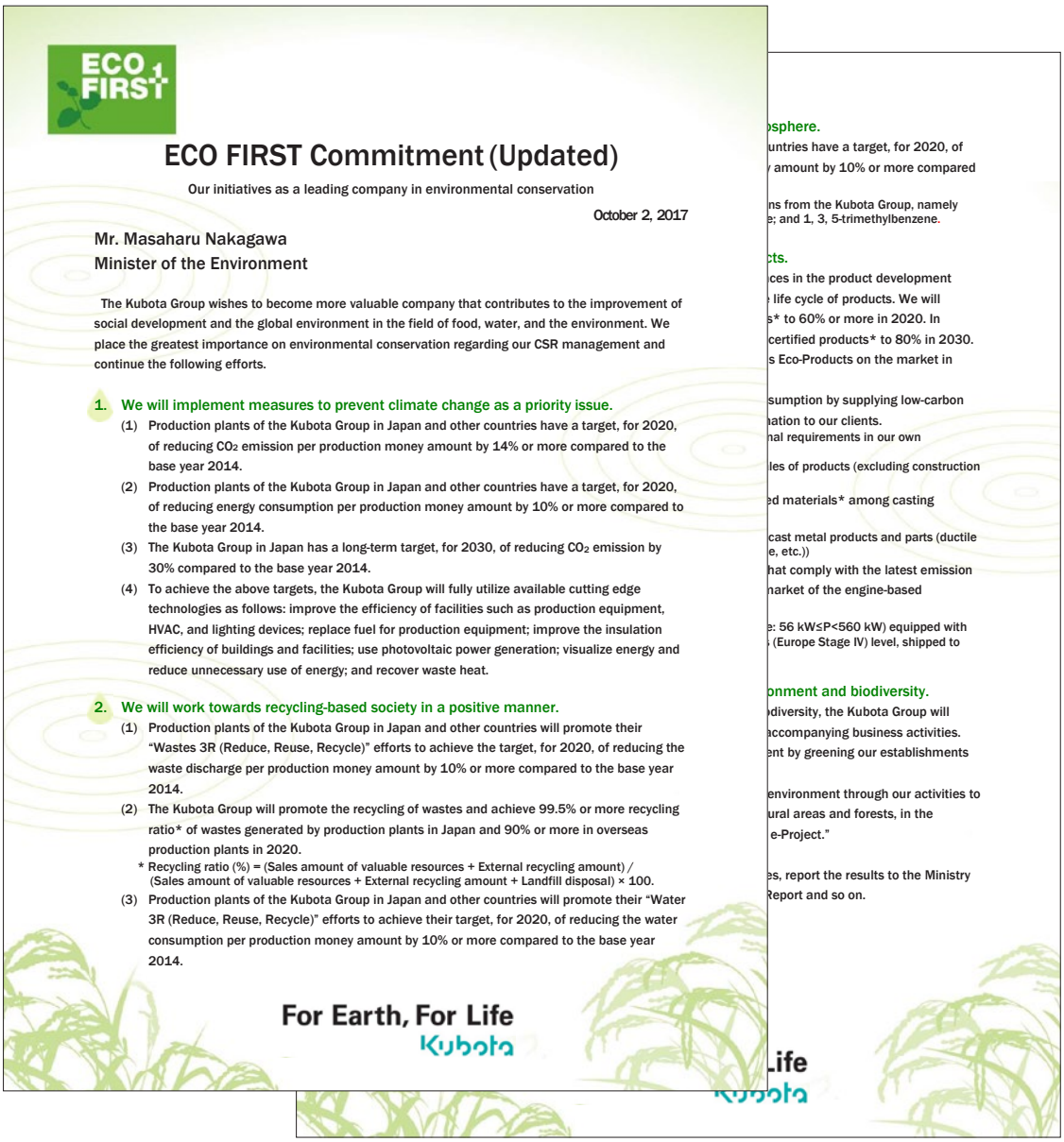
Combine harvester Korea Special ER595K

As an “Eco-First Company”

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an “Eco-First Company” due to its commitment to environmental conservation. According to the Medium- to Long-Term Environmental Conservation Targets, the Group has renewed its Eco-First Commitment regarding the five items below and was recertified as an Eco-First Company in October 2017.

- Stop climate change
- Work towards a recycling-based society
- Reduce emission into the atmosphere
- Develop environment-friendly products
- Conserve biodiversity

Eco-First Mark



ECO FIRST Commitment (Updated)

Our initiatives as a leading company in environmental conservation

October 2, 2017

Mr. Masaharu Nakagawa
Minister of the Environment

The Kubota Group wishes to become more valuable company that contributes to the improvement of social development and the global environment in the field of food, water, and the environment. We place the greatest importance on environmental conservation regarding our CSR management and continue the following efforts.

1. We will implement measures to prevent climate change as a priority issue.
   (1) Production plants of the Kubota Group in Japan and other countries have a target, for 2020, of reducing CO_2 emission per production money amount by 14% or more compared to the base year 2014.
   (2) Production plants of the Kubota Group in Japan and other countries have a target, for 2020, of reducing energy consumption per production money amount by 10% or more compared to the base year 2014.
   (3) The Kubota Group in Japan has a long-term target, for 2030, of reducing CO_2 emission by 30% compared to the base year 2014.
   (4) To achieve the above targets, the Kubota Group will fully utilize available cutting edge technologies as follows: improve the efficiency of facilities such as production equipment, HVAC, and lighting devices; replace fuel for production equipment; improve the insulation efficiency of buildings and facilities; use photovoltaic power generation; visualize energy and reduce unnecessary use of energy; and recover waste heat.

2. We will work towards recycling-based society in a positive manner.
   (1) Production plants of the Kubota Group in Japan and other countries will promote their “Wastes 3R (Reduce, Reuse, Recycle)” efforts to achieve the target, for 2020, of reducing the waste discharge per production money amount by 10% or more compared to the base year 2014.
   (2) The Kubota Group will promote the recycling of wastes and achieve 99.5% or more recycling ratio* of wastes generated by production plants in Japan and 90% or more in overseas production plants in 2020.
   * Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.
   (3) Production plants of the Kubota Group in Japan and other countries will promote their “Water 3R (Reduce, Reuse, Recycle)” efforts to achieve their target, for 2020, of reducing the water consumption per production money amount by 10% or more compared to the base year 2014.

For Earth, For Life
Kubota

The Kubota Group Eco-First Commitment

See here for details on Eco-First Company certification
www.kubota.com/company/environment/ecofirst/

<SDGs related to this section>

Tackling Climate Change

The Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC), states that the "warming of the climate system is unequivocal," and that it is extremely likely that human influence has been the dominant cause of the observed warming since the mid-20th century. With the Paris Agreement, an international framework to tackle climate change, taking effect in November 2016, the world's movement toward the reduction of greenhouse gases has been accelerating.

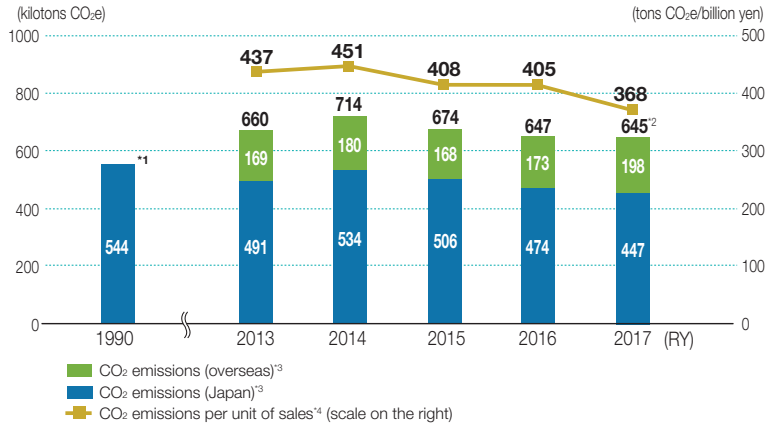
The Kubota Group sees tackling climate change as one of its materiality, and has been advancing initiatives toward the "mitigation" of climate change to reduce greenhouse gas emissions associated with its business activities and "adaptation" to be prepared for the impact of climate change.

Mitigation of Climate Change

CO_2 Emissions (Scope 1 and Scope 2)

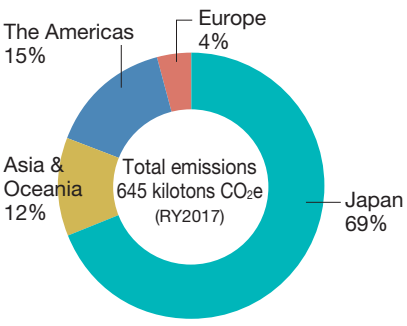
In RY2017, CO_2 emissions were 645 kilotons CO_2e, about the same level as the previous reporting year. Meanwhile, CO_2 emissions per unit of sales improved by 9.1% compared to the previous reporting year. The improvement in CO_2 emissions per unit of sales is mainly due to the measures implemented to reduce CO_2 emissions, as well as the reduction of emissions rate at cast iron production sites in Japan, which take large part of per-unit-sales of CO_2.

Trends in CO_2 Emissions and Emissions Per Unit of Sales

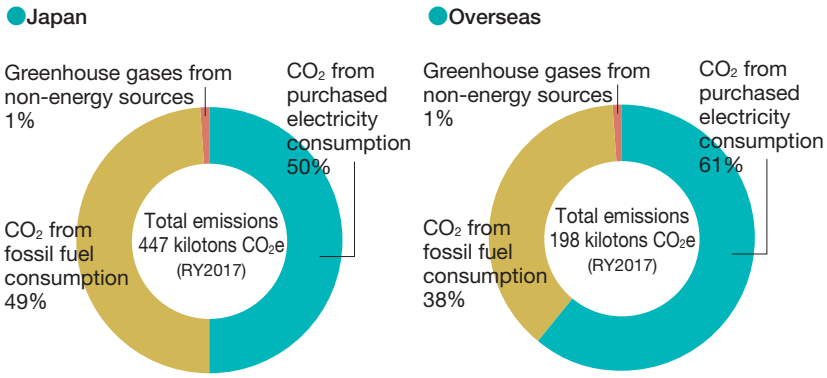


*1 CO_2 emissions for RY1990 are the emissions from energy sources at Kubota production sites.
*2 CO_2 emissions (645 kilotons CO_2e) include portions of CO_2 that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (19 kilotons CO_2e).
*3 CO_2 emissions after RY2013 include greenhouse gases from non-energy sources.
*4 CO_2 emissions per unit of consolidated net sales
*5 Values for RY2013 through RY2015 were corrected to improve accuracy.

CO_2 Emissions by Region

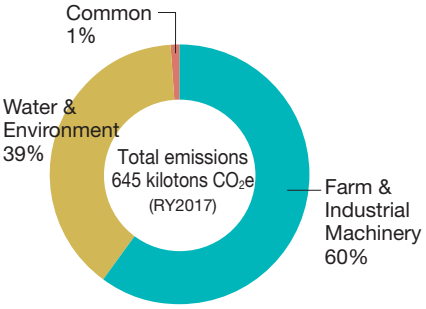


CO_2 Emissions by Emission Source

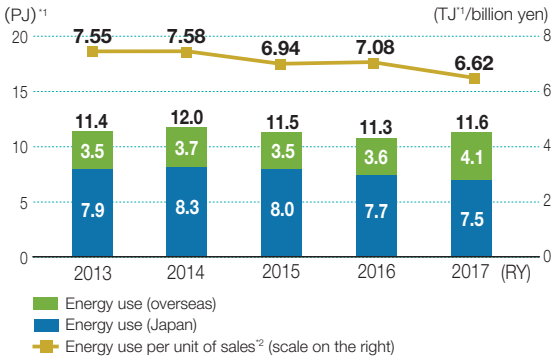


For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

CO_2 Emissions by Business



Trends in Energy Use at Business Sites



*1 PJ = 10^{15}J, TJ = 10^{12}J
*2 Energy use per unit of consolidated net sales
*3 Values for RY2013 through RY2016 were corrected to improve accuracy.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Measures to Reduce CO_2 Emissions

The Kubota Group has established its Medium- to Long-Term Environmental Conservation Targets (p.31-32) and is devoting efforts to reducing CO_2 emissions and energy use associated with its business activities. Various initiatives, including eliminating loss in energy consumption through a switch to equipment with higher energy efficiency and proper operation management, and promoting the visualization of power consumption in each process, have been implemented mainly at production sites. At the same time, all global sites have been expanding their use of LED lighting.

The initiatives implemented during RY2017 include improving the method of temperature control in the melting process, which emits a large amount of CO_2, and raising the efficiency of production equipment for processing lines. The introduction of renewable energies has also been accelerating. Kubota Construction Machinery (Wuxi) Co., Ltd. (China) introduced a solar power generation system in RY2015. In RY2017, it generated 1,593 MWh of electricity and reduced CO_2 emissions equivalent to approximately 1,047 tons. SIAM Kubota Corporation (Thailand) also introduced a solar power generation system, which started full-scale operation from RY2018.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for CO_2 reduction, global production sites achieved a reduction of 26.6 kilotons CO_2e in RY2017 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 0.59 billion yen compared to RY2014. CO_2 emissions per unit of production in RY2017 improved by 15.2% compared to RY2014.

We will continue to implement measures to save energy on production equipment and air-conditioning/lighting, as well as to promote the reduction of waste and loss in the use of energy based on the concept of the Kubota Production System (KPS).

VOICE

Reducing CO_2 emissions by introducing a solar power generation system

The Amata Nakorn Plant of SIAM Kubota Corporation Co., Ltd. (Thailand) introduced a solar power generation system in the plant building, which had been expanded along with the enhancement of the production capacity for combine harvesters.

SIAM Kubota Corporation Co., Ltd.
Amata Nakorn Plant
Production Engineering Dept.
Thouchapol Jiramoree

Around 70% of the energy used at the Amata Nakorn Plant is electricity. The Plant uses approximately 12,600 MWh of electricity (in RY2016) annually. In line with the production capacity enhancement, which is expected to boost electricity consumption in the future, we installed solar panels on the roof and walls of the expanded plant, reflecting our wish to make our plant, which uses renewable energy in addition to promoting energy-saving activities on production lines, more environment-friendly. We used the Thai Government's investment incentive program for environmental equipment to lower the cost for installation.

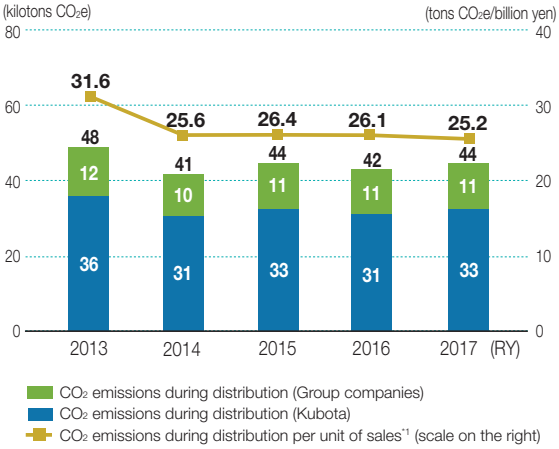
The expanded area of the plant started full-scale operation in October 2017, and the solar power generation system started operation in 2018. Output of the power generation facility is 535.5 kW in total, with an annual power generation of approximately 780 MWh, and a CO_2 reduction of approximately 350 tons is expected.

We will make continued efforts to further reduce CO_2 emissions.

CO_2 Emissions during Distribution

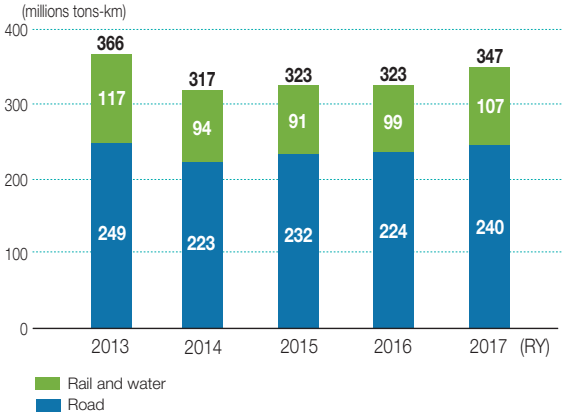
In RY2017, CO_2 emissions during distribution were 44 kilotons CO_2e, an increase of 6.1% compared to the previous reporting year. Meanwhile, CO_2 emissions during distribution per unit of sales improved by 3.3% compared to the previous reporting year. The increase in CO_2 emissions during distribution is mainly due to an increase in the volume of freight traffic, although the Kubota Group continuously promoted various approaches such as improving loading efficiency by combining transportation and realizing a modal shift through the use of ships.

Trends in CO_2 Emissions during Distribution and Emissions per Unit of Sales (Japan)



*1 CO_2 emissions during distribution per unit of consolidated net sales
*2 Values for RY2015 were corrected to improve accuracy.

Trends in Freight Traffic (Japan)



* Values for RY2015 were corrected to improve accuracy.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

CO_2 Emissions throughout the Value Chain

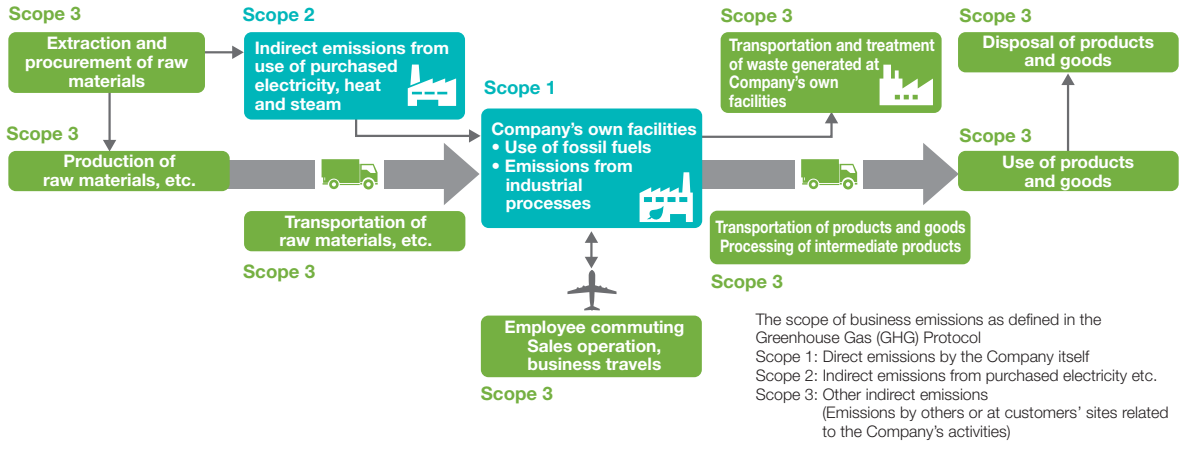
The Kubota Group makes concerted efforts to figure out CO_2 emissions throughout the value chain in addition to its business sites. Following guidelines*, we calculate CO_2 emissions based on Scope 3, and continue to expand the categories in the Scope of its calculation of CO_2 emissions.

* Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry

CO_2 Emissions in Each Stage of Value Chain (RY2017 results)

Classification				Scope of calculation	CO_2 emissions (kilotons CO_2e)
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1)			Use of fossil fuels	292
				Non-energy-derived greenhouse gas emissions	7
	Indirect emissions (Scope 2)			Purchased electricity use	346
Upstream and downstream emissions	Other indirect emissions (Scope 3)	Category	1	Resource extraction, manufacturing and transportation related to purchased goods/services	2,412
			2	Manufacturing and transportation of capital goods such as purchased equipment	175
			3	Resource extraction, manufacturing and transportation related to purchased fuels/energy	26
			4	Transportation of purchased products, etc.	Not calculated
			5	Disposal of wastes discharged from business sites	18
			6	Employee business travels	9
			7	Employee commuting	3
			8	Operation of assets leased to the Kubota Group	Not applicable
			9	Transportation of sold products	44
			10	Processing of intermediate products	59
			11	Use of sold products	21,486
			12	End-of-life treatment of sold products	44
			13	Operation of assets leased to other entities	Not applicable
			14	Operation of franchises	Not applicable
			15	Investments	Not applicable

Example Activities of Each Scope



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Adaptation to Climate Change

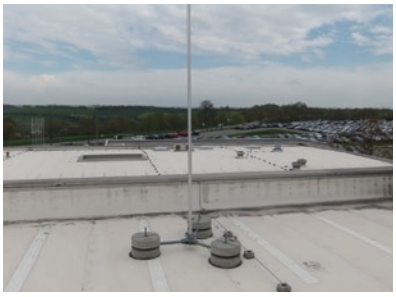
Measures to Adapt to Climate Change

In response to climate change, the Kubota Group has been advancing initiatives in terms of “adaptation” to be prepared for the impact of climate change, as well as the initiatives for “mitigation” aimed at reducing CO_2 and other greenhouse gas emissions.

As part of the measures for adaptation to climate change, business sites have formulated BCPs and disaster response manuals. To be prepared for high tides and torrential rain, they have also installed sump pumps and hold emergency drills.

Major initiatives in the products and services field are as follows.

- Provision of tractors that are capable of deep plowing necessary for growing rice in abnormally high temperatures without lowering the quality/yield, and the provision of information useful for soil cultivation, such as the proper distribution of fertilizers appropriate for high-temperature conditions
- To address water shortage, the provision of management systems using IoT, which contribute to the efficient operation of water supply and sewage treatment systems and treatment plants
- Provision of tank-submerged type ceramic membrane filtering equipment using membrane technology to facilitate the use of seawater
- Provision of information for farmers on changes in temperature, precipitation, and the amount of solar radiation, as well as the impact thereof on crops
- Provision of a water level management service using weather information in collaboration with the NTT Group in the sewerage area
- As a measure for floods or other disaster caused by abnormal climate, provision of disaster-relief pumper vehicles, ultra-light, emergency sump pump units, piping systems for manhole toilets, and so on



The lightning protection system introduced in response to frequent thunderstorm
Kubota Baumaschinen GmbH

<SDGs related to this section>

Working towards a Recycling-based Society

As a result of being a mass production, mass consumption and mass disposal society, we now face many problems such as the depletion of resources and increasing waste.

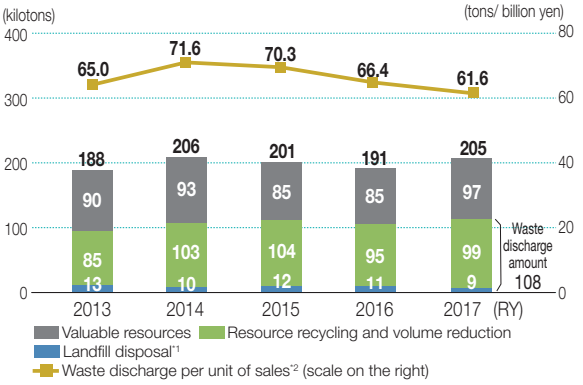
The Kubota Group sees working towards a recycling-based society as one of its materiality, and has been advancing initiatives to promote “reduce” (reducing the amount generated), “reuse” (internal recycling and reuse), and “recycle” (improving the recycling ratio) of waste, in addition to initiatives to promote the effective use of resources and resource saving.

Waste, Etc. from Business Sites

In RY2017, the waste discharge amount was 108 kilotons, an increase of 1.8% compared to the previous reporting year. Meanwhile, the waste discharge per unit of sales improved by 7.2% compared to the previous reporting year. The improvement in waste discharge per unit of sales is mainly due to the measures implemented to reduce waste, as well as the reduction of production volume at cast iron production sites in Japan, which discharge large per-unit-sales of waste.

Of the waste etc. discharge amount in RY2017, the amount of hazardous waste discharge was 6.0 kilotons (2.9 kilotons in Japan and 3.1 kilotons overseas).

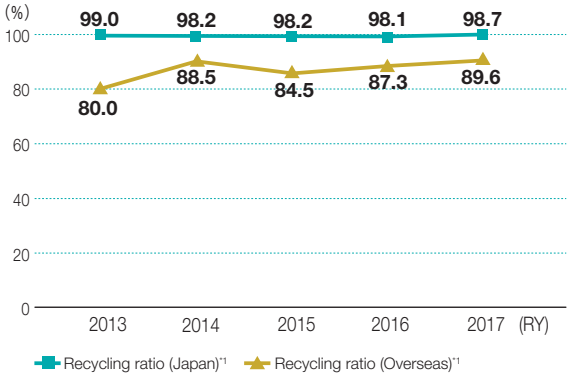
Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



*1 Landfill disposal = Direct landfill disposal + Final landfill disposal following intermediate treatment
*2 Waste discharge per unit of consolidated net sales.
Waste discharge = Resource recycling and Volume reduction + Landfill disposal
*3 Values for RY2014 were corrected to improve accuracy.

The resource recycling ratio in RY2017 was 98.7% in Japan, maintaining about the conventional level. The recycling ratio overseas was 89.6%, a 2.3-point improvement compared to the previous reporting year, due to ongoing promotion of the recycling of casting dust. We will make continuous efforts to further improve the resource recycling ratio.

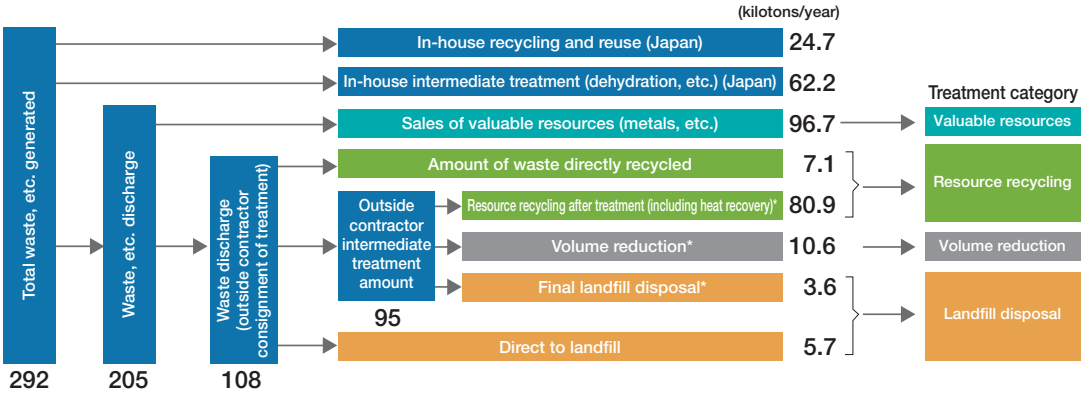
Trends in Recycling Ratio



*1 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.
*2 Value of the resource recycling ratio (overseas) for RY2014 was corrected to improve accuracy.

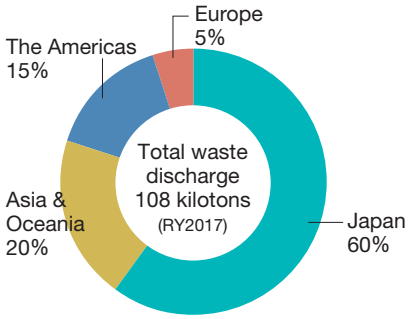
For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Waste Recycling and Treatment Flow (RY2017 results)

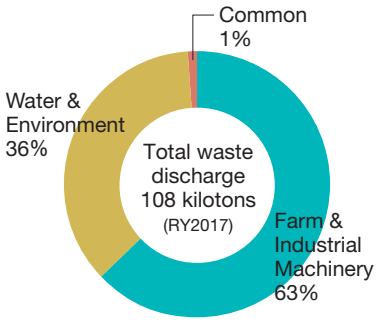


*The amounts of resource recycling after treatment, volume reduction, and final landfill disposal were the results of surveys conducted by outside intermediate treatment companies

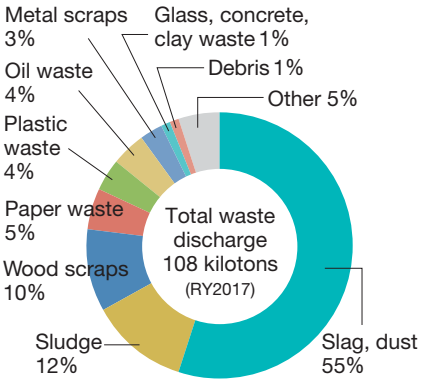
Waste Discharge by Region



Waste Discharge by Business

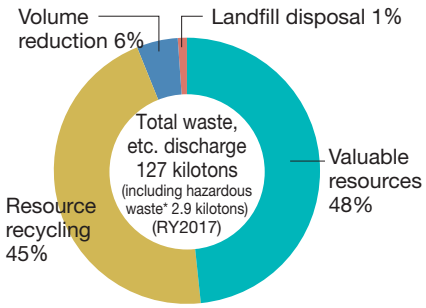


Waste Discharge by Type

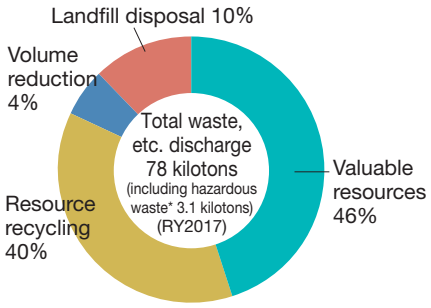


Waste, Etc. Discharge by Treatment Category

Japan



Overseas



* Hazardous waste: Industrial waste subject to special control as defined in the Waste Disposal and Cleaning Act in Japan, and industrial waste as defined in each country overseas (Not subject to the third-party assurance).

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Measures to Reduce Waste

The Kubota Group has established its Medium-Term Environmental Conservation Targets 2020 (p.32) and is working on the reduction of waste discharge from its business sites and the improvement of the recycling ratio. The Group has been promoting various measures, such as the thorough separation of waste according to the type and disposal method of waste, the introduction of returnable packing materials, and shared waste recycling between sites. The Group is also committed to the reduction of hazardous waste through ensuring thorough monitoring and management thereof.

In RY2017, at cast iron production sites, which generate a large amount of waste, the Kubota Group continuously promoted the internal and external reuse of casting sand, which is generated in large amounts in the casting process, and the conversion of waste into valuable resources out of the sand. The Group also explores the use of recycled waste. Focusing on the useful components of slag generated in the melting process, such as silicic acid, the Group has been making efforts in converting such components into valuable materials, such as greening base material and soil conditioners. Machinery production sites have been continuously promoting the reduction of the amount of sludge and waste oil or oil-containing wastewater generated in the painting booth.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for waste reduction, global production sites achieved a reduction of 2,500 tons of waste in RY2017 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 66 million yen compared to RY2014. Waste discharge per unit of production in RY2017 improved by 13.6% compared to RY2014. The recycling ratio was 99.8% at production sites in Japan and 91.4% at production sites overseas, both achieving the targets of the Medium-Term Environmental Conservation Targets 2020.

Moreover, production sites in Japan have raised the introduction rate of electronic manifests to 91%, enabling real-time assessment of the reduction effects.

We will continue to promote the reduction of waste through promoting sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

VOICE

Reducing the landfill disposal of waste by recycling casting dust, etc.

SIAM KUBOTA Metal Technology Co., Ltd. (SKMT) (Thailand) worked on improving the recycling rate and reducing the landfill disposal of waste by recycling casting dust, etc.

SKMT manufactures cast iron items for engines and tractors. Dust generated in manufacturing activities and slag generated in furnaces contain a lot of impurities, and therefore could not be recycled but had to be disposed of by landfill. Because of this situation, the waste recycling ratio during the period from RY2013 to RY2015 was between 67.6% and 75.0%.

To promote the effective use of resources, we set a target for the waste recycling ratio of 86% or above, and examined the measures for improvement and explored local business operators to undertake recycling. Internally, we collected dust with few impurities after separating impurities such as metal strips and plastic materials from dust using a sieving machine. For slag, we also thoroughly separated impurities from the slag. Consequently, we succeeded in recycling pure dust as an admixture for cement kilns and slag as a building material. As a result of these efforts, our recycling ratio reached 77.3% in RY2016 and 88.7% in RY2017.

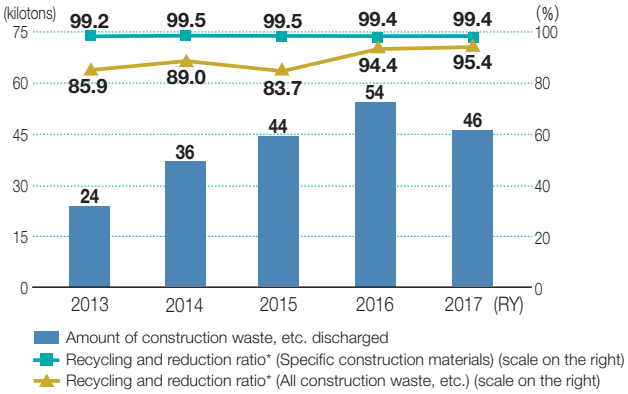
We will make continued efforts to further improve the waste recycling ratio and reduce waste generation, thereby contributing to the conservation of the global environment.

SIAM KUBOTA Metal Technology Co., Ltd.
Business Support Dept.
Safety & Environment Technician
Suttisarn Tunlai (left)
Environment Officer
Thanitta Patsa (right)

Waste, Etc. Generated from Construction Work

The type and the amount of waste generated from construction work vary depending on the type of work being done, resulting in fluctuation in the amount of discharge, and the recycling and reduction ratio. However, the Kubota Group maintains a high recycling and reduction ratio for specific construction materials.

Trends in Discharge, and Recycling and Reduction Ratio of Construction Waste, Etc. (Japan)



* Recycling and reduction ratio = [Sales of valuable resources + Resource recycling (including heat recovery) + Volume of reduction] / Amount of construction waste, etc. discharged (including sales amount of valuable resources) x 100 (%)

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Handling and Storage of Equipment Containing PCB (in Japan)

Transformers, capacitors and other equipment containing polychlorinated biphenyls (PCB) are properly reported, stored and handled based on the Japanese Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, and the Japanese Waste Management and Public Cleansing Act. Waste with a high concentration of PCB is being disposed of steadily, beginning with sites where PCB-treatment facilities are available. Waste with a low concentration of PCB will be properly disposed of by the disposal deadline of March 2027.

PCB-containing equipment in storage is thoroughly managed by multiple means, such as the locking of storage cabinets, periodic inspection, and environmental audits.

<SDGs related to this section>

Conserving Water Resources

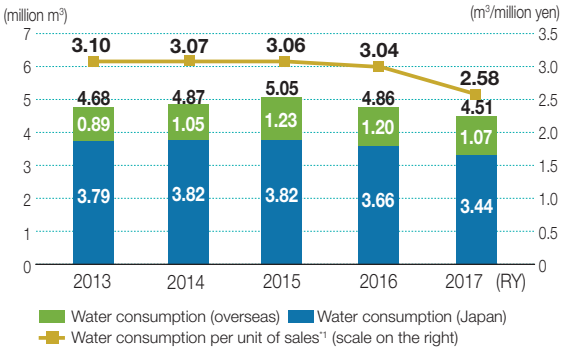
The Environmental Outlook to 2050 (2012) produced by the Organization for Economic Co-operation and Development (OECD) reports that during the period between 2000 and 2050, global demand for water will increase by approximately 55%, and over 40% of the global population will be living in river basins under severe water stress.

The Kubota Group sees conserving water resources as one of its materiality, and has been advancing initiatives to promote the effective utilization of water resources and to address water risks, such as the reduction of water consumption by promoting water saving and wastewater recycling, and the proper management of wastewater treatment and wastewater quality. Production sites promote measures not to cause adverse effects on local ecosystems and the lives of local residents, taking into consideration the status of water stress in the respective regions.

Water Consumption in the Business Sites

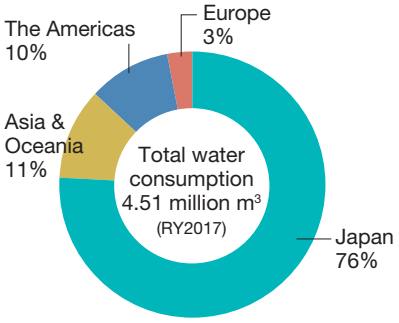
In RY2017, water consumption was 4.51 million m^3, a decrease of 7.1% compared to the previous reporting year. Additionally, water consumption per unit of sales improved by 15.4% compared to the previous reporting year. These achievements are mainly due to the measures implemented to reduce water consumption, as well as the reduction of production volume at cast iron production sites in Japan.

Trends in Total Water Consumption and Consumption per Unit of Sales

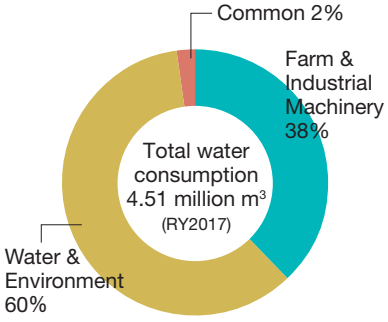


*1 Water consumption per unit of consolidated net sales
*2 Values for RY2014 and RY2015 were corrected to improve accuracy.

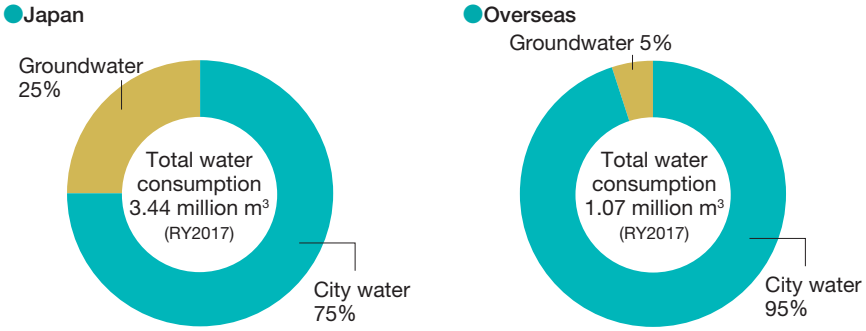
Water Consumption by Region



Water Consumption by Business



Water Consumption by Type



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Measures to Reduce Water Consumption

The Kubota Group has established its Medium-Term Environmental Conservation Targets (p.32), and is working on the reduction of water consumption at its business sites. Its production sites, such as those in China, Thailand, Indonesia and the United States, have introduced wastewater treatment equipment or wastewater recycling systems utilizing technologies of the Kubota Group.

In 2017, in addition to daily activities such as raising employees' awareness of saving water and conducting patrols to check water leakage, efforts were made to raise the ratio of utilization of recycled water at the sites where the wastewater recycling system has been introduced. Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) succeeded in reducing water consumption approximately 16,000 m^3 per year by reusing the water recycled by the MBR* it had introduced in the precoating process. The total amount of recycled water at all sites where the wastewater recycling system has been introduced was 89,000 m^3, which was reused in production processes or used for watering of green zones.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for water consumption reduction, global production sites achieved a reduction of 296,000 m^3 in RY2017 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 48 million yen compared to RY2014. Water consumption per unit of production in RY2017 improved by 16.9% compared to RY2014.

We will continue to promote the reduction of water consumption through initiatives to promote the 3Rs of water, such as conducting water saving activities and promoting water recycling by using the Kubota Group's technologies.

* MBR (Membrane Bio Reactor = membrane separation activated sludge method): A wastewater treatment method combining biological treatment using microorganisms and solid-liquid separation using membranes

VOICE

Reducing water consumption by the recycling of in-process wastewater

Kubota Engine (Wuxi) Co., Ltd.
Quality Assurance ISO Group
Li Wei (left), Zhang Yanbei (right)

Since the beginning of its plant operation in September 2013, Kubota Engine (Wuxi) Co., Ltd. (KEW) (China) has introduced RO (reverse osmosis) membrane treatment and MBR wastewater treatment systems in response to the wastewater regulations of Wuxi City, and has promoted the recycling of in-process wastewater by filtration and the recycling of residential wastewater by making it harmless.

In-process waste liquid discharged from the processes of operation and the coating of manufactured engines contains impurities such as oil and coating refuse. The disposal of oil and coating refuse should be commissioned to external professional contractors. Nevertheless, we reduce in-process waste liquid to 95% by distillation and concentration to remove impurities in the waste liquid, and then purify it by RO membrane treatment. The purified water is reused as water for cooling operations and for pre-coating treatment. This helps us stabilize the product quality and reduce water consumption and waste.

At the same time, the introduction of Kubota's MBR membrane-type wastewater treatment system has enabled the treatment of all of residential wastewater from bathrooms and toilets in the plant. The treated water is reused for watering in the plant and for toilets.

For these initiatives, KEW was certified as a "water conservation model company" of Wuxi City in May 2017.

KEW will continue to enhance its environment-friendly manufacturing, thereby further contributing to the conservation of the global environment.

Controlling Wastewater

The Kubota Group has set its own control values that are stricter than the emission standards of relevant laws and regulations. In order not to allow the exceeding of standard values, the Kubota Group implements thorough daily management activities, such as monitoring the trends in water quality data and inspecting the wastewater treatment facilities.

Moreover, we control the amount of water discharge by reducing the amount of water consumption. In RY2017, the amount of wastewater discharge was 4.68 million m^3 (3.26 million m^3 into public water areas, 1.42 million m^3 into sewage lines), a decrease of 10.8% compared to the previous reporting year.

We will continue to reduce load on the local water environment through activities to manage water discharge and reduce water consumption.

* The amount of wastewater discharge includes rain and spring water at some business sites.

VOICE

Reducing risk in wastewater by visualizing wastewater management

Kubota Hanshin Plant
Back row from left: Tomonori Aragaki, Makoto Adachi, Mitsuhiko Kawamura, and Yasuhiro Nakaya (foreman)
Front row from left: Yasuhiro Fukuda (team leader), Tetsuo Kuroyama, Kazuki Motokura

The Mukogawa Site of the Kubota Hanshin Plant promotes the “visualization of wastewater management” as part of its initiatives to enhance environmental risk management.

At the Mukogawa Site, wastewater discharged from manufacturing processes is treated in the wastewater treatment facility inside the plant before being released to a public water area. For wastewater management, we have set self-control values that are stricter than the control values of the laws or ordinances in accordance with the rules of the Kubota Group, while visualizing the water quality values measured by an automatic measuring instrument.

In management of the pollution load (pollution concentration × amount of water discharge), in particular, we have made visible the trends of changes in the concentration and pollution load of pollutants contained in wastewater, so that anyone can determine whether wastewater is normal or abnormal. This enables operators to discover any unusual condition of wastewater at an early stage and to promptly take preventive action. The introduction of monitoring of water quality trends has also enabled operators to proactively think and take action, leading also to the vitalization of workplaces.

In order to reduce human errors in decision making, besides the standardization of work procedures, we automatically stop water discharge in an emergency without relying on decisions by persons, thereby eliminating the risk of exceeding the standard values.

We will continue to promote management with the “visualization of wastewater management” and the “automatic stopping of abnormal water discharge.” We will also apply these activities to other equipment in the plant, with the aim of further reducing environmental risks and promoting the prevention of environmental pollution and the conservation of the regional environment.

Survey on Regional Water Stress

In order to identify the risks related to the use of water resources and find effective responses to such water risks, the Kubota Group conducts surveys concerning water stress*1 for all of its production sites.

The results of a survey on water stress of a total of 53 sites in 15 countries using WRI Aqueduct 2014*2 and WBCSD Global Water Tool (Version2015 1.3.5)*3 are as follows:

Results of the Survey on Water Stress of Production Sites (RY2017)

Region, country		Water stress level / Water consumption (thousand m³) <number of sites>				
		High	High-Middle	Middle	Middle-Low	Low
Asia	Japan	96 〈3〉	1,378 〈8〉	1,608 〈9〉	59 〈2〉	0
	China	0	114 〈3〉	0.4 〈1〉	0	0
	Indonesia	0	32 〈2〉	0	0	0
	Thailand	0	0	267 〈4〉	18 〈1〉	0
	Saudi Arabia	11 〈1〉	0	0	0	0
Europe	Russia	0	0.4 〈1〉	0	0	0
	Norway	0	0	0	0	31 〈1〉
	Denmark	0	0	0	0	34 〈1〉
	Netherland	0	0	0	13 〈1〉	0
	Germany	0	0	8 〈1〉	4 〈1〉	0
	France	0	1 〈1〉	0	0	1 〈1〉
	Italy	0	8 〈1〉	0	0	0
	United Kingdom	0	0	0.5 〈1〉	0	0
North America	Canada	0	0	0	0	229 〈1〉
	United States	27 〈6〉	0	121 〈2〉	0	0
Total		134 〈10〉	1,533 〈16〉	2,005 〈18〉	94 〈5〉	295 〈4〉

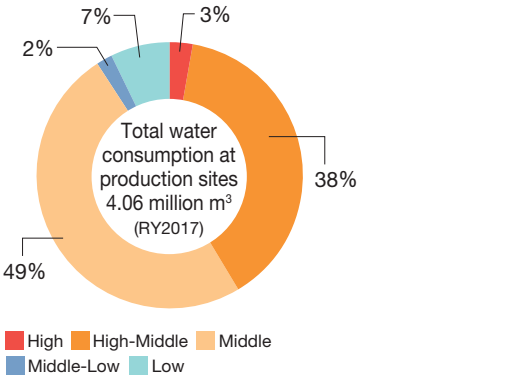
The survey results showed that the water consumption at the production sites with water stress of “Middle” level accounts for about a half of total (49%), followed by the water consumption at the sites with “High-Middle” level, accounting for 38%.

The production sites with “High” level of water stress are located in the Osaka Bay area, Tokyo Bay area, Okinawa, Saudi Arabia, and the Midwest area of the United States. The amount of water consumption by these sites account for around 3% of total, and the number of such sites is 10.

Knowing that much of the water used for its production activities is taken in areas with relatively high level of water stress, the Kubota Group will implement measures to minimize the impact on business activities, while promoting management not to cause adverse effects on lives of local residents and ecosystems.

The Kubota Group plans to set up new business sites with the aim of expanding its businesses on a more global scale. For such new sites, the Group will conduct water stress surveys for their respective water areas.

Water Consumption by Water Stress Level



*1 Water stress refers to the state where the annual water availability per capita is less than 1,700 tons and people feel inconvenience in their daily life. Water stress in this survey is the water stress for each river basin, which is calculated based on the ratio of water intake to the amount of available water resources. (World Resources Institute (WRI))

*2 A tool developed and released by the World Resources Institute (WRI) to assess water risk information

*3 A tool developed and released by the World Business Council for Sustainable Development (WBCSD) to assess water risk information

<SDGs related to this section>

Controlling Chemical Substances

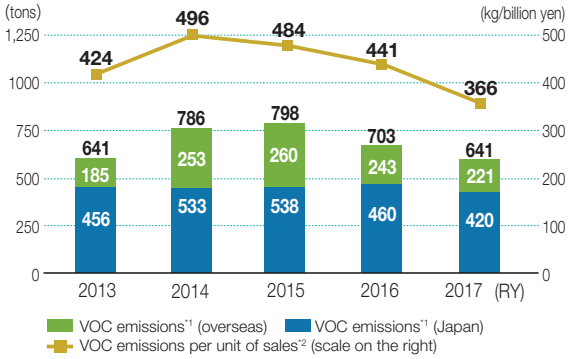
The World Summit on Sustainable Development (WSSD) held in 2002 adopted a resolution that chemical substances would be managed in such a manner as to minimize the impact of the chemical substances on human health and the environment, and relevant regulations therefor have been formulated by each member country.

The Kubota Group sees controlling chemical substances as one of its materiality, and has been advancing initiatives toward reducing the burden on the environment from chemical substances, including the reduction of VOCs (volatile organic compounds) generated in coating processes at production sites, as well as the replacement of fluorocarbons and the prevention of leakage.

VOC Emissions

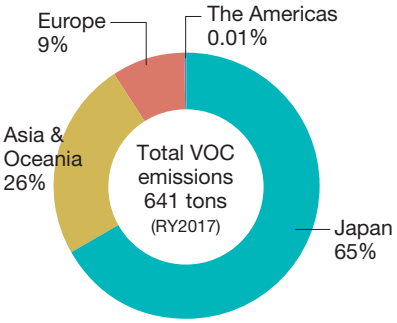
In RY2017, VOC emissions were 641 tons, a decrease of 8.8% compared to the previous reporting year. Additionally, the VOC emissions per unit of sales improved by 16.9% compared to the previous reporting year. These achievements are mainly due to the measures implemented to reduce VOC emissions, as well as the reduction of production volume at cast iron production sites in Japan.

Trends in VOC Emissions and Emissions per Unit of Sales

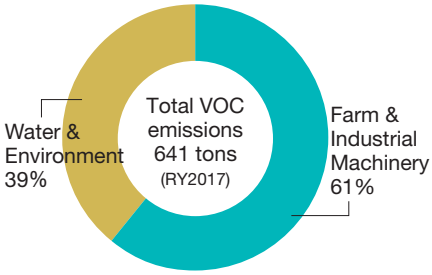


*1 VOCs comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.
*2 VOC emissions per unit of consolidated net sales
*3 Values for RY2013 through RY2016 were corrected to improve accuracy.

VOC Emissions by Region

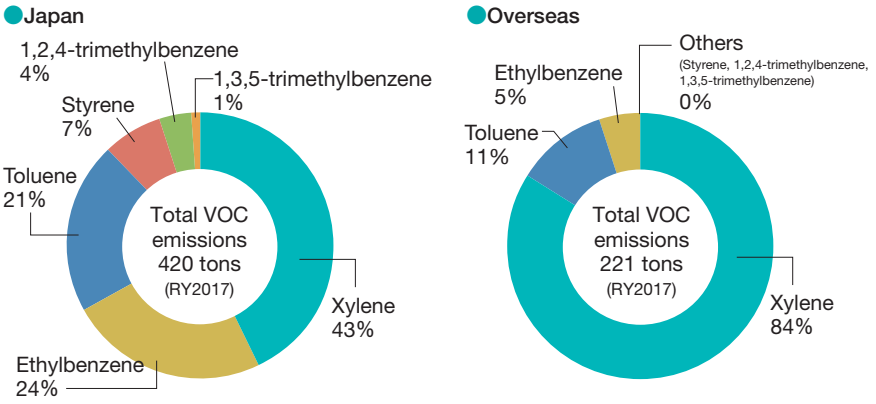


VOC Emissions by Business



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

VOC Emissions by Substance



For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Measures to Reduce VOCs

The Kubota Group has established its Medium-Term Environmental Conservation Targets (p.32) and is working on the reduction of VOC emissions from its business sites. The Group has been promoting the risk management of chemical substances handled at production sites and the reduction of VOC-containing materials, such as paint and thinner.

In RY2017, the Kubota Group reduced the amount of VOCs it handles through efforts such as improving the coating method to improve the coating efficiency of paint, promoting replacement with VOC-free materials, and collecting and recycling used thinner. Kubota Construction Machinery (Wuxi) Co., Ltd. (China) introduced a device to collect thinner, a VOC-containing material, and has collected approximately 1.6 tons of VOCs. At machinery production sites in Japan, China, Germany, etc., VOC removal equipment has been introduced in phases. Sites that have introduced the equipment have achieved reduction of VOC emissions into the atmosphere of 90%.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for VOC reduction, global production sites achieved a reduction of 102 tons in RY2017 compared with the case where countermeasures were not implemented from the base year (RY2014). The economic effects of these measures reached 0.16 billion yen compared to RY2014. VOC emissions per unit of production in RY2017 improved by 25.1% compared to RY2014.

We will continue to promote the reduction of VOC emissions by introducing exhaust treatment equipment that is conscious of compliance with laws and the reduction of burden on neighborhoods, in addition to the efforts to stop the use of VOC-containing paint and thinner or replace them with substitutes.

VOICE

Reducing VOC emissions by installing the latest VOC removal equipment

Kubota Agricultural Machinery (Suzhou) Co., Ltd.
Environmental Management Department
Shen Qi

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) has introduced VOC (volatile organic compound) removal equipment that employs the latest two-step zeolite rotor, for coating exhaust gas treatment at its new plant.

In November 2017, the Company built a new plant in response to the production increase of tractors and combine harvesters. Since paint and thinner used for coating contain VOCs, the exhaust gas generated at the new plant must satisfy the emissions standards of the Chinese Government and reduce the environmental loads on the surrounding areas.

We have introduced the VOC removal equipment using a two-step zeolite rotor, which absorbs with zeolite the VOCs in exhaust gas generated in coating processes, and sufficiently lowers the VOC concentration before emitting the exhaust gas into the atmosphere. The VOCs absorbed by zeolite are heated so as to be desorbed from the zeolite, and then sent to heat regenerative combustion equipment where they are dissociated into water and CO_2. The rotor keeps turning to repeatedly perform this absorption-desorption cycle.

By the introduction of this equipment, we expect a 97% reduction in VOCs generated in coating processes. The equipment started full-scale operation in December 2017, and we are currently measuring its performance.

At the same time, we are promoting the use of VOC-free paint and have started to implement replacement with water-soluble paint.

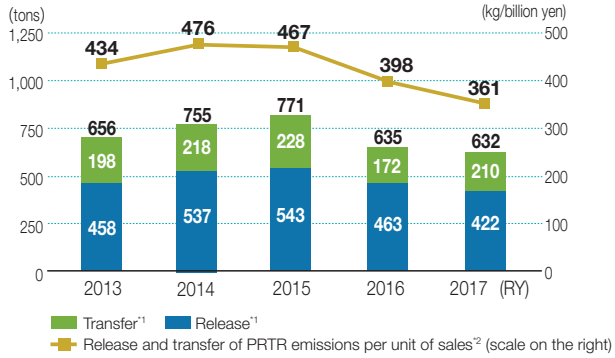
In January 2018, at the Communist Party (expanded) committee meeting for the Suzhou Industrial Park, our plant was selected as one of the 10 best energy-saving and exhaust-reducing companies of 2017. In addition to our VOC reduction initiatives described above, efforts to reduce hazardous chemical substances in wastewater and to reduce electricity consumption by replacing motor fans with new energy-saving type fans were highly appreciated.

Release and Transfer of PRTR-designated Substances

In RY2017, a total of 632 tons of substances stipulated in the PRTR Law* were released and transferred, a decrease of 0.4% compared to the previous reporting year. Additionally, the release and transfer per unit of sales improved by 9.2% compared to the previous reporting year. The release and transfer of PRTR-designated substances slightly decreased due to the reduction of production volume at cast iron production sites, despite an increase in the production volume at machinery production sites. Similar to reduction of VOC emissions, the Group is promoting the ongoing measures to reduce the PRTR-designated substances.

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

Trends in Release and Transfer of PRTR-designated Substances, and Release and Transfer per Unit of Sales (Japan)



*1 Total amount of reported substances that are handled at each site (annual volume of 1 ton or more (or 0.5 tons for Specific Class I designations))
*2 Release and transfer of PRTR-designated substances per unit of consolidated net sales
*3 Values for RY2013 through RY2016 were corrected to improve accuracy.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Control of Ozone-depleting Substances

The Kubota Group prohibits specified CFCs, which are ozone-depleting substances, from being contained in products or added[*1] in manufacturing processes of products. In Japan, replacement of materials containing dichloropentafluoropropane with substitute materials was completed during RY2016, and no ozone-depleting substances subject to notification under the PRTR Law[*2] are handled at present.

In Japan, CFCs that are used in air-conditioners and refrigerating or freezing equipment as refrigerant, are thoroughly managed to control leakage, in accordance with the standards specified by the Fluorocarbons Emission Control Law.[*3]

*1 For HCFC, intentional adding in products as refrigerant or heat insulator is prohibited.
*2 Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements in the Management Thereof
*3 Act on the Rational Use and Proper Management of Fluorocarbons

Emissions of Air Pollutants

The Kubota Group has set its own control values that are stricter than the emission standards of relevant laws and regulations. In order not to allow the exceeding of standard values, the Group implements thorough daily management activities, such as monitoring operation of the smoke and soot-generating facilities and inspecting the dust collecting equipment.

The amounts of emissions of air pollutants in RY2017 were 17.5 tons for SOx (down by 44.4% from the previous year), 68.8 tons for NOx (down by 27.0%), and 21.9 tons for soot and dust (down by 17.4%). We will continue to reduce emissions of air pollutants through initiatives such as controlling sources by fuel conversion and maintaining dust collecting equipment.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Monitoring Groundwater

Results of groundwater measurements conducted on the premises of the business sites that used organic chlorine-based compounds in the past are as shown below.

Groundwater monitoring (RY2017)

Business site	Substance	Measured groundwater value	Environmental standard
Tsukuba Plant	Trichloroethylene	Non-detected (less than 0.0001 mg/L)	Less than 0.03 mg/L
Utsunomiya Plant	Trichloroethylene	Non-detected (less than 0.001mg/L)	Less than 0.03 mg/L

Reduction of Chemical Substances Contained in Products

The Kubota Group has set rules for identifying and properly managing chemical substances in products in order to comply with REACH Regulations* in Europe and other chemical substance regulations.

Since 2010, chemical substances in products have been classified as one of the three following categories and managed appropriately. With cooperation from our suppliers, we investigate chemical substances in products on a global basis.

* The European Union (EU) Regulations for Registration, Evaluation, Authorization and Restriction of Chemicals

Three Control Levels

1. Substances to be Prohibited: Should not be contained in products
2. Substances to be Restricted: Should not be contained in products under certain conditions and applications
3. Substances to be Controlled: Presence in products should be recognized

<SDGs related to this section>

Expanding Environment-friendly Products and Services

The Kubota Group is contributing to protecting global environment and solving social issues in the food, water and living environment fields through the provision of environment-friendly products and services. The Group conducts environmental assessment of products in the design and development stages, and promotes environment-friendliness over the entire product life cycle, from the procurement of raw materials to the disposal of products. The Group also internally certifies exceptionally environment-friendly products as Eco-Products, and is working to expand its lineup of certified products.

Environmental Considerations in the Product Life Cycle

Major Initiatives to Ensure Environment-friendliness

Design and development
- Product environmental assessment to ensure environment-friendly design
- Internal certification of Eco-Products

Raw materials and parts procurement
- Green procurement
- Global procurement (optimal regional procurement)

Production
- Reduction of waste and loss in the use of energy and other resources based on the concept of the Kubota Production System
- 3Rs for waste and water resources
- Reduction of VOC emissions, replacement of organic solvents with substitutes

Distribution
- Improving loading efficiency
- Modal shift
- Reduction of packing materials

Construction
- Improving efficiency and saving labor for construction work
- Shortening of construction period
- Reduction of resources used for construction

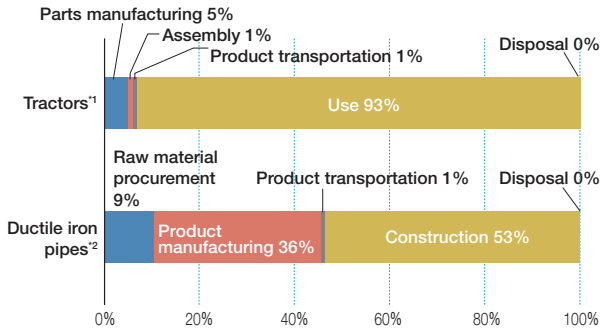
Use
- Reduction of fuel consumption
- Improving efficiency and saving labor for work and management
- Improving ease of maintenance, extending product life
- Reduction of exhaust gas
- Reduction of noise, vibration

Disposal
- Promoting product recycling
- Proper disposal

Analysis of Environmental Loads in the Product Life Cycle

The Kubota Group handles a diverse range of products, from agricultural and construction machinery to pipe systems and water treatment equipment. As part of its product environmental assessment, the Group conducts life cycle assessment (LCA) for its major products to determine the amount of greenhouse gas emissions over each product life cycle.

Results of LCA: Proportions of Greenhouse Gases



*1 LCA results for tractors were calculated based on the assumption of towing and transporting work for 5,000 hours by the M9540DTHQ-EC agricultural tractor in France.

*2 LCA results for ductile iron pipes were calculated based on the data reported in the "Study on Piping Technologies for Sustainable Water Supply Service" (Japan Water Research Center).
The proportions of raw material procurement, manufacturing, and product transportation were determined according to Kubota's CO_2 emissions data.

Greenhouse gases emitted in the use stage account for around 90% in the life cycle of agricultural tractors, while gases emitted in the manufacturing and construction stage account for around 90% in ductile iron pipes. Thus the frequency and scale of environmental loads in the life cycle vary depending on the product type. The Kubota Group enhances its environment-friendly products and services by reflecting the results of the analysis of environmental loads in the product life cycle in its environment-friendly design development.

Major Initiatives to Ensure Environment-friendliness by Product Group

C Tackling Climate Change
R Working towards a Recycling-based Society
W Conserving Water Resources
Ch Controlling Chemical Substances
B Conserving Biodiversity

Farm & Industrial Machinery

Product Group	Major Initiatives to Ensure Environment-friendliness	Life Cycle				
		Procurement Production	Distribution	Construction	Use	Disposal
Tractor	Reducing the number of parts	R				
	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing an energy-saving mode				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Rice transplanter	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing an energy-saving mode or a multiple-function capacity to simultaneously perform five farming operations				C	
	Reducing seedling cultivation-related materials by sparse planting or dense-sown seedling transplantation, and a straight-line maintenance function				R	
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Combine harvesters	Reducing the number of parts and weight	R				
	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing an energy-saving mode				C	
	Reducing fuel consumption with improved reaping accuracy by horizontal control of the vehicle body				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
KSAS (Kubota Smart Agri System)	Reducing fuel consumption per unit yield of agricultural machinery by improving farm work efficiency and increasing yield				C	
	Proper fertilizer application to prevent excessive fertilizers from flowing downstream				W	
	Facilitating self-maintenance and reducing mechanical troubles by monitoring the operation status of agricultural machinery				R	
Cultivators	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing CO_2 emissions by electrification				C	
	Achieving zero CO_2 emissions by electrification				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
Riding mowers	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing a unique mowing method to alleviate power load				C	
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
Utility vehicles	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Conforming to exhaust gas regulations				Ch	
	Indicating parts materials, providing information on points to be noted for disposal					R
	Reducing RoHS-designated substances					Ch
Agriculture-related products (color sorter, rice-milling machine, etc.)	Reducing the number of parts and weight		C			
	Reducing air consumption necessary for sorting of defective rice by improving the air injection accuracy of color sorters				C	
	Reducing the power consumption of electronic circuits				C	
	Reducing the noise of rice-milling machines				B	
	Reducing RoHS-designated substances					Ch
Engines	Reducing fuel consumption by improving combustion efficiency and reducing losses				C	
	Accepting bio diesel/gasoline				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Reducing RoHS-designated substances					Ch
Construction machinery	Reducing environmentally hazardous substances contained in paint	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption by introducing an energy-saving mode				C	
	Conforming to exhaust gas regulations				Ch	
	Reducing noise, vibration				B	
	Indicating parts materials, providing information on points to be noted for disposal					R
	Reducing RoHS-designated substances					Ch
Precision machinery (Measuring instruments)	Reducing the number of parts and weight	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the power consumption of electronic circuits				C	
	Reducing the amount of waste batteries by introducing energy-saving measuring instruments					R
	Reducing RoHS-designated substances					Ch
Air-conditioning equipment	Using recycled resin	R				
	Reducing power consumption by installing a heat pump				C	
	Reducing RoHS-designated substances					Ch

C Tackling Climate Change
R Working towards a Recycling-based Society
W Conserving Water Resources
Ch Controlling Chemical Substances
B Conserving Biodiversity

Water & Environment

Product Group	Major Initiatives to Ensure Environment-friendliness	Life Cycle				
		Procurement Production	Distribution	Construction	Use	Disposal
Ductile iron pipes	Reducing weight by thinning pipes or changing the structure of couplings	R				
	Reducing VOC by changing the paint for the inner surface	Ch				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the width of the excavation groove by reducing the insertion force at the time of jointing couplings to decrease the number of items necessary for jointing			C		
	Reducing polyethylene sleeves by improving anti-corrosion performance			R		
	Improving maintenance performance by introducing a coupling structure with reduced insertion force or reducing the number of parts				R	
	Extending product life by improving anti-corrosion performance and introducing earthquake-resistant couplings				R	
Valves	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the width of excavation grooves by reducing the insertion force at the time of jointing couplings to decrease the number of items necessary for jointing			C		
	Reducing polyethylene sleeves by improving anti-corrosion performance			R		
	Extending product life by improving anti-corrosion performance				R	
Pumps	Reducing the cut amount during processing by introducing compact casings	C				
	Reducing the weight and volume by introducing compact and thinner casings	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption by improving pump efficiency				C	
	Reducing RoHS-designated substances					Ch
Businesses related to water purification, sewage and wastewater treatment (Condensation, dehydration, agitator, etc.)	Reducing weight and the number of parts by eliminating frames or introducing multi-function parts	R				
	Reducing the power consumption of dehydrators by downsizing hydraulic units, etc.				C	
	Reducing the power consumption by introducing agitating blades capable of efficient agitation with low power				C	
	Reducing the power consumption of fans by introducing a low-pressure membrane type air diffuser				C	
KSIS	Saving energy by the efficient operation of equipment through remote monitoring/diagnosis using IoT				C	
	Extending equipment life by failure prediction using AI (under development)				R	
Submerged membranes	Reducing weight and volume by reducing the weight per unit membrane area or the membrane filling rate	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing power consumption per unit processing quantity by improving the membrane filtration performance and expanding the membrane-carrying area				C	
	Collecting/recycling of used membrane cartridges					R
	Reducing RoHS-designated substances					Ch
Membrane-type methane fermentation units	Generating biogases by the methane fermentation of food waste				C	
	Reducing the volume of food waste				R	
Wastewater treatment unit (Johkasou)	Using recycled resin	R				
	Reducing the weight and volume of purification tanks by improving the processing capacity per unit volume	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing the amount of excavated soil at the time of burying by reducing volume			C		
	Reducing RoHS-designated substances					Ch
Steel pipes	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing energy during construction by mechanical couplings			C		
	Reducing RoHS-designated substances					Ch
Ethylene thermal cracking pipes	Reducing the use of rare metals, using recycled rare metals	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Reducing fuel consumption necessary for decoking (maintenance) by changing the internal structure of pipes				C	
	Reducing RoHS-designated substances					Ch
Rolls	Using recycled rare metals	R				
	Reducing fuel consumption by improving loading efficiency in product transportation		C			
	Extending product life by improving the roll surface strength				R	
	Reducing RoHS-designated substances					Ch

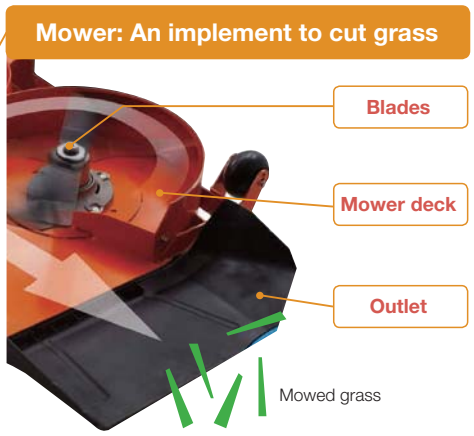
Examples of Initiatives to Ensure Environment-friendliness

(1) Zero-Turn Mowers

The Zero-Turn Mower ZD1500 series is a lineup of riding diesel mowers available in North America. In North America, not only residential houses in general but companies, hospitals and schools also have large lawn gardens, and riding lawn mowers are used for lawn maintenance.

A Zero-Turn Mower cuts grass with an implement called a mower. The mower, composed of blades and a mower deck surrounding the blades, mows the grass by rotating the blades at a high speed to vacuum and raise the grass. The mowed grass is released from the outlet and scattered uniformly on the farmland.

Zero-Turn Mower ZD 1500 series

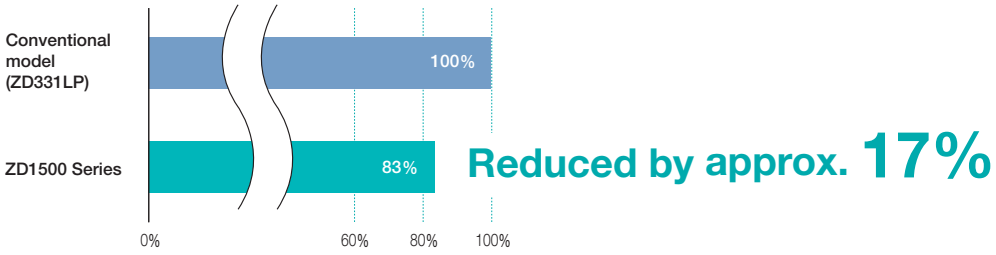


Reverse side of the mower

■Unique mowing system to reduce fuel consumption

- The Zero-Turn Mower ZD1500 series adopts the Aerodynamic Cutting System™ (ACS), Kubota's unique mowing system. The ACS optimizes the rotation rate and the shape of the mowing blades, the shape of the mower deck, etc., so as to alleviate the power load while maintaining a certain performance level of grass mowing and release.
- With the introduction of the ACS, fuel consumption during operation has been reduced by approximately 17% compared to conventional models.

Comparison of Fuel Consumption per Work Unit



■Making exhaust gas cleaner to comply with the latest exhaust gas regulations

- The Zero-Turn Mower ZD1500 series are equipped with Kubota diesel engines complying with the latest exhaust gas regulations EPA Tier4 (engine output of 19 kW or more, but less than 37 kW) in North America.

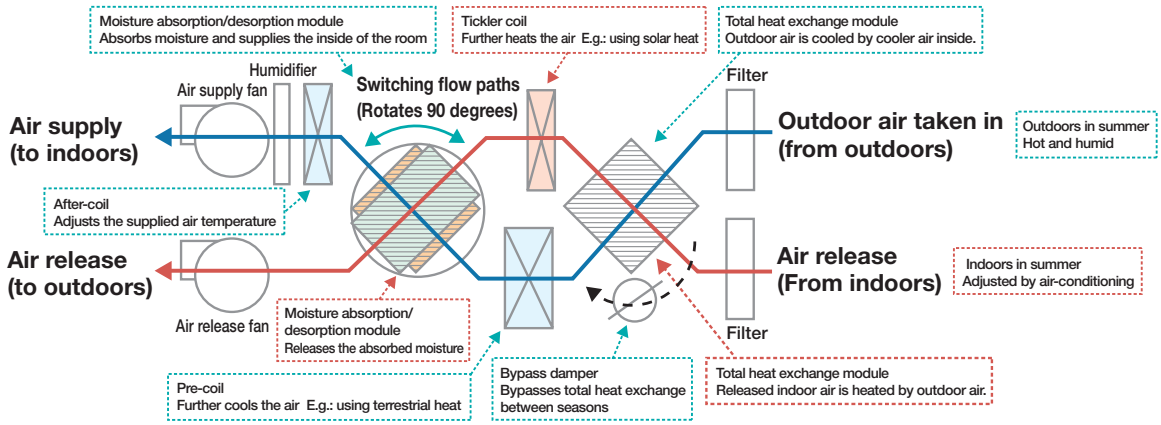
(2) Air-conditioning equipment

The Kubota Group develops various types of air-conditioning equipment suited for various buildings, such as offices and hospitals. Many of the current air-conditioning systems employ a system whereby air is cooled, condensed and dehumidified. In recent years, ZEBs (net-zero energy buildings) have been promoted, through the introduction of energy-saving office equipment/lighting equipment, heat insulation of buildings, and shielding of sunlight. As a result, the heating of rooms has been reduced, and therefore sufficient air cooling for dehumidification is no longer necessary.

This has led to the development of a desiccant air-conditioner, which is able to separately control temperature and humidity. It is, however, equipped with a large desiccant rotor, requiring a dedicated machine room for installing the air-conditioner.

The Kubota Group has developed a humidity control outdoor-air processing unit equipped with an apparatus to switch flow paths by changing the direction of the moisture absorption/desorption block, thereby realizing the substantial downsizing of and energy saving in desiccant air-conditioners.

Appearance of the humidity control outdoor-air processing unit



Structure of the humidity control outdoor-air processing unit and the air flows (in summer)

■Reduced size and weight

The Kubota Group has integrated the air flow-path switching equipment and the moisture absorption/desorption equipment in the humidity control outdoor-air processing unit, achieving a small size installable in the ceiling. By eliminating the need for a machine room for air-conditioning, it can be introduced for the renovation of small or medium-sized buildings with improved workability. The weight has been reduced by 59% from a conventional desiccant air-conditioner.

*1 Comparison of the weight of a unit of Kubota's desiccant air-conditioner for 2013 and the weight of five humidity control outdoor-air processing units, under the premise of air-conditioning for the same space

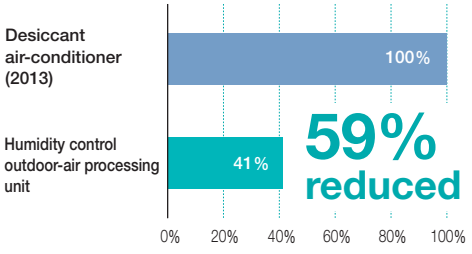
■Energy-saving performance

The humidity control outdoor-air processing unit performs dehumidification with the moisture absorption/desorption block, which requires less energy for cooling, so as to realize energy-saving operation. The power consumption has been reduced by 22% from the conventional desiccant air-conditioner.

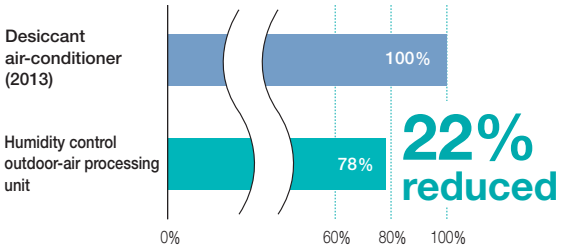
It can also use renewable energy, such as terrestrial heat and solar heat, for the heating or cooling of air.

*2 Energy-saving effect of the entire air-conditioning system. According to a simulation of annual power consumption by Kubota
Comparison of the same air volume with a 2013 desiccant air-conditioner

Comparison of Weight*1



Comparison of Annual Power Consumption*2



VOICE

In developing the humidity control outdoor-air processing unit

The Kubota Group's air-conditioning equipment is widely used in large buildings and plants.

As the movement toward energy saving and CO_2 emission reduction is accelerating globally, Japan is also promoting the ZEB (net zero energy building) initiative to achieve a "net zero" consumption of energy in buildings, requiring substantial reduction of energy consumption related to air-conditioning, which accounts for a large portion of energy consumption in a building.

The humidity control outdoor-air processing unit we have developed controls the temperature and humidity of the outdoor air with its total heat exchange module or moisture absorption/desorption module, and is therefore able to reduce the energy consumption related to air-conditioning by approximately 20%.

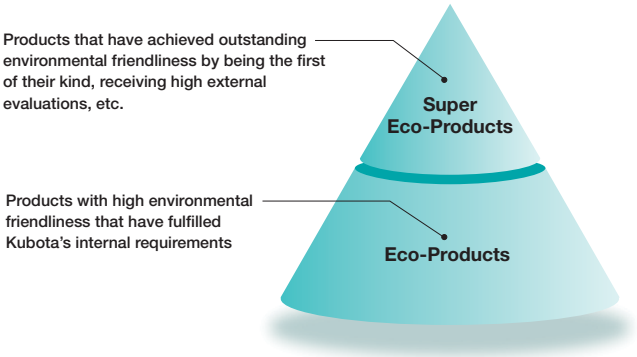
We will continue to advance research and development focusing on improvement of the energy-saving performance of air-conditioners.

Kubota Air Conditioner, Ltd.
Research & Development Dept.,
Hironori Kanno

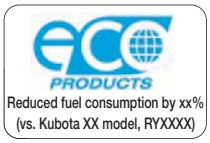
Internal Certification System for Eco-Products

Regarding the Internal Certification System for Eco-Products

The Kubota Group's internal certification system for Eco-Products was introduced to internally certify products with exceptional environmental friendliness. We evaluate products in accordance with matters related to the five basic items for environmental conservation in the Kubota Group's environmental management, namely, "Tackling Climate Change," "Working towards a Recycling-based Society," "Conserving Water Resources," "Controlling Chemical Substances," and "Conserving Biodiversity," and certify those products that satisfy our internal standards as Eco-Products.



Example of an Eco-Product label

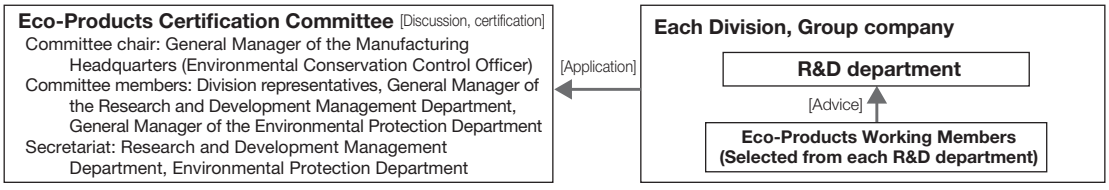


Eco-Products feature a label that shows their certification as Eco-Products.

Five Basic Items for Environmental Conservation	Evaluation Items	Relationships with SDGs
• Tackling Climate Change	1. Energy saving (CO_2 reduction) Reducing energy consumption during production, transportation, construction and use, etc.	
• Working towards a Recycling-based Society	2. Resources saving Reducing weight and volume, extending product life, etc.	
• Conserving Water Resources	3. Recycling Using recycled materials and recycled rare metals, etc.	
• Controlling Chemical Substances	4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.	
• Conserving Biodiversity	5. Information disclosure Notes about energy-saving operations, recycling and disposal, etc.	

Eco-Products Certification Committee

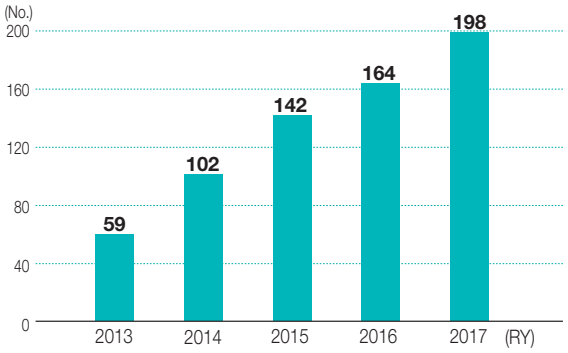
Eco-Products Certification Committee, chaired by the General Manager of the Manufacturing Headquarters, consists of the committee members elected from each Division, as well as the Research and Development Management Department and the Environmental Protection Department Upon receiving an application from each Division for the certification of a product, the Committee examines the product's adequacy as an Eco-Product and gives certification.



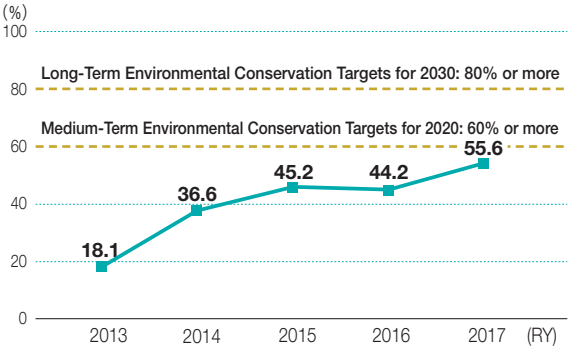
The Pathway to Expanding Certified Eco-Products

Based on the internal certification system established for Eco-Products, the Kubota Group certified additional 34 products in RY2017, bringing the total number of certified Eco-Products to 198. The sales ratio of Eco-Products was 55.6%. We will continue to carry out initiatives focusing on the development of environment-friendly products and expand our Eco-Products lineup.

Trends in No. of Eco-Product Certifications (Total)



Trends in Sales Ratio of Eco-Products



* The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

Products Certified as Eco-Products in RY2017 (excerpt)

M7-171
Tractor
M7 Series
(Japan, North America, Europe)

Compliant with exhaust gas regulations

DC-105X
Combine harvesters
DC Series
(Thailand, etc.)

Conserving resources

SSV75ISO
Construction equipment
Skid steer loader (North America)

Saving energy

Compliant with exhaust gas regulations

Nominal diameter 150
Earthquake-resistant ductile iron pipe
NECS
NS type (E type pipe)

Conserving resources

Reducing environmentally hazardous substances

ZD1511LF
Riding diesel mowers
Zero-turn mower
ZD1500 Series (North America)

Saving energy

Compliant with exhaust gas regulations

R530E
Construction equipment
Mini wheel loaders

Saving energy

Compliant with exhaust gas regulations

KP-5000AT
Pellet screening system
PLATON II Auto

Saving energy

DHM-50C
Air handling unit
Humidity control outdoor-air processing unit

Saving energy

Click here for details on products certified as Eco-Products.
www.kubota.com/company/environment/ecopro/

The Evolution of Environment-friendly Products and Services

The Evolution of Scales

Since its foundation, the Kubota Group has manufactured cast metal parts for scales. After starting manufacturing mechanical platform scales in 1924, the Group has produced various industrial scales, contributing to the improved efficiency of manufacturing by companies. At manufacturing sites today, technological innovations using huge data, such as IoT and AI, have been rapidly advancing. We will continue to support the manufacturing sites by further sophisticating its measuring and weighing technologies to obtain accurate data.

The Evolution of Scales and Expansion of Uses

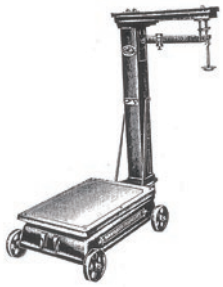
The Kubota Group has evolved its scales from mechanical platform scales to load cells, which make use of metal strain, and to the development of digital load cells, which can directly output digital signals, satisfying the needs of customers. Today the Group's scales are used for various purposes.

			1890	1920	1950	1980	2010
Social background			・Prefectural system, district system ・The Weights and Measures Act established	・Rationalization of industry ・Standardization of industrial products ・The Weights and Measures Act revised	・Postwar recovery ・Labor shortage ・The Measurement Act established	・Oil crisis	・Strategic Innovation Promotion Program ・Agricultural Competitiveness Enhancement Support Act
Customer needs			・Stabilization of the quality of scales (Supply of defect-free parts with high dimensional accuracy)	・Standardization of equipment (Steel, electricity, gas, cement)	・Automation, labor saving of equipment	・Downsizing, sophistication of equipment ・Cost reduction	・Visualization of data / preventive maintenance ・Improvement in productivity (agriculture)
Evolution of scales			・Supply of weighing parts	・Full-scale launch of weighing machines	・Automation, labor saving	・Advanced functions, sophistication ・Systemization	・Incorporation with optical/image technologies (Measuring colors and tastes, besides quantities)
Uses	Industry	Weighing parts	・Weights, weighing parts		・Surveying equipment with weight indicator	・Load cells (LC) ・Digital load cells (D-LC)	
		Platform scales		・Mechanical platform scales		・LC platform scales ・D-LC platform scales	
		Truck weighing machines		・Truck weighing machines		・LC truck scales	・D-LC truck scales
		Automatic continuous weighing machines		・Conveyor scales (Coal)	・Void meters (Continuously blending steel raw materials in a certain proportion) ・Measuring, transportation, blending control system ・Automatic bagging equipment (salt, sugar)	・LC feeders	・D-LC feeders
		Explosion-proof products					・Resin filler explosion-proof D-LC ・Pressure-resistant explosion-proof LC ・Pressure-resistant explosion-proof indicators ・LPG fillers ・Equipment safety explosion-proof indicators ・LPG full-automatic fillers ・Pressure-resistant explosion-proof liquid fillers
		System management					・Remote monitoring system
	Agriculture					・Hopper scales (For cooperative facilities for rice drying and rice seedling)	・Color/foreign matter sorter for rice ・Taste and yield sensor

The Evolution of Platform Scales

Platform scales have evolved into easy-to-use, environment-friendly platform scales with high accuracy, reduced weight, and improved energy-saving performance.

From 1920 Mechanical type



From 1980 Load cell type

From 1990 Load cell type

From 2010 Digital load cell type

		Manual beam scale	K2	KL-10	KL-SD/IP
Measuring accuracy		1/2500	1/3000	1/3000	1/6000
Environmental performance	Weight	50kg	20kg	15kg	12kg
	Power	–	AC100V	Size C battery × 6 (300 hours)	Size D battery × 4 (3000 hours)
	Power consumption	–	Approx. 9 W	Approx. 0.15 W	Approx. 0.03 W

Scales Satisfying Diverse Needs

Weight feeder (NX-S/T)

Highly accurate, stable constant fluid volume feeding of powder raw materials

- Highly accurate and stable constant fluid volume feeding
- Simple design for easy maintenance

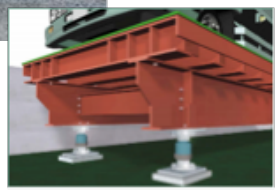
Digital platform scale (U-KM-D)

Lightweight, easy-to-carry platform scale

- Light digital platform scale available for measuring anywhere

Truck scale (ML C-7F-1)

Truck scale with high accuracy and high durability achieved



- Capable of highly accurate and stable measuring regardless of temperature changes
- Waterproof and dust-proof design improving durability

Resin-filled explosion-proof digital load cell

The first digital load cell employing the resin-filled explosion-proof structure in the world

- Compared to conventional models, higher accuracy and 73% reduction in weight and 57% reduction in volume achieved.

Above: Pressure-resistant explosion-proof load cell (conventional model)
Below: Resin-filled explosion-proof digital load cell

<SDGs related to this section>

Conserving Biodiversity

Our business activities rely on various ecosystem services, which are provided by natural capital comprising soil, air, water, animals and plants, and other elements.

The Kubota Group sees conserving biodiversity as one of its materiality. In its business activities and social contribution initiatives, in view of its impact on natural resources, the Group is endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

Relationship between the Kubota Group and Biodiversity

Relationship between the Kubota Group and Biodiversity

Management and reduction of environmental load involved with business activities

In each stage of business activities, the Kubota Group reduces environmental loads and consider its influence on biodiversity.

Input (resources)	Business activities / product life cycles	Output (environmental loads)	Impact on biodiversity (issues to be considered)
Raw materials, sub-materials, water resources, energy sources	Design, procurement, manufacturing, logistics, use of products, maintenance, disposal	CO_2 emissions, wastewater, waste, noise, etc.	Excessive consumption of resources, loss of habitats due to climate change or pollution, transfer of exotic species
Land use: Construction of business sites, etc.	Control of pollution of the air, water bodies and soil		

Impact reduction and environmental contributions through businesses (products/services)

The Kubota Group reduces environmental impacts of its business activities, and contributes to conservation of ecosystems.

Business fields	Environmental loads due to product use, etc.	Contributions to conservation of ecosystems
Food, water, and the environment	CO_2 emissions, exhaust gas, waste, noise, vibration, etc.	Water treatment business (conservation of water bodies), agricultural machinery business (conserving ecosystems by rice transplanters with a pesticide-reduction function and low-emission engines; improving agricultural crop yields)

Symbiosis with the natural environment though social contribution initiatives

As a corporate citizen, the Kubota Group devotes efforts to preserving the natural environment.

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

Initiatives taken at Business Sites

KUBOTA KASUI (THAILAND) CO., LTD. Planting Mangrove Seedlings

KUBOTA KASUI (THAILAND) CO., LTD. (Thailand), as part of its volunteer activities during the Environment Month in 2017, planted mangrove seedlings in the west bank area of the Chao Phraya River in southern Bangkok, an area under the management of a local elementary school. In this area, mangroves have been cut down for the development of lands for shrimp culture and other purposes, causing concerns about the impact on the ecosystem including aquatic creatures, and coastal erosion. In the planting event, 13 Kubota employees participated to learn the effects of mangroves in the conservation of the ecosystem and water quality, and planted around 50 seedlings.

Through activities like this during the Environment Month, KUBOTA KASUI (THAILAND) CO., LTD. raises its employees' awareness of environmental conservation. The Company will continue to promote environmental conservation activities in cooperation with local communities.

Members planting trees

Lecture on mangrove protection

Kverneland Group Nieuw-Vennep Setting up Beehives at the Plant Site

The Kverneland Group Nieuw-Vennep BV (Netherland) has set up beehives at the plant site.

Many plants need the help of honeybees or other insects for pollination in order to grow their flowers and fruit. Recently, however, the number of honeybees is reported to have been declining due to a decrease in their habitats due to global warming and the destruction of the natural environment, as well as environmental pollution. In order to create an environment friendly to honeybees, the Nieuw-Vennep Plant started setting up beehives, weeding the land, and planting flowers that honeybees prefer. In July 2017, a lecture session was held, inviting experts as lecturers, to help employees and their family members to learn the importance of the conservation of ecosystems.

The Nieuw-Vennep Plant will continue to work on the conservation of biodiversity in close cooperation with local communities.

Beehives set under expert guidance

Kubota Construction Machinery (Wuxi) Co., Ltd. Planting Trees in the Wuxi City New District

Kubota Construction Machinery (Wuxi) Co., Ltd. (China) participated in a tree-planting event held in March 2017 in a green zone near the expressway in the Wuxi City New District, and planted approximately 100 trees, including camphor trees, which grow in this area. The event, a big event in which approximately 90 people from around 15 major firms conducting business in the New District and from 25 departments of local government participated, was a good opportunity to reconfirm the importance of environmental conservation through communication with local business operators and government representatives.

Employees of Kubota Construction Machinery also participate in the cleaning of the plant neighborhood every year. The Company will continue its active participation in local environmental conservation activities.

Members planting trees

<SDGs related to this section>

Environmental Management

The Kubota Group has systematically established its environmental management systems in order to facilitate business operation at each site or operational division based on the Kubota Global Identity and the Environmental Charter. The Group also promotes environmental management that is appropriate for the type of business activities of the site/operational division. Production sites, in particular, are associated with large environmental loads related to energy and waste, as well as the risks of air pollution and water contamination. In order to properly address such risks, the Group has established environmental management systems based on ISO 14001 and EMAS, and is endeavoring to promote business management in accordance with the required rules and the continuous improvement of environmental conservation activities.

Compliance with Environmental Laws and Regulations

To ensure compliance with environmental laws and regulations and prevent environmental accidents, the Kubota Group conducts its business in accordance with the rules and regulations it has formulated in relation to environmental conservation.

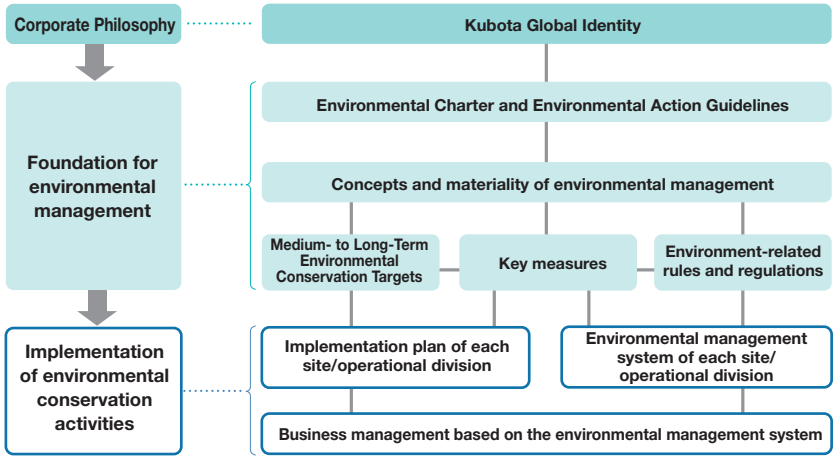
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance or complaints relating to environmental laws and regulations to relevant government bodies and the head office.

Each year, the Kubota Group also conducts environmental audits to confirm that the environmental conservation systems and activities are properly implemented at each site, as well as environmental risk assessments to clarify the status of environmental risks and establish improvements, with the aim of preventing the violation of environmental laws/regulations and environmental accidents.

Despite these efforts, however, in RY2017 we had two cases at production sites in Japan and one case at a Group company in Japan, where wastewater control value was exceeded, one case at a production site in Japan, where oil leakage through a broken underground pipe, and one case of inadequate industrial waste disposal agreement occurred at a Group company in Japan. We implemented measures to prevent any impact on the ambient environment and are working to prevent recurrence. No fines or penalties were imposed on these excess and inadequacy.

The Kubota Group's Environmental Management System

The diagram below shows the structure of the environmental management system of the Kubota Group.



Environment-related Rules and Regulations

The Kubota Group has formulated environment-related rules and regulations based on its internal control system, targeting Kubota Corporation, all of its consolidated subsidiaries and a part of its affiliated companies accounted for under the equity method that are highly significant in its environmental management.

The rules and regulations are classified as follows:

- "Environmental Conservation Regulations," specifying the basic matters for business management related to environmental conservation
  - Operation procedures specifying practical operations for business management related to environmental conservation
- "Environmental Conservation Rules," specifying the matters that should be handled by the Kubota Environmental Protection Department (department in charge)
  - Risk management procedures specifying practical operations for risk management related to environmental conservation

These rules and regulations are reviewed every year, according to the business environment and revisions of laws and regulations. The latest version of these rules and regulations are available on the Group portal site, allowing employees around the world to refer to them.

Environmental Auditing

Each year, the Kubota Environmental Protection Department conducts an environmental audit that incorporates a document audit targeting all production sites, service sites, offices, and construction and maintenance management departments in Japan, as well as overseas group production sites.

Moreover, in addition to the environmental audit by the Environmental Protection Department, annual internal environmental audits are conducted at production sites in an effort to further improve the level of environmental management.

RY2017 Environmental Audit Implementation Status

- Number of subject sites/departments: 280
- Number of audit items: 20 (for maintenance and management departments) up to 50 (for service sites)
  * Details are as shown in the table below.
- Audit details: Water and air quality management, noise and vibration management, waste discharge and chemical substance management, climate change prevention, response to abnormalities and emergencies, and environmental management system

Environmental audit at SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)

Environmental Audit Implementation Status

		Production sites	Offices	Service sites		Construction departments	Maintenance management departments*2
				Agricultural machinery distributors	Other		
Group companies in Japan	Number of sites audited	25	71	14 companies*1	93	45	13
	Number of audit items	45	38	49	50	34	20
Overseas group companies	Number of sites audited	19	–	–	–	–	–
	Number of audit items	41					

*1 For agricultural machinery distributors, the audit was conducted on a company basis instead of on a site basis.
*2 Departments engaged in the business of operation or maintenance of environmental plants

Environmental Risk Assessment

Each year, detailed environmental risk assessments are conducted to evaluate the use of hazardous substances and the functions of environment-related equipment with the aim of clarifying the status of environmental risk at each production site and establishing systematic improvements.

The Kubota Group is proactively working to reveal possible environmental risks and further reduce risks by conducting environmental audits and environmental risk assessments—two activities with differing perspectives—in parallel.

RY2017 Environmental Risk Assessment Implementation Status

- Number of subject sites and departments: 37 (27 production sites in Japan, 10 overseas production sites)
- Number of audit items: 252 items (146 water quality, 106 air quality)
- Assessment targets: Water quality-related equipment, air quality-related equipment

Environmental Patrols

At each site, environmental patrols are carried out to meticulously assess the entire site and confirm the absence or presence of conditions that may lead to environmental accidents or violations of environmental laws and regulations. The Kubota Group aims to reduce environmental risks by conducting environmental patrols and finding situations that may cause any abnormalities at an early stage.

Practice Report

Environmental patrol at Kubota Air Conditioner, Ltd.

Environmental patrol

The Tochigi Plant of Kubota Air Conditioner, Ltd. conducts environmental patrols in accordance with the rules of the Kubota Group.

The Plant evolved its safety and health committee into the safety, health and environment committee participated in by both labor and management by adding to it the environmental management function in 2015. In 2017, the Plant also added a monthly environmental patrol to the functions of the committee. Environmental management operations are related not only to specific personnel in charge but also to a broad range of employees. It is therefore important to make environmental management a habit involving all relevant parties. For environmental patrol, the Environmental Patrol Handbook comprising the Kubota Group's best practices of environmental management is used. Environmental patrols at each worksite are considered as opportunities to raise awareness of social requests for education on environmental conservation and environmental management. Committee members also take turns patrolling periodically, which helps the early discovery of abnormal conditions. In 2017, nine cases of abnormality were discovered, for which the Committee discussed countermeasures and confirmed completion of the measures.

The Kubota Group believes that environmental consideration is a prerequisite for business management. The Tochigi Plant has adopted an initiative participated in by all employees, which invites at least one idea from each employee. By encouraging employees to present their opinions, the Plant promotes organization-wide environmental conservation activities.

The Tochigi Plant will continue to further enhance its periodic environmental patrols and other environmental management activities, with the aim of fostering an organizational culture in which all employees are committed to eliminating wasteful use of energy and preventing environmental accidents.

Drills for Responding to Abnormal and Emergency Situations

The Kubota Group is working to identify and minimize environmental risks associated with its business activities through risk-specific response procedures.

We are also conducting drills each year based on response procedures that assume the outbreak of environmental accidents or situations that could arise in environmental accidents, in order to mitigate the impact on the ambient environment.

Emergency response drill simulating the leakage of waste oil/PCB
Kubota Okajima Business Center

Emergency response drill simulating the leakage of chemical substances
Kubota Construction Machinery (Wuxi) Co., Ltd. (China)

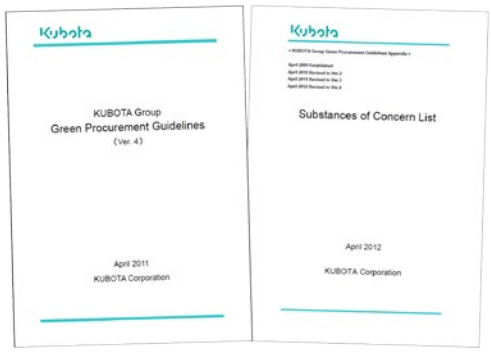
Green Procurement

Green Procurement Guidelines

For the purpose of providing products that are friendly to global and local environments, the Kubota Group is seeking to procure products with reduced environmental impact from eco-friendly suppliers.

In order to proactively promote these activities, the Kubota Group presents its policies on green procurement to suppliers through the Group's Green Procurement Guidelines, asking for their understanding and cooperation.

For details on the Kubota Group's Green Procurement Guidelines, click here
www.kubota.com/company/environment/procure/



The Kubota Group's Green Procurement Guidelines and Appendix [Substances of Concern List] (Published in Japanese, English and Chinese)

Award System for Green Procurement

The Green Supplier Award System was launched in 2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation, such as the materials and components procured by Kubota. The awards are presented every year.

In accordance with the Kubota Group's Green Procurement Guidelines, this award system quantitatively evaluates environmental conservation activities engaged in by suppliers, such as saving resources and energy-saving activities in relation to goods supplied to Kubota, and awards the excellent activities.

In 2017, of the 144 environmental conservation activities, 12 activities with particularly high achievements were awarded.

We will continue to utilize this system and carry out activities in the name of green procurement and promote environmental conservation initiatives hand-in-hand with our suppliers.

Awarding ceremony (January 2018)

Environmental Education and Enlightenment

Results of Environmental Education in RY2017

The Kubota Group offers environmental education programs to raise awareness among its employees. The education program for employees consists of rank-based training, professional training, and general training. The Group also assists external group's environmental education programs.

Classification	Course title	Frequency	No. of participant	Course descriptions
Education by employee-level	Training for new employees	2	161	Global and local environmental issues and Kubota's environmental conservation activities
	Kubota introductory course	1	9	Global and local environmental issues and Kubota's environmental conservation activities
	Training for newly appointed supervisors	2	47	Kubota's environmental management and efforts as supervisors
	Training for newly appointed foremen	1	21	Kubota's environmental management and efforts as foremen
	Environment and Quality Forum for executive management	1	300	Lecture by Mr. Masafumi Uchida, Executive Officer, General Manager of Environment Management and Quality Promotion Division, Konica Minolta, Inc.
Professional education	Basics of environmental management	1	11	Basic knowledge of legal systems, environmental risk, and environmental conservation
	Waste management	2	48	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Environment-related facility management	1	12	Pollution control technologies and pollution control laws
	Education to train ISO 14001 environmental auditors	4	46	The ISO 14001 standard, environment-related laws, audit techniques
	New waste management system training	12	43	Training on waste electronic information management systems
	Education for production sites on environment-related facility management	1	22	Points in maintenance and management of environment-related facilities, emergency responses
General training	Environmental education for domestic sites	2	80	Kubota's environmental management initiatives
	Total	30	800	

Supporting education in outside organizations	"Environment-friendly Plant Tour (for elementary school and kindergarten children)" hosted by Utsunomiya City	1	58	Environmental education and tour of the Utsunomiya Plant facilities

Education on environment-related facility management at a Group company production site
(Participants: personnel in charge of facility management)

Environment and Quality Forum for executive management
(Lecturer: Mr. Masafumi Uchida)

Practice Report

P.T. Kubota Indonesia Practicing environmental education at nearby elementary schools

P.T. Kubota Indonesia (PTKI) provides environmental education at nearby elementary schools every year.

In August 2017, employees of PTKI visited two schools and gave a lecture on the importance of recycling waste to a total of 270 elementary school students. The lecturer taught the students how to sort waste, and provided them all with a recycling bag for waste collection. The students use their recycling bag to collect PET bottles, paper waste, and other waste resources, or to pick up waste at their elementary schools. The waste collected by the students is gathered at their schools and handed over to local recycling firms every month.

Also in Indonesia, as part of the environmental education program for students, the "Adiwitaya Award," a green school contest hosted by the environment ministry, is held annually. A total of 47 schools in Indonesia participated in the contest held in November 2017. Of these schools, PTKI supports three nearby elementary schools, and invited the teachers of these schools to a study session on the environmental initiatives they would present at the contest.

PTKI promotes activities that will help vitalize local environmental education and awareness-raising activities. PTKI will continue to promote environmental conservation activities while establishing communication with local communities.

Recycling bag provided by Kubota


Gathering waste collected by students

Environment Month Report

Raising the environmental awareness of employees and family members through the Kubota Eco Challenge

Starting from 2016, the Kubota Group has hosted the "Kubota Eco Challenge" in order to boost the level of each member's understanding and awareness of the environmental issues toward the realization of its brand statement "For Earth, For Life." The Kubota Eco Challenge is an environmental photo contest, inviting photos of eco-friendly actions by the Group employees and their family members around the world at work or home.

In the Kubota Eco Challenge in 2017, a total of 584 photos (200 more than the number in 2016) were posted, each demonstrating unique and community-based eco activities conducted at each site.

The posted photos are presented on the intranet of the Kubota Group, offering an important opportunity to know about the eco activities conducted in regions or countries that are usually unfamiliar. The Kubota Group will continue to promote activities that not only help raise individual environmental awareness, but also enable the Group employees and their family members around the world to gather under the same theme and share their thoughts.


Planting trees (Thailand)


Protecting badgers (U.K.)

Environmental Achievement Awards

During the Environment Month in June every year, the Kubota Group presents the Environmental Achievement Awards to commend individuals and groups that have made notable contributions to environmental conservation, as well as to boost the Group's employees' environmental conservation awareness and activate their environmental activities.

In 2017, environmental conservation activities were evaluated targeting the five segments of production sites, non-production sites, product development, education and enlightenment, and social contribution. As a result, 36 cases were awarded for their achievements in energy saving, waste reduction, VOC emission reduction, development of environment-friendly products, environmental awareness raising, community environmental activities, and so on. One case was awarded as the Excellent Prize.

We will continue to award excellent initiatives that contribute to regional or global environmental conservation, and encourage sharing of the details of such initiatives within the Group, with the aim of further activating environmental conservation activities.

Environmental Achievement Award Excellent Prize in 2017

Scope	Company, department	Theme
Production sites	SIAM KUBOTA Corporation Co., Ltd. Amata Nakorn Plant (Thailand)	Study on electro-oxidation and photocatalytic treatment technology for used coolants

Environmental Achievement Awards in 2017

Scope	Classification, No. of winners	Scope	Classification, No. of winners
Production sites	Excellent Prize: 1, Encouragement Award: 10, Good Effort Award: 13	Education and enlightenment	Education and Enlightenment Award: 2
Non-production sites	Encouragement Award: 4	Social contribution	Social Contribution Award: 1
Product development	Encouragement Award: 5		

Cooperation with Environment-related Industry Groups and Governments

The Kubota Group believes that in promoting environmental conservation, it is important to promote environmental conservation initiatives not only within its Group but also in cooperation with various sectors, such as the national or local government and relevant industry groups. Through participating in programs and campaigns hosted by government organs and establishing partnerships with various organizations, the Group aims to create synergy and conduct more effective environmental conservation activities.

Participating in Systems, Verification Programs, Campaigns by the National Government

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an "Eco-First Company," and has been a member of the Eco-First Promotion Council since then. Through the Council, the Group submits proposals to or exchanges opinions with the Ministry of the Environment, supports Eco-First companies promoting environmental conservation activities and enhancing cooperation between companies, and engages in activities to raise the environmental awareness of the public. the Group also participates in the "Fun to Share" campaign by the Ministry of the Environment to tackle climate change toward the realization of a low-carbon society, the "Cool Choice" national movement to encourage smart choices contributing to measures against global warming, and the Water Project to raise awareness concerning water circulation and conservation of the water environment. Moreover, the Group also participates in the Environmental Reporting Platform Development Pilot Project to promote ESG dialogues between investors and companies.

Participating in Industry Groups

The Kubota Group is a member of various environment-related committees in the Kansai Economic Federation and other industry groups it is participating in. The committee activities help deepen understanding of the roles that companies should play in addressing environmental issues such as climate change, while providing opportunities to share information and exchange opinions on energy and environmental policies.

●Major participating groups

Japan Business Federation, Kansai Economic Federation, Japan Society of Industrial Machinery Manufacturers, etc.

Dialogue and Collaboration with Local Governments

The Kubota Group proactively participates in various committees of Osaka City and other local governments and their related groups, and works to establish partnerships with them. The Group promotes industry-government-academia collaboration through participating in discussions and opinion exchange on environmental issues, and various activities.

●Major collaborating groups/partners

Gifu Prefecture "Consortium for Forest Technology Development and Promotion," Osaka City "Environmental Management Promotion Council," sponsored flowerbeds in front of the Kyuhoji Green Space in Osaka Prefecture, the "Carrying Water Project" by Ono City, Fukui Prefecture, and so on.

<SDGs related to this section>

Environmental Communication

Since it published its first Environmental Report in RY1999, the Kubota Group has continued to disclose its environmental information. Along with the globalization of its businesses, the Group has enhanced the contents of the environmental information it discloses, to allow the Group's global initiatives to be understood. Moreover, the Group will promote information disclosure in accordance with both Japanese and international standards by employing GRI standards in addition to the Ministry of the Environment's environmental reporting guidelines.

Each business site also works to enhance understanding of the environmental conservation activities by the local residents and family members of employees by participating in local environmental conservation activities and other environmental communication activities, such as environmental education and protection of the natural environment, for the purpose of achieving symbiosis with local communities.

Environmental External Rating

Kubota Selected as a CDP Water A List Company in CDP2017

Kubota was selected as an A List company in CDP Water, a survey on water resource management by CDP*, a UK-based non-profit organization, by winning the A (Leadership) rank, the highest rating in the survey. For the CDP Water A List this year, 73 companies, including 12 Japanese companies, were selected globally from among 2,025 companies that had responded to the survey questionnaire. The Kubota Group's contribution to the development of water infrastructures around the world as a comprehensive manufacturer of water-related products, from the intake of water to its discharge, as well as its efforts to reduce water consumption in its business activities, were highly evaluated.

In the CDP survey on climate change, Kubota won "A- (Leadership)," the second highest of eight ranks.

We will further contribute to society through its global business activities, seeing the response to climate change and conservation of water resources as one of its material issues.

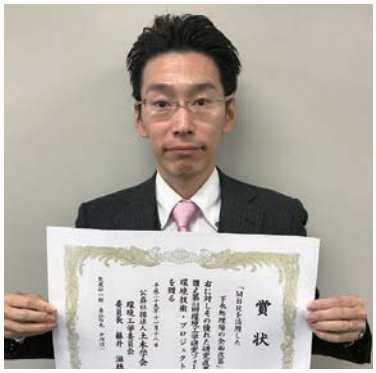
* A project run in collaboration with institutional investors to encourage companies to disclose their strategies and data related to climate change, water, and forests

Receiving Environmental Awards

Kubota Environmental Engineering Department receives the Environmental Technology and Project Award

In December 2017, the 54th Environmental Engineering Forum sponsored by the Environmental Engineering Committee, Japan Society of Civil Engineering was held, and General Manager Nakagawa, Mr. Shinya Nagae and Mr. Soichiro Yatsugi of the Environmental Engineering Department (former Water Treatment System Engineering Department) received the Environmental Technology and Project Award for their presentation on Total Renovation of the Sewage Treatment Plant using MBR. This award is presented to commend excellent technology from among the technologies presented at the Environmental Engineering Forum.

Based on the findings obtained through the project of the Sampo Wastewater Treatment Plant, the first large-scale MBR (membrane bioreactor) in Japan, and the subsequent project of the Semboku Water Recycling Center, the award-winning presentation proposed useful measures to solve future problems with sewage systems, which was appreciated. Encouraged by the award which rewarded the continued efforts made by the employees involved in the projects over a long period, we will strive to further expand its MBR business.



Award winner Mr. Soichiro Yatsugi


Environment Engineering Forum award ceremony

SIAM KUBOTA Corporation Co., Ltd. Amata Nakorn Plant receives the Green Industry Award

The Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd. (Thailand) received the Green Industry Award in 2017 from the Thai government upon being recognized as a clean plant that is environmentally conscious. Of the five levels of the award (with Level 5 being the highest), the plant was awarded Level 4 in recognition of having a well-established corporate culture that carries out environmental conservation activities.

The Plant has actively promoted initiatives to reduce its environmental loads, such as the introduction of a solar power generation system and LEDs to reduce energy consumption, and the development of electric coagulation treatment technology for used coolant in cooperation with research institutions to reduce waste.

Level 4 of this award was also granted to SIAM KUBOTA Corporation Co., Ltd. (headquarter), and Level 3 to SIAM KUBOTA Metal Technology Co., Ltd. and KUBOTA Precision Machinery (Thailand) Co., Ltd. These sites are still recognized as Green Industry.

Certificate of Commendation for Green Industry Award

P.T. Kubota Indonesia receives the BLUE PROPER Award

P.T. Kubota Indonesia received the BLUE PROPER award for the seventh time from the environment minister of the Indonesian government for its corporate activities over a year from 2016 to 2017. PROPER (the Environmental Performance Rating Program) is a rating program of the Indonesian ministry of the environment, which assesses the companies' status of compliance with the environmental regulations and the status of implementation of environmental measures, and discloses them to the public. The aim of this program is to raise companies' awareness of environmental management, and encourage the implementation of activities for energy saving, conservation of biodiversity, and community development.

The BLUE PROPER award is given to companies that comply with 100% of the environmental regulations and properly operate the environmental management system. P.T. Kubota Indonesia will make continuous efforts to enhance environmental management.

Certificate of Commendation for the BLUE PROPER Award

KBS Kubota Co., Ltd. receives the Japan Logistics Press Award

In June 2017, KBS Kubota Co., Ltd. received the Japan Logistics Press Award at the Logistics Environment Awards sponsored by the Japan Association for Logistics and Transport.

This award is given to organizations/companies or individuals that have contributed to the development of the logistics industry in terms of the reduction of environmental loads by conducting excellent activities for environmental conservation or environmental awareness-raising, or pioneering technology development.

The theme of the award-winning initiative by KBS Kubota Co., Ltd. is the Promotion of Container Round Use across Industries using an Inland Container Depot, and the Establishment of a Next-Generation Logistics Model. This initiative enables the shared use of marine containers that become empty on either the outward or the inward trip of truck transportation across industries, and shuttle transportation via a temporary storage site for empty containers called ICD. This contributes to the substantial reduction of environmental loads and CO_2 emissions through the establishment of an efficient transportation system, which is associated with ease of congestion in the harbor area, as well as the stable supply of containers. These points were appreciated. We will continue to work on reducing environmental load through its efforts to improve the efficiency of logistics.


"Logistics Environment Award" ceremony


Certificate of Commendation for the Japan Logistics Press Award

Kubota Environmental Engineering (Shanghai) Co., Ltd. granted the title of a Brand Company Helping to Improve the Chinese Rural Environment

In December 2016, the 2016 Forum for the Development of Moderately Prosperous and Beautiful Villages in All Aspects sponsored by the China Internet News Center was held in Beijing, where Kubota Environmental Engineering (Shanghai) Co., Ltd. (KEES) was granted the title of a brand company helping to improve the Chinese rural environment. The China Internet News Center is an online news site managed and operated by the China Foreign Languages Publishing Administration, an organ under the direct control of the State Council of the People's Republic of China.

In the Forum, which upheld the theme of "building beautiful villages, developing a green economy and realizing the dream of a moderately prosperous China," Chinese government leaders, experts, representatives of excellent districts around the country and managers participated. The participants discussed and exchanged opinions on various themes, including problems relating to the construction of beautiful villages, the improvement of urban and rural environments, the economic development of rural villages, the Internet and agriculture, and the development of agriculture. After strict examination by experts, six companies including KEES were designated as brand companies helping to improve the Chinese rural environment, for having achieved results satisfying the theme of the Forum.

At the 10th Chinese Environmental Industry Conference held in Beijing in June 2017, KEES also received the Green Award, and was recognized as a model company for water treatment facilities and comprehensive services. This award is given to innovative excellent companies in the environment field by an evaluation committee composed of academic organizations, researchers, and specialized media.

"The brand company helping to improve the Chinese rural environment" award ceremony

Certificate of Commendation for the Green award

Kubota Head Office receives the Kansai Eco-Office Encouragement Award and acquires Certification of an Excellent Waste-reduction Building

In March 2017, Kubota Head Office received the Kansai Eco-Office Encouragement Award at the Kansai Eco-Office Awards 2016 sponsored by the Union of Kansai Governments.

The Kansai Eco-Office Awards program selects from among the business sites engaged in environment-conscious activities such as energy saving, business sites conducting particularly excellent initiatives, with the aim of widely promoting the Kansai Eco-Office campaign.

Kubota Head Office's initiative of "promoting the reuse of office supplies," which involves setting up a corner to gather stationery that is no longer used and thereby achieving reuse across departments, was highly regarded from the perspective of the spillover effects on other offices and continuity, resulting in the winning of the award.

Certificate of commendation for Kansai Eco-Office Encouragement Award

Also in 2017, Kubota Head Office (2nd Building, 2nd Annex Building) received the excellent waste-reducing building certification from Osaka City for its ongoing efforts in promoting waste reduction and implementing proper disposal. We will continue promoting the reuse of office supplies and conducting environment-conscious activities, such as energy saving, water saving, waste separation and recycling, and greening, while launching new eco-office activities.

Kubota Keiyo Plant receives a Certificate of Gratitude as a Person of Merit in the Industrial Waste-related Business (waste generating business category)

In January 2018, at the 17th Chiba Prefecture Industrial Waste Proper Disposal Promotion Conference sponsored by Chiba Prefecture, Mr. Toshifumi Machi and Mr. Masaaki Nakatani of the Kubota Keiyo Plant (Pipe Systems Division) received the certificate of gratitude as a person of merit in the industrial waste-related business (waste generating business category) from the Governor of Chiba Prefecture, and the same certificate of gratitude from the Environment and Life General Manager, respectively.

These certificates of gratitude are awarded to persons who have been engaged in the operations of a technology manager defined in Article 21 of the Waste Management and Public Cleansing Act and are recognized as having made great contributions to the proper disposal of industrial waste.

Mr. Machi and Mr. Nakatani have promoted recycling and the separate management of industrial waste while working to build systems for the proper disposal of industrial waste. These efforts were highly appreciated, resulting in their receipt of the awards.

Mr. Toshifumi Machi and Mr. Masaaki Nakatani with their certificates of gratitude

We will continue to work on reducing environmental loads through its efforts to ensure the proper disposal of industrial waste generated in plants and the 3R activities.

Environmental Communication Report

Practice Report

Plant Tour at Kubota Utsunomiya Plant

Kubota Utsunomiya Plant was selected as a plant for the Environment-friendly Plant Tour program hosted by Utsunomiya City, and invited around 60 elementary school children in Utsunomiya City and their family members on a plant tour in August 2017.

The Environment-friendly Plant Tour is a program in which Utsunomiya City selects applicable companies and offices each year, and introduces to children the plants engaged in unique initiatives to reduce environmental load, for the purpose of providing the next-generation children with hints for thinking about environmental issues. On the day of the event, the Plant offered a plant tour and test-rides of a combine harvester it manufactures as an introduction to the Utsunomiya Plant. The Plant's waste disposal initiatives and wastewater treatment procedure along with some demonstrations were also presented, thereby communicating the importance of environmental conservation.

We will continue to conduct environment-friendly corporate activities, with the aim of becoming a plant that is trusted by local residents.

Plant tour

Test-ride of combine harvester

Practice Report

Office Tour for employee family members

In September 2017, Kubota Tokyo Head Office invited a total of 84 employees and their family members on an office tour of the Tokyo Head Office.

In this tour, businesses of the Kubota Group, as well as the eco-activities promoted by the Tokyo Head Office, were introduced. Eco-performers, who had been invited from outside the Company, explained about the major eco-activities of the Tokyo Head Office, such as promoting the separation of garbage and the reuse of unnecessary office supplies across divisions, in an easy and fun-to-learn manner. Children who participated in the event gave comments such as "It's easy to do" and "I'll do it from today!", indicating that it was a good opportunity for them to understand the importance of environmental conservation and the initiatives by the Tokyo Head Office.

Family members listening to an explanation of Kubota's environmental management initiatives

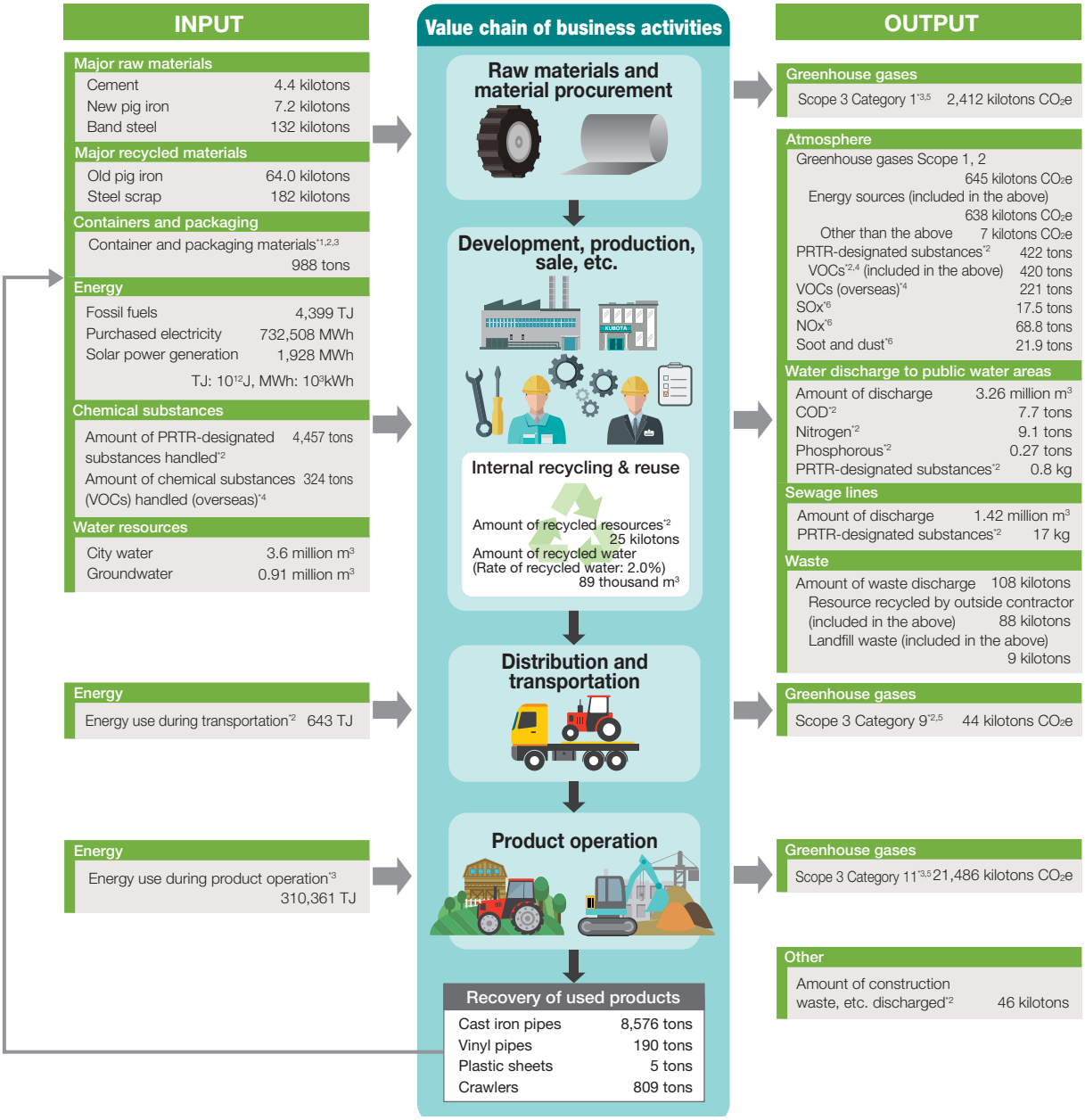
Seeing the employees' family members as an important part of our stakeholders, we will continue to promote the activities to facilitate communication with them.

Environmental Data

Overview of the Environmental Load on the Value Chain

This is an overall summary of the Kubota Group's environmental loads associated with its diverse business activities in Japan and overseas in RY2017. The results of the measurement of the overall environmental loads on the entire value chain, from the procurement of raw materials, to manufacturing, distribution, sales, consumption, and the recycling of waste are used for the reduction of greenhouse gas emissions and the effective utilization of resources.

Overview of the Environmental Loads on the Value Chain



*1 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
*2 Data for Japan
*3 Not subject to the third-party assurance
*4 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.
*5 For Greenhouse gases Scope 3, only part of the categories are presented. For more details, see "CO_2 Emissions throughout the Value Chain" (p. 38).
*6 The amount of discharge from the sites in Japan is subject to the third-party assurance and the amount of discharge from the overseas sides is not subject to the third-party assurance. For details, see Trends in Major Environmental Indicators (p. 75).

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Trends in Major Environmental Indicators

Trends in Major Environmental Indicators in the Last Five Years Listed on "Overview of the Environmental Load on the Value Chain"

	Environmental indicators					Unit	RY2013	RY2014	RY2015	RY2016	RY2017
IN PUT	Energy	Within business sites	Energy consumption*1, 2			TJ	11,406	12,006	11,450	11,295	11,602
				Fossil fuels*2		TJ	4,610	4,996	4,575	4,434	4,399
				Purchased electricity*2		MWh	690,691	713,837	700,015	698,370	732,508
			Solar power generation			MWh	67	210	1,285	1,801	1,928
		Energy use during transportation (Japan)*3				TJ	695	591	634	606	643
	Chemical substances	Amount of PRTR-designated substances handled (Japan)*2				tons	5,542	6,433	5,143	4,875	4,457
		Amount of chemical substances (VOCs) handled (overseas)*4, 5				tons	354	386	359	350	324
	Water resources	Water consumption*6				million m³	4.68	4.87	5.05	4.86	4.51
			Overseas included in the above*6			million m³	0.89	1.05	1.23	1.20	1.07
			City water*6, 7			million m³	3.66	3.87	4.08	3.99	3.60
			Groundwater			million m³	1.02	1.00	0.97	0.87	0.91
	Major raw materials	Cement				kilotons	5.9	8.3	8.7	6.8	4.4
		New pig iron				kilotons	7.7	7.8	7.5	6.7	7.2
		Band steel				kilotons	101	108	99.6	106	132
	Major recycled materials	Old pig iron*3				kilotons	59.4	62.5	62.9	58.6	64.0
		Steel scrap				kilotons	236	304	271	224	182
	Containers and packaging	Container and packaging materials (Japan)*8, 9				tons	—	—	—	—	988
OUT PUT	Atmospheric discharge	Greenhouse gases	Scope 1, 2*10			kilotons CO_2e	660	714	674	647	645
				Overseas included in the above*10		kilotons CO_2e	169	180	168	173	198
			Energy sources*2			kilotons CO_2e	654	706	666	639	638
			Other than the above*11			kilotons CO_2e	6	8	8	8	7
			Scope 3 Category 9 (Japan)*12			kilotons CO_2e	48	41	44	42	44
		Amount of PRTR-designated substances released (Japan)*2				tons	458	537	543	463	423
		VOC emissions*2, 4				tons	641	786	798	703	641
			Overseas included in the above*2, 4			tons	185	253	260	243	221
		SOx emissions*13	Japan			tons	16.2	19.8	17.3	29.2	17.2
			Overseas*8			tons	1.5	35.4	7.4	2.2	0.3
		NOx emissions	Japan			tons	64.7	70.2	60.6	58.6	50.4
			Overseas*8			tons	14.9	16.8	15.5	35.6	18.4
		Soot and dust emissions	Japan			tons	3.4	2.9	2.9	2.7	2.9
			Overseas*8			tons	5.8	8.3	12.3	23.8	19.0
	Water system discharge	Public water areas	Wastewater discharge			million m³	3.82	3.74	3.82	3.71	3.26
			COD (Japan)*14			tons	10.6	9.8	9.9	10.1	7.7
			Nitrogen discharge (Japan)*14			tons	8.9	9.0	9.6	9.2	9.1
			Phosphorous discharge (Japan)*14			tons	0.32	0.37	0.35	0.36	0.27
			Amount of PRTR-designated substances released (Japan)			kg	8.4	0	0	0	0.8
		Sewage lines	Wastewater discharge*3			million m³	1.23	1.52	1.58	1.54	1.42
			Amount of PRTR-designated substances transferred (Japan)			kg	21	34	23	22	17
	Waste	Amount of waste discharge*15				kilotons	98	113	116	106	108
			Overseas included in the above*15			kilotons	33	39	40	39	43
			Resource recycled by outside contractor*15			kilotons	76	91	93	85	88
			Landfill waste			kilotons	13	10	12	11	9
		Amount of construction waste, etc. discharged (Japan)				kilotons	24	36	44	54	46

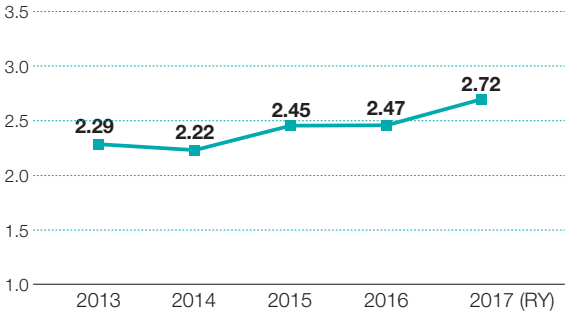
*1 Conventionally, energy use during transportation (Japan) was included in total energy consumption. But starting from RY2017, it is not retrospectively included.
*2 Values for RY2013 through RY2016 were corrected to improve accuracy.
*3 Values for RY2015 were corrected to improve accuracy.
*4 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.
*5 Values of RY2014 through RY2016 were corrected to improve accuracy.
*6 Values for RY2014 and RY2015 were corrected to improve accuracy.
*7 City water includes service water and water for industrial use.
*8 Not subject to the third-party assurance
*9 Packaging materials subject to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
*10 Values for RY2013 through RY2015 were corrected to improve accuracy.
*11 Values for RY2016 were corrected to improve accuracy.
*12 For Greenhouse gases Scope 3, only part of the categories are presented. For more details, see "CO2 Emissions throughout the Value Chain" (p. 38).
*13 Previously, the sulfur contained in the slag and particulate matter was included in the calculation of SOx emissions emitted from the fuel combustion in casting plants. However, from RY2014, it has been excluded from calculations as it is not emitted into the atmosphere.
*14 Data for total discharge from business sites subject to total emission control.
*15 Values for RY2014 were corrected to improve accuracy.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

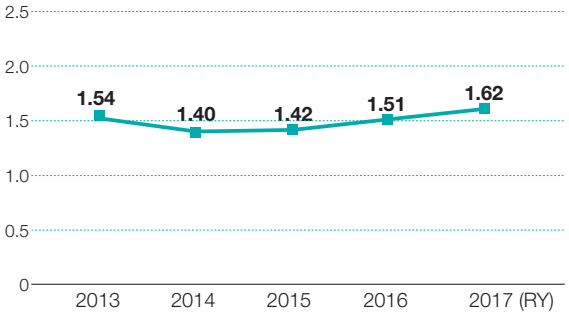
Eco-efficiency

Eco-efficiency was improved in CO_2, waste, water and VOC. These improvements in figures mean that the sales per unit of environmental loads have increased, which indicates higher eco-efficiency.

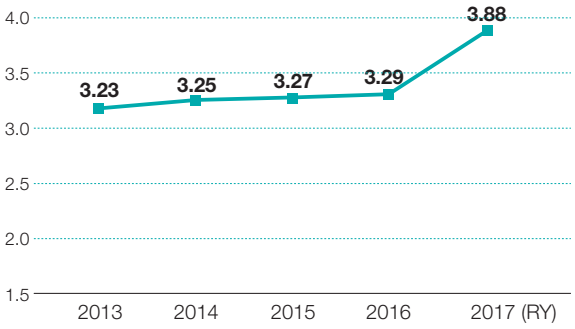
CO_2 Eco-efficiency*1



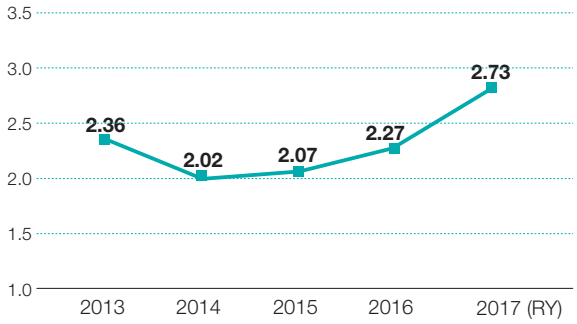
Waste Eco-efficiency*2



Water Eco-efficiency*3



VOC Eco-efficiency*4



*1 CO_2 Eco-efficiency = Consolidated net sales (million yen) / CO_2 emissions (tons CO_2e) Values of RY2013 through RY2015 were corrected to improve accuracy.
*2 Waste Eco-efficiency = Consolidated net sales (million yen) / Waste discharge (tons) /10 Value for RY2014 was corrected to improve accuracy.
*3 Water Eco-efficiency = Consolidated net sales(million yen) / Water consumption (m^3) × 10 Values of RY2013 through RY2016 were corrected to improve accuracy.
*4 VOC Eco-efficiency = Consolidated net sales(million yen) / VOC emissions (kg) Values of RY2013 through RY2016 were corrected to improve accuracy.

Calculation Results of PRTR-designated Substances

RY2017 Results of PRTR Reporting (Japan)

Number specified in PRTR	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
1	Zinc compounds (water-soluble)	0.0	0.0	0.0	0.0	17	854
53	Ethylbenzene	98,972	0.0	0.0	0.0	0.0	24,193
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	182,991	0.0	0.0	0.0	0.0	36,385
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	2,134
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	3.1
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	12
240	Styrene	27,677	0.0	0.0	0.0	0.0	0.0
243	Dioxins	0.13	0.0	0.0	0.0	0.0	0.41
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0
296	1, 2, 4-trimethylbenzene	17,055	0.0	0.0	0.0	0.0	4,358
297	1, 3, 5-trimethylbenzene	3,287	0.0	0.0	0.0	0.0	730
300	Toluene	90,119	0.0	0.0	0.0	0.0	17,543
302	Naphthalene	2,445	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	4.9	0.80	0.0	0.0	0.16	7,167
308	Nickel	0.17	0.0	0.0	0.0	0.0	406
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
352	Diallyl phthalate	103	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	1.7	0.0	0.0	0.0	0.0	124
400	Benzene	2.1	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,426
412	Manganese and its compounds	0.021	0.0	0.0	0.0	0.0	114,359
448	Methylenebis (4, 1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	0.0
453	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
Total		422,658	0.80	0.0	0.0	17	209,692

Scope: Total of substances with annual handling volume of one ton or more (0.5 ton or more for Specific Class 1 Designations) at each business site
Unit: kg/year (Dioxins: mg-TEQ/year)

Volatile Organic Compounds (VOCs)

Six VOCs substances targeted for reduction in Medium-Term Environmental Conservation Targets 2020

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.81).

Environmental Accounting

The Kubota Group performs environmental accounting and publicizes data about the cost of investments in environmental conservation and the economic and environmental benefits of these investments.

Environmental Conservation Costs

(Yen in millions)

Classifications		Major activities	RY2016		RY2017	
			Investment	Expenses	Investment	Expenses
Within the business area cost			1,795	2,610	1,444	2,395
	Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	505	399	130	373
	Global environmental conservation cost	Prevention of climate change, etc.	1,282	854	1,276	798
	Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	9.0	1,357	38	1,224
Upstream and downstream costs		Collection of used products and commercialization of recycled products	0	35	0	24
Management activities cost		Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	3.5	1,552	6.6	1,455
R&D cost		R&D for reducing of product environmental load and developing environment conservation equipment	540	6,757	509	6,993
Social activities cost		Local cleanup activities, and membership fees and contributions to environmental groups, etc.	0	1.0	0	0.7
Environmental remediation cost		Contributions and impositions, etc.	0	87	0	87
Total			2,339	11,042	1,960	10,955

Total capital investment (including land) for the corresponding period (consolidated data)	52,200
Total R&D costs for the corresponding period	48,100

Environmental Conservation Effects

Effects	Items	RY2016	RY2017
Environmental effects related to resources input into business activities	Energy consumption (TJ)	7,663	7,452
	Water consumption (million m^3)	3.66	3.44
Environmental effect related to waste or environmental impact originating from business activities	CO_2 emissions (energy related CO_2) (kilotons CO_2e)	468	441
	SOx emissions (tons)	29.2	17.2
	NOx emissions (tons)	58.6	50.4
	Soot and dust emissions (tons)	2.7	2.9
	Releases and transfers of PRTR-designated substances (tons)	635	632
	Waste discharge (kilotons)	67.1	65.3
	Waste to landfills (kilotons)	2.1	1.5

Economic effects

(Yen in millions)

Classifications	Details	Annual effects of the year ended December 31, 2017
Energy conservation measure	Use alternative fuels for production facilities and switch to more efficient lighting and air handling systems	449
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	1,176
	Sales of valuable resources	1,084
Total		2,709

<Environmental accounting principles>
1) The period is from January 1, 2017 to December 31, 2017.
2) The data of business sites in Japan are considered in the calculation.
3) Data was calculated referring to the Environmental Accounting Guidelines 2005, published by Japan's Ministry of the Environment.
4) "Expenses" includes depreciation costs.
Depreciation cost was calculated based on the standards applied to Kubota's financial accounting, and assets acquired in and after 1998 were considered in the calculation.
"Management activities" and "R&D costs" include personnel expenses.
"Resource recycling costs" does not include costs incurred during disposal of construction waste at construction sites.
"R&D costs" represents that which was spent on environmental purposes, calculated on a pro-rata basis.
5) "Economic effects" is obtained only by adding up tangible results and does not include estimated effects.

Status of Environmental Management System Certification Acquisition

The Kubota Group requires all of its production sites to acquire ISO 14001 certification or other equivalent environmental certification (EMAS, etc.).

As of the end of RY2017, 22 of its 23 production sites (acquisition rate of 96%) in Japan have acquired ISO 14001 certification. Of its 32 overseas production sites, 17 sites (acquisition rate of 53%) have acquired ISO 14001 certification or other certification for environmental management systems. The Kubota Group will make continuous efforts to raise the acquisition rate of the certificate.

■ISO 14001 Certification

Kubota Corporation in Japan

No.	Name	Other Organizations and Subsidiaries Included	Main Business	Inspecting/ Certifying Organization	Date of Certification
1	Tsukuba Plant	· Eastern Main Parts Center · Tractor and Agricultural Implement Service Dept. Tsukuba Training Center · Kanto Kubota Precision Machinery Co., Ltd.	Engines, agricultural machinery, etc.	LRQA	November 28, 1997
2	Keiyo Plant	· Ichikawa Plant · Distribution Center	Ductile iron pipe, fittings spiral welded steel pipe	LRQA	July 16, 1998
3	Hanshin Plant	· Marushima Factory	Ductile iron pipes, fittings, rolling-mill rolls, TXAX	LRQA	March 5, 1999
4	Kyuhoji Business Center	· Kubota Environmental Service Co., Ltd. · KUBOTA Membrane Corp. · KUBOTA Keiso Corp.	Measuring instruments, measuring systems, rice-milling products, waste shredder systems, submerged membranes, and mold temperature controllers, etc.	DNV	March 19, 1999
5	Hirakata Plant		Valves, cast steel, new ceramic materials, and construction machinery	LRQA	September 17, 1999
6	Okajima Business Center		Industrial cast iron products	JICQA	December 22, 1999
7	Sakai Plant, Sakai Rinkai Plant		Engines, agricultural machinery, small-size construction machinery, etc.	LRQA	March 10, 2000
8	Shiga Plant		FRP products	JUSE	May 18, 2000
9	Water Engineering & Solution Business Unit	· Shin-yodogawa Environmental Plant Center	Sewage and sludge treatment, water purification, wastewater treatment facilities, submerged membrane	ICJ	July 14, 2000
10	Pumps Business Unit	· KUBOTA Kiko Ltd.	Sewage and water purification plants, pumps and pump stations	LRQA	July 14, 2000
11	Utsunomiya Plant	· Tractor and Agricultural Implement Service Dept. Utsunomiya Training Center	Rice transplanters and combine harvesters	LRQA	December 8, 2000

Kubota Group: Companies in Japan

No.	Name	Other Organizations and Subsidiaries Included	Main Business	Inspecting/ Certifying Organization	Date of Certification
1	Nippon Plastic Industry Co., Ltd.	· Head office and plant, Mino Plant	Plastic pipes, plastic sheets, etc.	JSA	October 27, 2000
2	Kubota Construction Co., Ltd.		Design and construction of civil engineering structures and buildings	JQA	December 22, 2000
3	Kubota Environmental Service Co., Ltd.		Installation, maintenance and management of environmental systems for service water, sewage, landfill disposal, raw waste and waste plants, etc.	MSA	November 20, 2002
4	Kubota ChemiX Co., Ltd.	· Tochigi Plant · Sakai Plant · Odawara Plant · Kyushu KUBOTA Chemical Co., Ltd.	Plastic pipes and couplings	JUSE	March 27, 2003 (integrated authentication in 2011)
5	Kubota Air Conditioner Co., Ltd.	· Tochigi Plant	Central air conditioning systems, heat-pump air-conditioning systems	JQA	August 27, 2004
6	KUBOTA Precision Machinery Co., Ltd.		Hydraulic valves, hydraulic cylinders, transmissions, hydraulic pumps, hydraulic motors, etc.	LRQA	March 17, 2007
7	KUBOTA KASUI Corporation		Design, construction and maintenance management of environmental conservation facilities	BCJ	February 1, 2010
8	Kansouken Inc.		Package software supporting water business	JCQA	April 14, 2014

Kubota Group: Overseas companies

No	Name	Main Business	Inspecting/ Certifying Organization	Date of Certification
1	SIAM KUBOTA Corporation Co., Ltd.[Headquarters](Thailand)	Small diesel engines and agricultural machinery	MASCI	February 28, 2003
2	P.T. Kubota Indonesia (Indonesia)	Diesel engines and agricultural machinery	LRQA	February 10, 2006
3	Kubota Materials Canada Corporation (Canada)	Cast steel products, TXAX	SGS (U.S.)	June 15, 2006
4	KUBOTA Precision Machinery (Thailand) Co., Ltd. (Thailand)	Equipment for tractors	LRQA	August 5, 2015
5	Kubota Manufacturing of America Corporation (U.S.) (including Kubota Industrial Equipment Corporation (U.S.))	Small-sized tractors, utility vehicles and tractor accessories	BSI	September 20, 2012 (integrated in 2015)
6	SIAM KUBOTA Corporation Co., Ltd. [Amata Nakorn] (Thailand)	Tractors and combine harvesters	BV	September 27, 2012
7	ATEC Instrument and Chemical Co., Ltd. (Vietnam)	Chemical agents for water treatment	BSI	January 18, 2013
8	KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd. (China)	Pumps	CCSCC	May 29, 2013
9	Kubota Agricultural Machinery (SUZHOU) Co., Ltd. (China)	Combine harvesters, rice transplanters and tractors	SGS	November 13, 2013
10	Kubota Construction Machinery (WUXI) Co., Ltd. (China)	Construction machinery	CQC	December 11, 2014
11	SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)	Cast iron products for engines and tractors	BV	December 19, 2014
12	Kubota Engine (WUXI) Co., Ltd. (China)	Diesel engines	SGS	March 22, 2015
13	KUBOTA Engine (Thailand) Co., Ltd. (Thailand)	Diesel engines	LRQA	July 3, 2015
14	Kubota Saudi Arabia Company, LLC (Saudi Arabia)	Cast steel products	TÜV	September 30, 2016
15	Kubota Farm Machinery Europe S.A.S (France)	Tractors	BV (France)	February 20, 2017

LRQA: Lloyd's Register Quality Assurance Limited (U.K.)
DNV: DNV Certification B.V. (Netherlands)
JUSE: Union of Japanese Scientists and Engineers ISO Center
ICJ: Intertek Certification Japan Limited
JICQA: JIC Quality Assurance Ltd. (Japan)
JSA: Japanese Standards Association
JQA: Japan Quality Assurance Organization
MSA: Management System Assessment Center (Japan)
BCJ: The Building Center of Japan
JCQA: Japan Chemical Quality Assurance Ltd
MASCI: Management System Certification Institute (Thailand)
SGS (U.S.): Systems & Services Certification, a Division of SGS North America Inc. (U.S.)
TÜV: TÜV Rheinland Cert GmbH (Germany)
SGS: SGS United Kingdom Limited (U.K.)
BSI: BSI Assurance UK Limited (U.K.)
BV: Bureau Veritas Certification Holding SAS - UK Branch (U.K.)
CCSCC: China Classification Society Certification Company (China)
CQC: China Quality Certification Centre (China)
BV (France): Bureau Veritas Certification France (France)

EMAS certification

Kubota Group: Overseas companies

No	Name	Main Business	Inspecting/ Certifying Organization	Date of Certification
1	Kubota Baumaschinen GmbH (Germany)	Construction machinery	IHK	January 3, 2013

IHK: Industrie- und Handelskammer für die Pfalz (Germany)

Calculation Standards of Environmental Performance Indicators

Period and Organizations Covered by Environmental Data

RY	Period		Organizations covered (No. of companies)			
	Data in Japan	Overseas data	Consolidated subsidiaries*3			Affiliated companies accounted for under the equity method*4
			Japan	Overseas	Total	
2013	April 2013 to March 2014	January 2013 to December 2013	61	101	162	–
2014	April 2014 to March 2015	January 2014 to December 2014	53	103	156	12
2015	April 2015 to March 2016*1	January 2015 to December 2015*1	51	102	153	13
2016	January 2016 to December 2016	January 2016 to December 2016*2	47	125	172	12
2017	January 2017 to December 2017	January 2017 to December 2017*2	48	125	173	9

*1 Although the accounting period of RY2015 is nine months (April 2015 to December 2015) due to the change of the account closing time, the period for the environmental data is set to be a year.
Consolidated net sales used to calculate the environmental load per unit of consolidated net sales (CO_2 emissions, energy use, CO_2 emissions during distribution, amount of waste discharged, water consumption, VOC emissions, amount of PRTR-designated substances released and transferred) for RY 2015 are the total consolidated sales from April 2015 to March 2016.

*2 For RY2016, of the overseas consolidated subsidiaries, for Great Plains Manufacturing, Inc. (GP), which became a consolidated subsidiary in July 2016, the period of its environmental data is six months (July 2016 to December 2016), and the data except for its four major production sites (accounting for over 80% of sales of the GP Group in RY2016) and four major non-production sites (accounting for over 90% of the employees of non-production sites of the GP Group in RY2015) is estimated.
Data of the amount of chemical substances (VOC) handled and VOC emissions are excluded from the calculation.
For RY2017, the data for all of the GP Group sites are calculated based on results.

*3 The coverage of consolidated subsidiaries is 100% for each year.

*4 Starting from RY2014, part of the affiliated companies accounted for under the equity method are covered by the data.

Energy and CO_2-related

Indicator (unit)	Calculation method
Energy use (J)	· Energy use = Amount of purchased electricity consumed at business sites × per-unit heat value + Σ [amount of each fuel consumed × per-unit heat value of each fuel] · Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan.
CO_2 emissions (tons CO_2e)	· CO_2 emissions = CO_2 emissions from energy sources + non-energy source greenhouse gas emissions · CO_2 emissions from energy sources = Amount of purchased electricity consumed at business sites × CO_2 emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO_2 emission coefficient of each fuel] · Non-energy source greenhouse gas emissions = CO_2 emissions from non-energy sources + non-CO_2 greenhouse gas emissions · Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on Rationalizing Energy Use, Japan. · CO_2 emission coefficients [RY1990] Based on the Report on Survey of Carbon Dioxide Emissions (Japan's Environment Agency 1992) and the Guideline for Measures to prevent Global Warming (Japan's Environment Agency 1993) [RY2013 to RY2015] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) <Electricity> Data for Japan are effective emission coefficients for each electricity utility, and overseas data are according to the GHG emissions from purchased electricity (GHG Protocol). [RY2016 to RY2017] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) <Electricity> Data for Japan are effective emission coefficients for each electricity utility, and overseas data are according to CO_2 Emissions from Fuel Combustion (IEA) and The Emissions & Generation Resource Integrated Database (eGRID) (EPA). · The method for calculating non-energy source greenhouse gas emissions is based on the Manual for Calculation and Report of Greenhouse Gas Emissions (by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) · The amount of CO_2 emissions in RY1990 is solely the amount of CO_2 emissions from energy sources at Kubota production sites.

Energy and CO_2-related

Indicator (unit)	Calculation method
Freight traffic (ton-km)	· Freight traffic = Σ [Freight transportation amount (tons) × distance traveled (km)] · Freight traffic refers to the volume of products and industrial waste transported during domestic distribution
Energy use during transportation (J)	· Energy use during transportation = Σ [Freight traffic by truck × Fuel consumption per ton-kilometer × per-unit heat value]+Σ [Freight traffic by rail and water × energy use (heat value) per unit ton-kilometer] · Calculation method is from the Manual to Support Merchants regarding Revisions to Energy Conservation Laws, 3rd Edition (April 2006, Japan's Energy Conservation Center of the Agency of Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry)
CO_2 emissions during distribution (tons CO_2e)	· CO_2 emissions during distribution = Σ [Fuel consumption for freight shipment by truck × CO_2 emission per ton-kilometer by fuel of transportation] + Σ [Fuel consumption for freight shipment by rail and water × CO_2 emission per ton-kilometer by means of transportation] · Calculation method is based on the ton-kilometer method stipulated in the Manual for Calculation and Report of Greenhouse gas Emission (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Energy use during product operation (J)	· Energy use during product operation = Σ [Number of product units shipped × Fuel consumption per hour × Annual hours of use × Years of lifespan × Per-unit heat value of each fuel] · Products: agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.) · Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Scope 3 emissions (tons CO_2e)	· The calculation method is based on the Basic Guidelines regarding the Calculation of Greenhouse Gas Emissions throughout the Supply Chain (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) and the Emissions per Unit Database for the Purpose of Calculating the Greenhouse Gas and Other Emissions of Organizations throughout the Supply Chain
Resource extraction, manufacture and transportation related to purchased goods/ services	· Σ [Production volume × CO_2 emissions per unit] · Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), construction machinery (compact excavators, etc.), and ductile iron pipe · Production volume: Number of units shipped for agricultural and construction machinery, and production weight for ductile iron pipes · CO_2 emissions per unit: Estimated from the CO_2 emissions per unit of production of the product
Manufacture and transportation of capital goods such as purchased equipment	· Equipment investment amount × CO_2 emissions per unit
Resource extraction, manufacture and transportation related to purchased fuels/ energy	· Purchased electricity consumed at business sites × CO_2 emissions per unit
Disposal of wastes discharged from business sites	· Σ [Amount of waste discharge by type × CO_2 emissions per unit]
Employee business travels	· Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] · Transportation expenses paid by method of transport are for airline tickets and railway tickets. · For a part of the overseas subsidiaries (69 sites), estimate by multiplying the net sales of the subsidiaries in each of the regions and countries mentioned by the ratio of transportation expenses for each method of travel included in the net sales of major subsidiaries in Europe, America, Asia and China.
Employee commuting	· Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] · The amount of transportation expenses is for the amount paid for Kubota employees' railway tickets and car travel.
Transportation of sold products	· The calculation method is same as that for CO_2 emissions during distribution. · The scope of calculation includes CO_2 emissions associated with transportation of waste.
Processing of intermediate products	· Σ [Sales volume of intermediate products × CO_2 emissions per unit] · Intermediate products: engines (external sales only) · CO_2 emissions per unit: CO_2 emissions per unit at Kubota Group's processing plants
Use of products sold	· Σ [Number of products sold × CO_2 emissions per unit] · Products: agricultural machinery (tractors, rice transplanters, combine harvesters), riding mowers, utility vehicles, construction machinery (compact excavators, etc.) · CO_2 emissions per unit: Fuel consumption per hour × Annual hours of use × Years of lifespan × per unit heat value of each fuel × CO_2 emission coefficient of each fuel (calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product) · Per-unit heat value is according to the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
End-of-life treatment of sold products	· Σ [Number of products shipped × CO_2 emissions per unit] · Products: Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (compact excavators, etc.) · CO_2 emissions per unit: estimated CO_2 emissions per unit of product

Waste-related

Indicator (unit)	Calculation method
Amount of waste, etc. discharge (tons)	· Amount of waste, etc. discharge = sales amount valuable resources + amount of waste discharge
Amount of waste discharge (tons)	· Amount of waste discharge = Amount of industrial waste discharge + Amount of general waste discharge from business activities
Amount of resource recycling (tons) Amount of volume reduction (tons) Amount of landfill disposal (tons)	· Amount of resource recycling = Amount of waste directly recycled + Amount of resource recycling after external intermediate treatment · Amount of volume reduction = Volume of external intermediate treatment - Amount of resource recycling after external intermediate treatment - Final landfill following external intermediate treatment · Amount of landfill disposal = Direct landfill disposal+ Final landfill disposal following external intermediate treatment · Amount of resource recycling after external intermediate treatment includes heat recovery · Amount of resource recycling after external intermediate treatment, amount of final landfill disposal, amount of volume reduction are calculated based on the results of surveys at the contractor.
Recycling ratio (%)	· Recycling ratio = (Sales amount of valuable resources + external recycling amount) / (Sales amount of valuable resources + external recycling amount + amount of landfill disposal) × 100 · External recycling amount includes heat recovery
Amount of construction waste, etc. discharged (tons)	· Amount of construction waste, etc. discharged = Amount of construction waste discharged + sales amount of valuable resources generated from construction · Targeting construction work in Japan · Amount of construction waste discharged includes construction waste other than specific construction materials · Sales amount of valuable resources covers directly contracted companies that purchase valuable materials from the Kubota Group
Amount of construction waste, etc. discharged Recycling ratio (%) Recycling and reduction ratio (%)	· In RY2016, a new calculation method was adopted in which the reduction volume is calculated in accordance with the Promotion Plan for Recycling of Construction Waste 2014 (Ministry of Land, Infrastructure, Transport and Tourism) and the recycling and reduction ratio is determined. [RY2013 to 2015] Recycling ratio = {Sales amount of valuable resources + resource recycling + volume reduction (heat recovery)} ÷ amount of construction waste, etc. discharged × 100 [RY2016 to RY2017] Recycling and reduction ratio = {Sales amount of valuable resources + resource recycling (including heat recovery) + volume of reduction} ÷ amount of construction waste, etc. discharged × 100

Water-related

Indicator (unit)	Calculation method
Water consumption (m^3)	· Water consumption = City water consumption + groundwater consumption · City water includes service water and water for industrial use
Wastewater discharge (m^3)	· Wastewater discharge = Amount of wastewater discharge to public water areas + amount of discharge to sewage lines · Wastewater discharge includes rain and spring water at some business sites
Amount of recycled water (m^3)	· Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
COD (tons) Nitrogen discharge (tons) Phosphorus discharge (tons)	· COD = COD per unit discharge amount × wastewater discharge to public water areas · Nitrogen discharge = nitrogen concentration × wastewater discharge to public water areas · Phosphorous discharge = Phosphorous concentration × wastewater discharge to public water areas · Targeting business sites subject to total emission control in Japan

Chemical substance-related

Indicator (unit)	Calculation method
Amount of PRTR-designated substances handled (tons)	· Total amount of chemical substances handled at Japanese sites, which are designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Law) whose amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances) per year
Amount of PRTR-designated substances released and transferred (tons)	· Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law at Japanese sites and whose annual total amount handled by each business site is one ton or more (or 0.5 ton or more in case of Specific Class I Designated Chemical Substances). · Amount released = amount discharged to the atmosphere + amount discharged to public water areas + amount discharged to soil + amount disposed of by landfill in the premises of the business site · Amount transferred = amount discharged to sewerage + amount transferred out of the business site as waste · The amount of each substance released and transferred is calculated in accordance with Manual for PRTR Release Estimation Methods Ver. 4.1 (March 2011) of the Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry, and Manual for PRTR Release Estimation Methods in the Steel Industry Ver. 13 (March 2014) of the Japan Iron and Steel Federation.
Amount of chemical substances (VOC) handled (tons)	· Total amount handled at overseas sites of the six substances of xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene that are at each site handled in amounts of one ton or more per year
VOC emissions (tons)	· The total emissions of the six substances of xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene that are at each site handled in amounts of one ton or more per year
SOx emissions (tons) NOx emissions (tons) Soot and dust emissions (tons)	· SOx emissions = Amount of fuel consumed (kg) × sulfur content in the fuel × (1 - desulphurization efficiency) × 64/32 or SOx emissions = {(amount of coke consumed × sulfur content in coke) - (amount of molten metal × sulfur content in molten metal) - (volume of slug, dust, etc. × sulfur content in slug, dust, etc.)} × 64/32 or SOx emissions = SOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility · NOx emissions = NOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility · Soot and dust emissions = soot and dust concentration × amount of gas emitted per hour × annual operation hours of the relevant facility · Targeting the smoke and soot generating facilities at business sites in Japan as defined by the Air Pollution Control Act, and the facilities at overseas business sites subject to legal regulations

Product-related

Indicator (unit)	Calculation method
Sales ratio of Eco-Products (%)	· Sales ratio of Eco-Products = Sales of Eco-Products/sales of products (excluding construction work, services, software, parts, and accessories)× 100
Usage ratio of recycled materials (%)	· Usage ratio of recycled materials = Amount of recycled materials input in the melting process / total input volume × 100 · Target products: Materials used in the cast metal products and parts manufactured by the Kubota Group (such as ductile iron pipes, fittings, machine cast products (engine crankcase, etc.)) · The amount of recycled materials input and the total input amount does not include the indirect materials that are not the constituent materials of casting products and parts.

Third-Party Assurance of Environmental Report

Since 2004, the Kubota Group has received third-party assurance for the purpose of improving the reliability and comprehensiveness of its environmental data. The symbol indicates that the information provided has been confirmed by a third party. Based on the third-party assurance obtained this reporting year, the KUBOTA REPORT 2018 Business and CSR Report <Full Version> received the Environmental Report Assurance and Registration Symbol of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS).*

KPMG

Independent Assurance Report

To the President and Representative Director of KUBOTA Corporation

We were engaged by KUBOTA Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with "" (the "Indicators") for the period from January 1, 2017 to December 31, 2017 included in its KUBOTA REPORT 2018 Business and CSR Report <Full Version> (the "Report") for the fiscal year ended December 31, 2017, and the completeness of the material environmental information in the Report.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, and for including the material environmental information as defined in the 'Environmental Reporting Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board, as well as the 'Practical Guidelines for the Assurance of Sustainability Information' published by J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on 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 recalculating the Indicators.
- Visiting two factories of the Company's subsidiary selected on the basis of a risk analysis.
- Assessing whether or not all the material environmental information as defined by J-SUS is included in the Report.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and all the material environmental information as defined by J-SUS is not included in the Report. .

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
May 28, 2018

Environmental report assurance and registration symbol

J-SUS Assurance

This symbol indicates that the reliability of the environmental data presented in the KUBOTA REPORT 2018 Business and CSR Report <Full Version> satisfies the requirements of J-SUS.

* Japanese version www.j-sus.org/
* English version www.j-sus.org/english.html

Factory visit

SIAM KUBOTA Corporation Co.,Ltd.

<SDGs related to this section>

Targets and Results Concerning Social Aspects

The Kubota Group aims to increase the satisfaction of its various stakeholders and enhance its corporate value by implementing the PDCA cycle in each category.

Summary of Social Report for FY2017, and Priority Issues for FY2018 and Medium-Term Targets

Click here for details.

Summary of Social Report for FY2017, and Priority Issues for FY2018 and Medium-Term Targets

◎Target exceeded ○Target reached △Target partially not reached ×Target not reached

	Major items	Main focus of activity	Plan	Do		Check	Action	Plan
			Priority issues for FY2017	Activity results in FY2017	Applicable scope shown to the left	Self-assessment	Priority issues for FY2018	Medium-term targets
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	● Enhance risk management related to quality	● Conducted quality audits both domestically and overseas as planned	All group companies, including overseas	○	● Further specify quality risks and enhance risk management through audits	● Ensure compliance with laws and regulations, and secure product safety
			● Extend and integrate throughout the Farm & Industrial Machinery division the ISO9001 certification obtained at each site of the division, and standardize QMS	● Obtained ISO9001 certification throughout the Farm & Industrial Machinery as planned	Kubota Corporation only		● Ensure that the ISO9001 requirements are integrated with business processes, and continuously improve the quality and efficiency of work processes	● Secure a quality assurance system for safety and trust of customers
			● Renew the telephone assistance system and aim for quick response to avoid keeping customers waiting	● Completed introduction of the new system	Kubota Corporation only	○	● Operate the customer desk service using the new system	● Improve operations to better reflect the customers' voices
			● Publicize in phases to further help customers solve problems by themselves	● Completed introduction of FAQ within the division	Kubota Corporation only		● Publicize FAQ for distributors and for the general public	● Strengthen response to customers' needs, including inspections and maintenance
Suppliers	CSR procurement initiatives	CSR procurement initiatives	● Further expand the global development of manufacturing improvement activities and promote optimal global procurement	● Promoted improvement activities based on KPS by uniting procurement managers and suppliers, and developed activities to improve one another's manufacturing globally	Kubota Corporation (Farm & Industrial Machinery)/All overseas Group companies	○	● Further expand the global development of manufacturing improvement activities and promote optimal global procurement	● Promote practices according to guidelines by suppliers of each Kubota Group company and spread CSR procurement
			● Continue to promote suppliers' environmental load reduction activities and maintain the award system for environment-friendly production activities such as saving energy and recycling	● Encouraged business partners to participate in the award system, and awarded those who had promoted environment-friendly production activities	Kubota Corporation (Farm & Industrial Machinery)		● Expand the suppliers eligible to receive awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling.	
			● Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	● Sought understanding of initiative policies by suppliers and requested their cooperation with surveys conducted by the Kubota Group ● Requested that business partners formulate their policies on conflict minerals	All group companies, including overseas		● Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	
Shareholders, etc.	Timely and appropriate release of information	Timely and appropriate release of information	● Make continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trusting relationship with them by enhancing communication of information and proactively conducting meetings with them	● To obtain further understanding of business from shareholders and investors, disclosed information in a timely and fair manner, enhanced the information disclosed, proactively responded to meeting requests, and organized plant tours and business briefing sessions, etc.	All group companies, including overseas	○	● In view of the purpose and intention of the fair disclosure rules scheduled to be enforced this year, ensure early and fair disclosure of information and promote active dialogue	● Hold ongoing dialogue with stakeholders through meetings and IR events, which contributes to the enhancement of corporate value on a mid- to long-term basis ● Promote IR activities to ensure an appropriate stock value reflecting the actual circumstances of the Company
			● Organize tours of facilities as opportunities to promote active talks with individual investors ● Promote initiatives to increase individual shareholders	● Organized a plant tour for shareholders ● Held a Company explanation session for investors, participated in IR fairs, etc.	Kubota Corporation only		● Conduct activities to continuously create new shareholders. ● Implement measures to encourage existing shareholders to hold their shares for a long period of time	● Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
			● Strengthen branding by further enhancing corporate information related to CSR, the environment, etc. ● Develop a straightforward and easy-to-browse website throughout the group	● Enhanced corporate information and improved ease of browsing by integrating business sites (English)	All group companies, including overseas	○	● Disseminate straightforward corporate information ● Enhance the appeal power of the Kubota brand through a consistent and strong presence throughout the Group both inside and outside Japan	● Strengthen mid- to long-term brand communication and information dissemination responding to local needs
Employees	Creating rewarding and lively workplaces	Creating a safe workplace for all employees	● Promote education, training, and evaluation of new employees based on Work Standards (focusing particularly on training and evaluation)	● Added the section of "How to teach safe operations" to the Guidelines for Implementation of Safety and Health Education and Training for New Employees, and incorporated it in the safety education curriculum	All domestic group companies	○	● Reexamine the Work Risk Assessment (Avoid error in detecting Class-A incident risks) * See the column on the right for explanation of Class-A incidents	● Aim for all Kubota Group employees to position safety as the top priority in all tasks and achieve "zero Class-A incidents" Class-A incidents refer to: 1) contact with a high heat object, etc, 2) contact with a heavy load, etc, 3) entrapment and entanglement by machines, 4) fall from heights, 5) contact and the like with forklift/vehicle, 6) falling from or contact with agricultural/construction machinery, 7) electric shock, 8) hit by a flying/falling object, 9) acute poisoning by harmful substances, or 10) fires or explosions.
			● Promote safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment	● Implemented measures at Kubota Corporation and domestic affiliates in accordance with the Guidelines, placing emphasis on equipment that may cause entrapment and entanglement by machines For overseas manufacturing subsidiaries, started promotion at four model sites and started preparation for implementation at other 12 sites.	9 domestic group companies 17 overseas group companies		● Continue promoting safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment	
		Creating a vibrant workplace	● Continue to share information with labor-management committees	● Shared information and held discussions in various labor-management committees (central, business sites) on current issues, etc. · Discussed and promoted initiatives for securing a work-life balance (promoting the use of annual paid leave, etc.), improving the workplace environment, etc. · Discussed response to revisions of labor-related laws and regulations, examined measures to be taken, and promoted the implementation thereof	Kubota Corporation only	○	● Continue to share information and hold discussions at labor-management committees	● Aim to create a vibrant workplace environment in which all Kubota Group employees can be healthy both physically and mentally
			● Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	● Expanded the scope of meetings with nurses based on the results of stress checks to all Group companies	All domestic group companies		● Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group · Enhance the contents of mental health education	
			● Continue to promote the second phase of Health Kubota 21	● Held the Kubota No-smoking Contest, in tune with the annual promotion theme "No-smoking" ● Encouraged participation in the Kubota Health Mileage project to support good health	All domestic group companies		● Continue to promote the second phase of Health Kubota 21 · Plan events focusing mainly on the annual theme of eating habits and nutrition	
		Respecting human rights	● Prevent harassment (sexual, maternity and power harassment, etc.) and improve the capacity to resolve harassment in Japan	● Continued awareness-raising activities for the prevention and resolution of harassment (sexual, maternity or power harassment, or harassment against LGBT) within Japan, including distributors	All domestic group companies	○	● Prevent harassment (sexual, maternity or power harassment, or harassment against LGBT) and improve the capacity to resolve harassment in Japan by enhancing contact points for consultation	● Spread activities to raise awareness of human rights across the entire Kubota Group, both inside and outside Japan
			● Assess the human rights conditions at overseas sites and continue to consider human rights activities with an understanding of international standards relating to human rights, while referring to the initiatives taken by other companies	● Assessed the human rights conditions at overseas sites and implemented activities in accordance with the human rights standards of each country, such as announcing a statement on the UK Modern Slavery Act	All group companies, including overseas		● Promote activities with an understanding of international standards relating to human rights	
		Promotion of diversity	● Promote development of female employees · Hold ongoing training for women in managerial positions ● Carry out in-depth study of diversity management · Promote main action plan for general business law supporting women's activities · Expand the scope of diversity (LGBT)	● Held training for female prospective managers and carried out follow-up training for participants of the prior fiscal year's managerial training ● Continued promotion of the main action plan for general business law supporting women's activities ● Held LGBT training for management (organized by the Human Rights Advancement Department)	Kubota Corporation only	○	● Promote development of female employees · Hold ongoing training for female prospective managers ● Carry out in-depth study of diversity management · Promote main action plan for general business law supporting women's activities · Expand the scope of diversity	● Continue promoting diversity management (Investigate how to foster a corporate culture/create policies that draw out the abilities and ambitions of all employees, regardless of gender, nationality, age, etc.)
		Personnel policies in tune with globalization	● Continue to study/implement human resource policies essential to promote global management	● Continued training for next-generation managers in North America, and enhanced programs to accept trainees at Kubota sites in Japan for the purpose of developing candidates as managers and supervisors, and engineers of overseas Group companies	All group companies, including overseas		● Continue to study/implement human resource policies essential to promote global management	● Put "the right person in the right job" globally, thereby "maximizing human resource utilization"
				● Continued overseas language training programs (overseas exchanges, language training in North America and the Philippines, internships at overseas companies, etc.)	Kubota Corporation only			
				● Enhanced overseas trainee program and continued the program to dispatch interns to Harvard Business School	Kubota Corporation only			
			● Continue conducting activities to instill corporate philosophy for the 5th fiscal year	● Implemented activities with the aim of implementing our corporate philosophy as the fifth stage of activities for instilling the corporate philosophy	All group companies, including overseas	○	● Continue conducting activities to instill the corporate philosophy (Activities will be changed for the sixth year.)	● Foster CSR and compliance-minded employees based on our corporate philosophy and Rule of Conduct
Communities	Social contribution activities	Contributions to international society and local communities	● Complete social contribution policy which can be shared throughout the entire group and promote grassroots initiatives, taking the SDGs into consideration	● Started activities to disseminate the SDGs within the Company ● Continued implementing initiatives based on collaboration with community institutions and schools	All domestic group companies	○	● Clarify consistency with the SDGs in business and ESG activities ● Implement initiatives based on collaboration with community institutions and schools	● Expand overseas initiatives ● Promote ties with NGOs, NPOs and other organizations
			● Effectively exchange information with overseas sites and support local activities	● Built a system to aggregate activity results both inside and outside Japan, scheduled to be released next fiscal year on the web version Report	All group companies, including overseas	△	● Start full-fledged operation of the system to aggregate activity results both inside and outside Japan ● Support activities conducted locally by overseas sites	
		Rejuvenation and reconstruction of areas affected by natural disasters	● Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	● Continued support for recovery from the Great East Japan Earthquake with a focus on supporting training of students at industrial high schools ● Sold products of Kumamoto Prefecture at events held in temporary housing, at Company events, etc. as part of support for recovery from the Kumamoto Earthquake	All domestic Group companies	○	● Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	

Summary of Social Report for FY2017, and Priority Issues for FY2018 and Medium-Term Targets

◎Target exceeded ○Target reached △Target partially not reached ×Target not reached

	Major items	Main focus of activity	Plan	Do		Check	Action	Plan
			Priority issues for FY2017	Activity results in FY2017	Applicable scope shown to the left	Self-assessment	Priority issues for FY2018	Medium-term targets
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	●Enhance risk management related to quality	●Conducted quality audits both domestically and overseas as planned	All group companies, including overseas	○	●Further specify quality risks and enhance risk management through audits	●Ensure compliance with laws and regulations, and secure product safety
			●Extend and integrate throughout the Farm & Industrial Machinery division the ISO9001 certification obtained at each site of the division, and standardize QMS	●Obtained ISO9001 certification throughout the Farm & Industrial Machinery as planned	Kubota Corporation only		●Ensure that the ISO9001 requirements are integrated with business processes, and continuously improve the quality and efficiency of work processes	●Secure a quality assurance system for safety and trust of customers
			●Renew the telephone assistance system and aim for quick response to avoid keeping customers waiting	●Completed introduction of the new system	Kubota Corporation only	○	●Operate the customer desk service using the new system	●Improve operations to better reflect the customers' voices
			●Publicize in phases to further help customers solve problems by themselves	●Completed introduction of FAQ within the division	Kubota Corporation only		●Publicize FAQ for distributors and for the general public	●Strengthen response to customers' needs, including inspections and maintenance
Suppliers	CSR procurement initiatives	CSR procurement initiatives	●Further expand the global development of manufacturing improvement activities and promote optimal global procurement	●Promoted improvement activities based on KPS by uniting procurement managers and suppliers, and developed activities to improve one another's manufacturing globally	Kubota Corporation (Farm & Industrial Machinery) All overseas Group companies	○	●Further expand the global development of manufacturing improvement activities and promote optimal global procurement	●Promote practices according to guidelines by suppliers of each Kubota Group company and spread CSR procurement
			●Continue to promote suppliers' environmental load reduction activities and maintain the award system for environment-friendly production activities such as saving energy and recycling	●Encouraged business partners to participate in the award system, and awarded those who had promoted environment-friendly production activities	Kubota Corporation (Farm & Industrial Machinery)		●Expand the suppliers eligible to receive awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling	
			●Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	●Sought understanding of initiative policies by suppliers and requested their cooperation with surveys conducted by the Kubota Group ●Requested that business partners formulate their policies on conflict minerals	All group companies, including overseas		●Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	
Shareholders, etc.	Timely and appropriate release of information	Timely and appropriate release of information	●Make continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trusting relationship with them by enhancing communication of information and proactively conducting meetings with them	●To obtain further understanding of business from shareholders and investors, disclosed information in a timely and fair manner, enhanced the information disclosed, proactively responded to meeting requests, and organized plant tours and business briefing sessions, etc.	All group companies, including overseas	○	●In view of the purpose and intention of the fair disclosure rules scheduled to be enforced this year, ensure early and fair disclosure of information and promote active dialogue	●Hold ongoing dialogue with stakeholders through meetings and IR events, which contributes to the enhancement of corporate value on a mid- to long-term basis ●Promote IR activities to ensure an appropriate stock value reflecting the actual circumstances of the Company
			●Organize tours of facilities as opportunities to promote active talks with individual investors ●Promote initiatives to increase individual shareholders	●Organized a plant tour for shareholders ●Held a Company explanation session for investors, participated in IR fairs, etc.	Kubota Corporation only		●Conduct activities to continuously create new shareholders. ●Implement measures to encourage existing shareholders to hold their shares for a long period of time	●Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
			●Strengthen branding by further enhancing corporate information related to CSR, the environment, etc. ●Develop a straightforward and easy-to-browse website throughout the group	●Enhanced corporate information and improved ease of browsing by integrating business sites (English)	All group companies, including overseas	○	●Disseminate straightforward corporate information ●Enhance the appeal power of the Kubota brand through a consistent and strong presence throughout the Group both inside and outside Japan	●Strengthen mid- to long-term brand communication and information dissemination responding to local needs
Employees	Creating rewarding and lively workplaces	Creating a safe workplace for all employees	●Promote education, training, and evaluation of new employees based on Work Standards (focusing particularly on training and evaluation)	●Added the section of "How to teach safe operations" to the Guidelines for Implementation of Safety and Health Education and Training for New Employees, and incorporated it in the safety education curriculum	All domestic group companies	○	●Reexamine the Work Risk Assessment (Avoid error in detecting Class-A incident risks) * See the column on the right for explanation of Class-A incidents	●Aim for all Kubota Group employees to position safety as the top priority in all tasks and achieve "zero Class-A incidents" Class-A incidents refer to: 1) contact with a high heat object, etc, 2) contact with a heavy load, etc, 3)entrapment and entanglement by machines, 4) fall from heights, 5) contact and the like with folklift/vehicle, 6) falling from or contact with agricultural/ construction machinery, 7) electric shock, 8) hit by a flying/falling object, 9) acute poisoning by harmful substances, or 10) fires or explosions.
			●Promote safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment	●Implemented measures at Kubota Corporation and domestic affiliates in accordance with the Guidelines, placing emphasis on equipment that may cause entrapment and entanglement by machines For overseas manufacturing subsidiaries, started promotion at four model sites and started preparation for implementation at other 12 sites.	9 domestic group companies 17 overseas group companies		●Continue promoting safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment	
		Creating a vibrant workplace	●Continue to share information with labor-management committees	●Shared information and held discussions in various labor-management committees (central, business sites) on current issues, etc. ・Discussed and promoted initiatives for securing a work-life balance (promoting the use of annual paid leave, etc.), improving the workplace environment, etc. ・Discussed response to revisions of labor-related laws and regulations, examined measures to be taken, and promoted the implementation thereof	Kubota Corporation only	○	●Continue to share information and hold discussions at labor-management committees	●Aim to create a vibrant workplace environment in which all Kubota Group employees can be healthy both physically and mentally
			●Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	●Expanded the scope of meetings with nurses based on the results of stress checks to all Group companies	All domestic group companies		●Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group ・Enhance the contents of mental health education	
			●Continue to promote the second phase of Health Kubota 21	●Held the Kubota No-smoking Contest, in tune with the annual promotion theme "No-smoking" ●Encouraged participation in the Kubota Health Mileage project to support good health	All domestic group companies		●Continue to promote the second phase of Health Kubota 21 ・Plan events focusing mainly on the annual theme of eating habits and nutrition	
		Respecting human rights	●Prevent harassment (sexual, maternity and power harassment, etc.) and improve the capacity to resolve harassment in Japan	●Continued awareness-raising activities for the prevention and resolution of harassment (sexual, maternity or power harassment, or harassment against LGBT) within Japan, including distributors	All domestic group companies	○	●Prevent harassment (sexual, maternity or power harassment, or harassment against LGBT) and improve the capacity to resolve harassment in Japan by enhancing contact points for consultation	●Spread activities to raise awareness of human rights across the entire Kubota Group, both inside and outside Japan
			●Assess the human rights conditions at overseas sites and continue to consider human rights activities with an understanding of international standards relating to human rights, while referring to the initiatives taken by other companies	●Assessed the human rights conditions at overseas sites and implemented activities in accordance with the human rights standards of each country, such as announcing a statement on the UK Modern Slavery Act	All group companies, including overseas		●Promote activities with an understanding of international standards relating to human rights	
		Promotion of diversity	●Promote development of female employees ・Hold ongoing training for women in managerial positions ●Carry out in-depth study of diversity management ・Promote main action plan for general business law supporting women's activities ・Expand the scope of diversity (LGBT)	●Held training for female prospective managers and carried out follow-up training for participants of the prior fiscal year's managerial training ●Continued promotion of the main action plan for general business law supporting women's activities ●Held LGBT training for management (organized by the Human Rights Advancement Department)	Kubota Corporation only	○	●Promote development of female employees ・Hold ongoing training for female prospective managers ●Carry out in-depth study of diversity management ・Promote main action plan for general business law supporting women's activities ・Expand the scope of diversity	●Continue promoting diversity management (Investigate how to foster a corporate culture/create policies that draw out the abilities and ambitions of all employees, regardless of gender, nationality, age, etc.)
		Personnel policies in tune with globalization	●Continue to study/implement human resource policies essential to promote global management	●Continued training for next-generation managers in North America, and enhanced programs to accept trainees at Kubota sites in Japan for the purpose of developing candidates as managers and supervisors, and engineers of overseas Group companies	All group companies, including overseas		●Continue to study/implement human resource policies essential to promote global management	●Put "the right person in the right job" globally, thereby "maximizing human resource utilization"
				●Continued overseas language training programs (overseas exchanges, language training in North America and the Philippines, internships at overseas companies, etc.)	Kubota Corporation only			
				●Enhanced overseas trainee program and continued the program to dispatch interns to Harvard Business School	Kubota Corporation only			
			●Continue conducting activities to instill corporate philosophy for the 5th fiscal year	●Implemented activities with the aim of implementing our corporate philosophy as the fifth stage of activities for instilling the corporate philosophy	All group companies, including overseas	○	●Continue conducting activities to instill the corporate philosophy (Activities will be changed for the sixth year.)	●Foster CSR and compliance-minded employees based on our corporate philosophy and Rule of Conduct
Communities	Social contribution activities	Contributions to international society and local communities	●Complete social contribution policy which can be shared throughout the entire group and promote grassroots initiatives, taking the SDGs into consideration	●Started activities to disseminate the SDGs within the Company ●Continued implementing initiatives based on collaboration with community institutions and schools	All domestic group companies	○	●Clarify consistency with the SDGs in business and ESG activities ●Implement initiatives based on collaboration with community institutions and schools	●Expand overseas initiatives ●Promote ties with NGOs, NPOs and other organizations
			●Effectively exchange information with overseas sites and support local activities	●Built a system to aggregate activity results both inside and outside Japan, scheduled to be released next fiscal year on the web version Report	All group companies, including overseas	△	●Start full-fledged operation of the system to aggregate activity results both inside and outside Japan ●Support activities conducted locally by overseas sites	
		Rejuvenation and reconstruction of areas affected by natural disasters	●Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	●Continued support for recovery from the Great East Japan Earthquake with a focus on supporting training of students at industrial high schools ●Sold products of Kumamoto Prefecture at events held in temporary housing, at Company events, etc. as part of support for recovery from the Kumamoto Earthquake	All domestic Group companies	○	●Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	

<SDGs related to this section>

Relationships with Our Customers

Based on the “Customer First Principle,” Kubota aims to offer products, technologies, and services that exceed customers’ needs at a speed beyond their expectations. We seek what we have to do to maximize customer satisfaction based on the "Onsite" approach policy perspective, which includes going to the actual site, seeing the product, and confirming actual facts, and put into immediate action whatever we can.

Kubota will continue to promote initiatives in all aspects of its operations, including development, production, sales and services, aiming not only to improve sales and profits, but also to establish itself as a "Global Major Brand" trusted by a maximum number of customers and capable of making a maximum contribution to society.

R&D

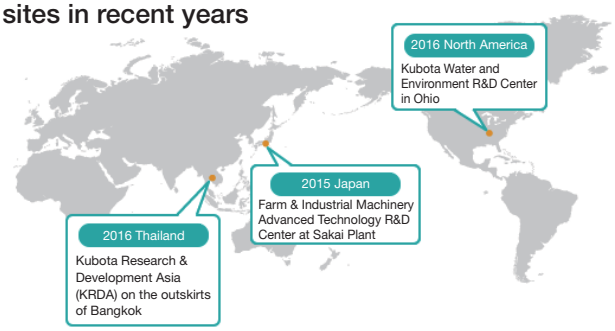
Strengthening Our R&D System

Basic Concept

Because of the globalization of business, it is becoming increasingly important to offer impressive products that satisfy the needs of customers throughout the world, along with the regional circumstances. For this reason, Kubota is improving its global R&D system with Japan as its hub by clarifying the roles of its R&D sites in Japan and overseas, thereby responding to the local needs of each area of the world.

Kubota also promotes collaborations with external partners instead of adhering to the in-house development policy, with the aim of expediting development processes.

Establishment of R&D sites in recent years



Regional marketing and product development

When Kubota began developing its business overseas, products were developed and manufactured in Japan first, and then launched in local markets, and local production was introduced later on. However, in order to grow into a genuine global company, it is crucial to understand the needs of foreign customers overseas and rapidly develop new products. For this reason, Kubota is strengthening local-oriented product development.

Establishment of new sites in response to the local needs of major countries

In Japan, Kubota opened two research centers at the Sakai Plant in FY2016. The new research centers have introduced a facility capable of reproducing environments such as the climates of various regions around the world, as well as testing devices for farming and construction machinery. With these facilities, Kubota will refine fundamental technologies and concentrate on the development of new products for farming and construction machinery.

Overseas, in FY2016 Kubota opened a large-scale R&D site in Thailand focusing mainly on agricultural machinery, in order to accelerate the development of farm machinery and implements with specifications appropriate for the climates and crop varieties unique to each Southeast Asian country. In North America, Kubota opened a research site for water and environment-related fields in FY2016 to enhance research and development on the design and operation management of membrane systems that are suitable for the local climates and water quality, while strengthening its tractor and UV R&D sites. From now on, Kubota will make full-fledged efforts toward the establishment of R&D bases in Europe.


Newly established R&D building at Sakai Plant


Newly established R&D site in Thailand


Newly established R&D site of Water & Environment in the U.S.

Kubota Group R&D Conference to share technical information across divisions

As a result of its commitment to continuously pursuing social needs over the years, the Kubota Group has created technologies spanning a variety of fields.

To solve social issues in the food, water and environment fields on a global scale, it is important for us to conduct development beyond company department boundaries. Thus, every year, the Kubota Group holds "The Kubota Group R&D Conference," where the outcome of the research and development of each division is presented. Over 1,000 engineers join the conference and share information.

Main hall of the Kubota Group R&D Conference

Presentation by Kverneland Group (KVG)

Creating value by integrating core products and information communications technologies (ICT)

With the growing popularity of information communications technologies (ICT) such as the Internet and mobile telephones, there are an increasing number of services aimed at society and everyday life that utilize these forms of ICT.

In fields such as agriculture and water infrastructure, Kubota is integrating its core products with a geographic information system (GIS) that utilizes the ICT of Internet and mobile terminals together with map data obtained from satellite images. This technology achieves the consolidated management and visualization of data, thereby providing a high-value service. Further in the agriculture field, Kubota installs a global positioning system (GPS) on its core products, with the aim of helping to save labor and improve efficiency in farm work.

Integrating agricultural machinery and ICT

In Japan, the agricultural sector is characterized by an aging population of farmers and an increasing amount of idle farmland. The presence of agricultural business operators* and leading farmers is becoming more and more significant as a solution to utilizing the abandoned farming land. From the outset, there were relatively small farms scattered throughout Japan, and increasing the scale of a farm was considered to increase the burden involved in managing scattered crops. Therefore, it is difficult to increase earnings. Consequently, farmers are looking for a way to increase the quality of their crops as a means of increasing their cost competitiveness.

As a solution to this problem, Kubota began offering the Kubota Smart Agri System (KSAS), a data-based agricultural system which integrates agricultural machinery and ICT to achieve the visualization of various data such as information on fields, farm work and harvest performance. This service also helps to effectively utilize data gathered through this system on the operational status of the harvesting machinery for diagnosis or other services. At present, approximately 5,000 customers are using this service.

To further save labor and improve the efficiency of farm operations, Kubota has launched into the market the Farm Pilot series GPS-mounted machinery: a rice transplanter with a straight-line keeping function, a tractor equipped with an auto-steering function, and an AGRIROBO tractor, an autonomous agricultural vehicle capable of performing unmanned autonomous operations (tillage and soil puddling) by remote control under manned surveillance.

* Farm operators and agricultural production corporations that have formulated a management improvement plan pursuant to the Act on Promotion of Improvement of Agricultural Management Foundation, and obtained approval from the relevant municipalities. Often owners of large-scale farmlands hiring employees (workers), actively engaged in farm management.

Monitoring water and environment infrastructure with IoT and AI

In Japan, as the result of governmental financial difficulties and reductions in staff, the efficient and economic management of important infrastructure is becoming a major issue. To address this issue, Kubota, with many products in the water, environment, farming and forestry fields, has introduced its remote monitoring system to over 5,000 infrastructure facilities, such as water supply and sewage equipment, and agricultural water facilities.

Meanwhile, local governments are facing increasing demand for products that help systematize the operation of machinery and plants. To meet this demand, Kubota launched the Kubota Smart Infrastructure System (KSIS) in 2017, which conducts remote monitoring and diagnosis for machinery and plants on a common platform using the IoT (Internet of Things)*. Moreover, a partnership agreement with the NTT Group enables the use of operational information gathered from machinery and plants as big data. Kubota engages in demonstration experiments for practical application to create new value and solve customers' problems, such as failure prediction using artificial intelligence (AI) to extend the lives of machinery, and optimal control to save energy in operation.

* A mechanism in which things are interconnected via the Internet, enabling them to monitor and control each other without interaction with human

Production / Quality Control

Strengthening Production Systems

Building a global production system

In order to achieve the goal of becoming a “Global Major Brand,” Kubota has established production bases around the world in locations close to their respective markets, with the mother plant supporting all the other plants in order to secure consistent quality. Furthermore, Kubota is promoting the deployment of the Kubota Production System (KPS) at each of its bases, and implementing initiatives to raise the QCD level throughout the entire supply chain.

Establishment of overseas bases (from 2011)

- 2011: Kubota Engine (Thailand) Co., Ltd. (Thailand) Manufacturing of vertical type diesel engines
- 2011: Kubota Precision Machinery (Thailand) Co., Ltd. (Thailand) Manufacturing and sales of hydraulic equipment components
- 2011: Kubota Construction Machinery (WUXI) Co., Ltd. (China) Manufacturing and sales of hydraulic shovels
- 2012: Kverneland AS [made part of the group] (Europe) Manufacturing and sales of implements
- 2012: Kubota Engine (WUXI) Co., Ltd. (China) Manufacturing of diesel engines
- 2013: Kubota Farm Machinery Europe S.A.S (Europe) Manufacturing of large upland farming tractors
- 2016: Great Plains Manufacturing, Inc. [made part of the group] (United States) Manufacturing and sales of implements

Expansion of local production

- 2013: Kubota Industrial Equipment Corporation (United States) Manufacturing of medium-sized tractors
- 2016: Kubota Industrial Equipment Corporation (United States) Manufacturing of 4W compact construction machinery (SSL)
- 2017: Kubota Manufacturing of America Corporation (United States) Start of operation of new plants for utility vehicles

Deployment and dissemination of the Kubota Production System

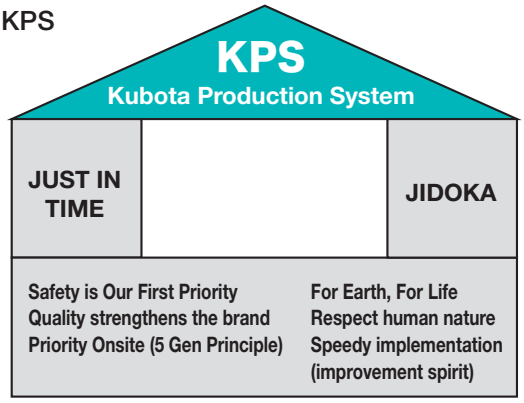
Kubota Production System

- **Kubota's basic principle for manufacturing**
  Kubota aims to achieve manufacturing that impresses customers by offering products and services that exceed customers' needs at a speed that exceeds their expectations.
- **Kubota Production System**
  Kubota Production System (KPS) is the fundamental concept and perspective of the Kubota Group's manufacturing.
  While adhering to the basic philosophy, KPS is based on "just-in-time" and "Jidoka," and continuously pursues thorough elimination of waste.

Activities during 2017 (SCM expansion, workstyle reform)

- Kubota launched a project to expand SCM activities from mainly plants to the entire supply chain, and to thereby establish a production system of "making only what has sold well."
- Kubota introduced the concept of KPS into indirect departments, to promote Kubota's workstyle reform. By eliminating waste in indirect operations and allocating the manpower and time created as a result to operations that may generate new added values, Kubota aims to strengthen its indirect departments and secure a work-life balance therein.

Structure of KPS



Maintaining and Improving Quality

Quality control in design and development

Kubota endeavors to prevent quality problems, and a representative activity in this effort is the initiative to strengthen design reviews (DR). Integrating the DRBFM*1 approach, we discuss, test and verify even the smallest item changed when developing new products, in order to prevent quality problems from arising therefrom.

*1 DRBFM is the abbreviation for "Design Review Based on Failure Mode," a method of preventing potential problems from arising by focusing on changes in design and development.


A design review

Quality audits

The Kubota Group periodically conducts quality audits for the purpose of providing its customers with even better products and services, thereby ensuring the continuous improvement of its quality management system.

Raising awareness of the environment and quality

In November 2017, Kubota held the Environment and Quality Forum led by a visiting lecturer as an awareness-raising activity for improving the environment and quality.

Based on the theme “Konica Minolta’s environmental management and quality management,” the lecturer from Konica Minolta spoke about the concept and initiatives of Konica Minolta, a company that is constantly ranked at the top of the Nikkei Environmental Management/Quality Management Rankings, by presenting some cases. Around 300 people, mainly management, attended, and renewed their awareness of the importance of environmental management and quality management.

Quality and Environment Forum (November 27, 2017)

Recent recall status (as of December 20, 2017)

- Recall of ER combine harvesters: Total 848 units (began April 10, 2017)
- Recall of WR combine harvesters: Total 468 units (began April 10, 2017)
- Recall of wheel loaders: Total 311 units (began July 3, 2017)

We deeply apologize for the inconvenience caused to our users.

For details, click here. (Only in Japanese)
www.kubota.co.jp/important/

Small group activities

Starting from FY2017, subsidiaries and affiliated companies are included in the awarding target. The Small Group Activities Presentation Competition was held, participated in by 17 circles selected from approximately 670 Kubota circles.

At the same time, a circle from the Sakai Plant participated in the International QC Circle Competition 2017 held in Manila, the Philippines, and won the Gold Prize, the highest rank.

Small Group Activities Presentation Competition

ISO 9001 certification status

Kubota [Farm & Industrial Machinery Division]

Business divisions/Offices		Certification scope (excerpt)	Date of certification	Certifying body
Tractors, farm machinery, construction machinery, engines, agricultural solutions, parts	Head Office	Business planning and marketing	1994.06	LRQA
	Sakai (including Okajima) Rinkai	Engines, tractors, farm machinery, construction machinery		
	Tsukuba	Engines, tractors		
	Utsunomiya	Rice transplanters, harvesters		
	Hirakata	Construction machinery		
	Kyuhoji	Agriculture-related machinery		
		Electronic weighing equipment and load cells	1994.08	DNV

Abbreviations of Certifying Bodies
LRQA: Lloyd's Register Quality Assurance Ltd.
DNV: NV GL BUSINESS ASSURANCE JAPAN K.K.

Kubota [Water & Environment Division]

Business divisions/Offices			Certification scope (excerpt)	Date of certification	Certifying body
Pipe systems	Iron pipes	Hanshin Keiyo	Ductile iron pipes, fittings, accessories, other ductile iron products and related products	1999.01	JCQA
	Pumps and valves	Hirakata	Pumps, pump stations, sewage treatment and water purification plants, valves and gates	1997.10	LRQA
Environment	Waterworks and sewerage, membrane systems	Tokyo Hanshin Office	Sewage and sludge treatment, water purification and wastewater treatment, membrane modules and anaerobic MBR technology	2014.07	Intertek
	Purification tanks	Shiga	Plastic water purification tanks	2003.04	JUSE
Materials	Materials, rolls	Hirakata Amagasaki	Rollers, tubes, piping, fittings, spools, steel columns, steel piles, sleeves and cylinders; basic cast steel, stainless steel and heat-resistant cast steel for general cast products; sintered materials (ceramics, metals, compounds); rolling mill rolls; and non-metal mineral products (titanic acid compounds)	1993.03	LRQA
	Steel pipes	Ichikawa	Spiral welded steel pipes	1998.07	JICQA

Abbreviations of Certifying Bodies
JCQA: Japan Chemical Quality Assurance Ltd.
LRQA: Lloyd's Register Quality Assurance Ltd.
Intertek: Intertek Certification Japan Ltd.
JUSE: Union of Japanese Scientists and Engineers
JICQA: JIC Quality Assurance Ltd.

Affiliates in Japan

Affiliates in Japan	Certification scope (excerpt)	Date of certification	Certifying body
Kubota Seiki Co., Ltd.	· Design, develop and manufacture hydraulic valves and hydraulic cylinders for agricultural and construction machinery · Manufacture transmissions and hydraulic pumps for off-road vehicles and agricultural machinery, and hydraulic motors for construction machinery	2007.04	LRQA
Kubota ChemiX Co., Ltd.	Design, develop and manufacture plastic pipes, joints and accessories	1998.04	JUSE
Nippon Plastic Industry Co., Ltd.	· Design, develop and manufacture hard vinyl pipes and secondary processed products · Design, develop and manufacture polyethylene and other plastic pipes · Design, develop and manufacture polystyrene/polyethylene and other plastic sheets/plates	1998.12	JSA
Kubota Pipe Tech Co.	· Construction and construction management of various pipelines · Investigation and diagnosis of pipelines and attached facilities · Installation training for fittings and pipe laying · Pipe-laying equipment rental	2002.03	JCQA
Kansouken Inc.	· Design and develop package software for supporting water-supply business · Support operation of package software for supporting water-supply business and provide data-input service · Provide survey and consulting services for water network	2004.04	JCQA
Kubota Environmental Service Co., Ltd.	Design, construction, maintenance and servicing of plant facilities for water supply, sewer drainage, solid waste processing, excreta disposal and garbage	2000.02	MSA
Kubota Kasui Corporation	Design and construction of environmental conservation plants	2000.01	BCJ-SAR
Kubota Air Conditioner, Ltd.	Design, develop, manufacture and ancillary services for large-scale air-conditioning equipment	2000.02	JQA
Kubota Systems Inc.	· Consigned development of software products and software packaging, design, develop and construct network structures, and maintenance services · Information system operation, and operation and maintenance of networks · Sales of purchased products	1997.05	BSI-J
Heiwa Kanzai Co., Ltd.	Design, develop and supply cleaning services for buildings and facilities	2002.07	JICQA
Kubota Construction Co., Ltd.	Design and construct civil engineering structures and buildings	2011.12	JQA

Abbreviations of Certifying Bodies
LRQA: Lloyd's Register Quality Assurance Ltd.
JUSE: Union of Japanese Scientists and Engineers
JSA: Japanese Standards Association
JCQA: Japan Chemical Quality Assurance Ltd.
MSA: Management System Assessment Center Co., Ltd.
BCJ-SAR: The Building Center of Japan
JQA: Japan Quality Assurance Organization
BSI-J: BSI Group Japan K.K.
JICQA: JIC Quality Assurance Ltd.

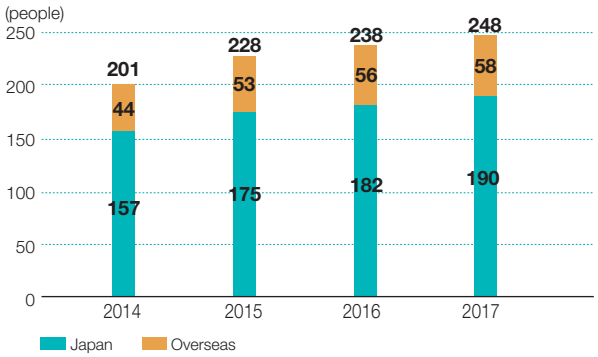
Ensuring Skills to Maintain Customer Satisfaction

Holding the Kubota Group Technical Skills Contest

Kubota holds the Kubota Group Technical Skills Contest every year with the aim of improving manufacturing capabilities and fostering a sense of unity throughout all companies in the Group. During the contest for FY2017, a total of 248 contestants from 28 bases in nine countries gathered and put their technical skills to the test in 15 categories, including casting, lathing, finishing and welding. This contest marked a record high in both the number of participating bases and the number of contestants, with the level of the skills competed in rising year by year.

The contest provides an important opportunity for contestants and staff members of the competition, as well as the supporters gathering from each base, to know the skill levels of each base, communicate with each other, and get motivated. Kubota will continue to hold this contest in FY2018 and beyond, with the aim of further improving its manufacturing capabilities.

No. of participants in the Technical Skills Contest



Group photo of Gold Prize winners (at Sakai site)

Participating in National Skills Competition

Kubota has participated in the “lathing” and “mechanical assembly” categories at the National Skills Competition,* for the purpose of demonstrating the Group’s attitude of pursuing the improved skills of manufacturing and developing human resources who acquire advanced skills and play a leading role in the workplace. At the Competition for FY2017, the Kubota representatives won the Silver Prize, the Bronze Prize and the Fighting Spirit Prize (two winners) in mechanical assembly, and the Fighting Spirit Prize in lathing.

* National Skills Competition: National competition for young technicians (23 or younger). Representatives for the international competition held every two years are selected at this competition. It is the “Olympics” of skills, in which young engineers from all over Japan compete in terms of skills.


Mechanical assembly match

Fostering manufacturing personnel to establish Kubota as a Global Major Brand

Kubota promotes the Kubota Production System (KPS) at its domestic and overseas bases with the aim of becoming a “Global Major Brand.” The "5-Gen Principle" is implemented to achieve site improvements necessary to advance KPS. The 5-Gen encompasses a philosophy based on the actual site (*Genba*), actual things (*Genbutsu*), actual facts (*Genjitsu*), principles (*Genri*) and basic rules (*Gensoku*). The 5-Gen Dojo training is a place for fostering employees who will implement improvements aimed at closing the gap that can arise between the actual and the ideal. Approximately 416 people attended this training program in FY2017.

Starting from 2014, Kubota has introduced the 5-Gen Dojo at its major overseas sites, with the goal of strengthening manufacturing capability and localizing human resource development.

In May 2016, Kubota established the 5-Gen Dojo in Thailand, where human resources capable of strongly promoting improvement are developed through lectures and on-site improvement training by local instructors.

Local employees in an improvement practice at the 5-Gen Dojo in Thailand

Participants by country (Jan. 2017–Dec. 2017)

- Japan: 248
- North America: 44
- Thailand: 96
- China: 12
- Europe: 12
- Indonesia: 4

5-Gen Dojo History

- Apr. 2002–Mar. 2003: Established 5-Gen Dojo at the Sakai plant in Japan
- Apr.2005–Mar.2006: Began receiving overseas employees at the 5-Gen Dojo
- Apr. 2014-Mar. 2015: Established 5-Gen Dojo at Kubota Manufacturing of America Corporation in the U.S.
- Jan. 2016-Dec. 2016: Established 5-Gen Dojo at SIAM KUBOTA Corporation Co., Ltd. in Thailand

Customer Service

Creating value by integrating core products and information communications technologies (ICT)

Click here for details.

Parts Sales Action Plan Meeting for East Asian Kubota Overseas Subsidiaries

In Asia and other emerging markets, cheap and low-quality imitation parts prevail, which may have a serious impact on product performance. Allowing the use of such imitation parts may result in undermining the reliability of Kubota products.

Kubota therefore promotes activities to disseminate genuine parts of reliable quality in the market, with the aim of ensuring long product life and improving trust in the Kubota brand. By achieving this, Kubota aims to improve the efficiency of farming in emerging countries, thereby contributing to the realization of richer and more stable food production.

In July 2017, with a view to improving the parts sales and marketing abilities of East Asia distributors and the spread of genuine parts, Kubota held the Parts Sales Action Plan Meeting for East Asian Kubota Overseas Subsidiaries at Kubota Agricultural Machinery (Suzhou) Co., Ltd. (KAMS) in China, targeting the personnel in charge of parts sales of seven Kubota overseas distributors and manufacturers in China, Korea and Taiwan. A lecture by a representative of KAMS, which was excellent in terms of market analysis and parts sales know-how, helped improve the parts sales capabilities of the members of each subsidiary and foster their sense of unity as a member of the Kubota Group. At the meeting, discussions were held on the problems faced by each country and the countermeasures thereof, and good practices in sales promotion activities were shared. Making use of these results of the meeting, Kubota will make continued efforts to increase sales of genuine parts and improve customer satisfaction.

Parts sales promotion activities by each company were presented.
* Photo shows the presentation by KAMS of China.

* Attending distributors:
Kubota Agricultural Machinery (Suzhou) Co., Ltd. [KAMS]
Kubota Construction Machinery (Shanghai) Co., Ltd. [KCS]
Kubota Engine (Shanghai) Co., Ltd. [KESCO]
Kubota Construction Machinery (Wuxi) Co., Ltd. [KCW]
Kubota Engine (Wuxi) Co., Ltd. [KEW]
Kubota Korea Co., Ltd. [KKR]
Shin Taiwan Agricultural Machinery Co., Ltd. [STA]

Holding contests for service technical skills and solution proposal skills

Kubota held the Service Technical Skills Contest and the Leader's Proposal Contest in December 2017.

In the Service Technical Skills Contest, 14 representatives of the Kubota Group members in Asia, Europe, the U.S, and Australia who had won the local contests in each country participated and competed on December 5, and 21 representatives of Japanese sites who had won the preliminary competitions held throughout Japan competed on December 7. As the aftermarket service business is becoming an important source of revenue, the contestants competed on the Kubota Group's highest-level service skills, including proper fault diagnosis and one-stop repair skills, as well as the communication ability to satisfy customers.

In the Leader's Proposal Contest, which was the fourth contest after the renewal, participants competed in comprehending customer's management problems and giving a presentation on the proposal of their solutions in an easy-to-understand manner within a limited period of time.

All the participants competed with the pride of their respective companies. Kubota will continue to improve its service technologies and proposal-making skills through these contests, thereby reinforcing customer trust and ensuring their peace of mind.

Service Technical Skills Contest


Service Technical Skills Contest

Leader's Proposal Contest

Customer satisfaction survey

Kubota conducts a survey to obtain feedback related to domestic farm machinery from the customers of its dealers, and monitors customer satisfaction with its products. We share the feedback and survey scores received from the respondents with the dealers and related departments, and utilize the information to improve our sales and service activities, as well as our products.

"Overall customer's satisfaction with store where purchased" for July 2016 to June 2017 improved over the previous year (surveyed from July 2015 to June 2016), rising from 61.7 to 63.5.

<SDGs related to this section>

Relationships with Business Partners

Procurement

Procurement Policy

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

Basic idea for materials procurement

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

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

3. Mutual trust
We establish relationship of trust with our business partners and also aim for mutual development.

4. Social trust
We are committed to ensuring adherence to all relevant laws and regulations for when making procurement deals. We will also make sure to maintain the confidentiality of our business partners' information which we have gained through our procurement deals.

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

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

Promoting CSR Procurement Based on Established Guidelines

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

The Kubota Group CSR Procurement Guidelines

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

Click here for the Kubota Group CSR Procurement Guidelines.
www.kubota.com/company/csr/stake_h/procure/pdf/csrprocure.pdf

Information Security Measures Kubota Requests its Business Partners to Implement

In promoting CSR management, Kubota requests its business partners that share confidential information with Kubota Corporation and its subsidiaries and affiliates (hereunder, "the Group") to implement certain information security measures. Thus the Company hereby presents the matters related to its information security measures.

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

- Information Security Measures Standards for Business Partners
  Japanese version: www.kubota.com/report/pdf/security.pdf
  English version: www.kubota.com/report/pdf/security_e.pdf
- Information Security Measures Standards for Business Partners Check Sheet
  Japanese version: www.kubota.com/report/pdf/check.xlsx
  English version: www.kubota.com/report/pdf/check_e.xlsx

Green Procurement

- Click here for the Green Procurement Guidelines.
  www.kubota.co.jp/kubota-ep/main/files/green201801en.pdf
- Click here for details of the Green Procurement activities.
  www.kubota.com/company/environment/procure/

Handling of Conflict Minerals

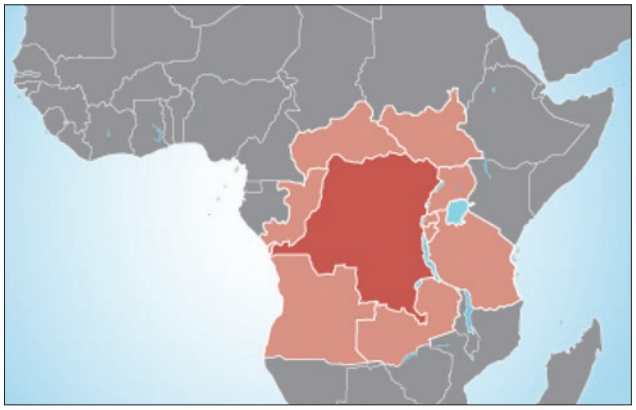
Policy on conflict minerals

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

As a part of its corporate social responsibility (CSR), Kubota promotes banning of the use of conflict minerals, which serve as a source of funds for the armed insurgents, and promptly takes steps to discontinue their use in the unlikely event that it becomes clear they are being used.
Kubota seeks mutual understanding regarding this issue with its business partners, which are a part of the supply chain, and requests their cooperation in surveys and audits conducted by Kubota.

In FY2017, Kubota requested that its business partners formulate their policy on conflict minerals.
Kubota also conducted the FY2017 survey, which achieved a 100% response rate.

Democratic Republic of the Congo and neighboring countries



Democratic Republic of the Congo

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

Promoting Optimal Regional Procurement and Supplier Quality/Productivity

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

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

In FY2017, as a continuation of the previous year, Kubota held the 4th Supplier Skills Competition to improve the skill level of its suppliers. Moreover, the 3rd Supplier Improvement World Cup was also held in order to vitalize improvement activities. In this World Cup, suppliers selected from various regions around the world present their company's successful improvement cases as they compete for the status of World Champion.

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

Kubota Supplier Skills Competition

Kubota Supplier Improvement World Cup

<SDGs related to this section>

Relationships with Our Shareholders and Investors

Constructive Dialogue with Shareholders

Kubota promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in the mid- to long-term.

Kubota holds results briefings for domestic and foreign institutional investors, company information sessions for individual investors, and factory tours. Going forward, Kubota will continue to actively engage in dialogue with all stakeholders.

Dialogue with Individual Shareholders

During the fiscal year ended December 31, 2017, Kubota held factory tours for shareholders at the Sakai Plant (Osaka, Japan) which manufactures products such as tractors and engines, and at the Hanshin Plant (Hyogo, Japan) which manufactures products such as ductile iron pipes. As the result of participating in the factory tours and seeing a real manufacturing site, Kubota made shareholders' understanding of its business operations deeper.

In addition, Kubota held corporate information sessions where the President and individual shareholders can communicate interactively and directly. Furthermore, Kubota participated in investor forums to explain the Group's business activities and management strategy widely.

Company explanation session for individual investors by President (Nagoya)

Plant tour for shareholders (Hanshin Plant)

IR fair

Dialogue with Institutional Investors and Analysts

Kubota holds around 430 personal/group meetings annually with institutional investors and analysts. Besides the meetings, the Company also holds a product exhibition and business briefing session in January, a financial results briefing in February, and a results briefing for the first half in August. At the same time, Kubota endeavors to provide information in a timely manner through its website, including simultaneous disclosing of financial data in both Japanese and English.

Moreover, the Company periodically hosts plant tours and business briefings at plants in Japan, as well as at overseas subsidiaries. In 2017, Kubota held a plant tour and business briefing session at Amata Nakorn Plant of SIAM Kubota Corporation, Kubota's subsidiary in Thailand.

Information for investors
www.kubota.com/company/ir/

<SDGs related to this section>

Relationships with Employees

Customer satisfaction cannot be accomplished without employee satisfaction. The Kubota Group promotes the creation of comfortable and motivated workplaces where its employees can not only work safely and securely but also feel pride and joy in their work.

In accordance with the Kubota Group Charter for Action & Code of Conduct, which is our global standard for conduct, we carry out audits and interviews at overseas bases with a clear understanding of the circumstances of each country and region, in order to raise the level of employee-related policies across the entire group.

Creating a Safe Workplace for All Employees

Promoting a safer workplace

Kubota formulated its Basic Policies on Safety and Health in April 2013 for the purpose of creating a safer and more secure workplace. Based on these policies, Kubota is enforcing the ethic whereby all people involved in the business, including contractor employees, behave based on the philosophy that "Safety is Our First Priority."

In September 2014, three specific instructions to ensure the "Safety is Our First Priority" philosophy were announced by the President.

In FY2017, to achieve the target of zero accident with lost workdays throughout the Group, as stated in the Mid-term Plan, Kubota promoted initiatives focusing on the Developing Safety-Aware Employees, promoting inherently safe equipment, and promoting safe operations as its pillars.

For developing Safety-Aware Employees, Kubota clearly indicated "how to teach safe operations" in the Guidelines for the Implementation of Safety and Health Education and Training for New Employees, and advanced initiatives to enable employees to work safely.

Moreover, Kubota also started an equipment safety education program to develop human resources who are capable of promoting "promoting inherently safe equipment", targeting mainly engineers in charge of equipment design, production engineering and manufacturing.

For promoting inherently safe equipment, Kubota implemented capital investment and various measures in accordance with Safety control Guidelines for assessment and promotion of inherently safe equipment, placing particular emphasis on the prevention of entrapment and entanglement by machines.

For promoting safe operations, with the aim of preventing accidents, Kubota formulated the Outwork Safety and Health Management Guidelines in view of the trends in occurrence of accidents, specifying the matters to be ensured in outwork, the location and operations of which vary each time.

At the same time, Kubota has established a safety and health management system based on the three pillars of promoting inherently safe equipment, promoting safe operations, and the Developing Safety-Aware Employees, thereby facilitating the implementation of the PDCA cycle across the entire Group, including overseas companies, by preparing standards and guidelines that are consistent with international standards.

The Kubota Group Basic Policies on Safety and Health

"In the Kubota Group, no work should be carried out without serious consideration of safety and health."
To achieve this, we established the fundamental principle that all the people involved in the business shall behave based on the philosophy that "Safety is Our First Priority."

Safety is Our First Priority

All the people involved in the business of the Kubota Group shall observe the determined rules and behave based on the philosophy "Safety is Our First Priority," to protect themselves from accidents.

Management executives shall operate the business keeping in mind the philosophy "Safety is Our First Priority," respect and listen to the voices of frontline worksites, and be reminded that "the worksite is a mirror that reflects yourself."

Management-level employees shall identify any risk that may lead to a serious incident and take faithful action to address such risk, while endeavoring to create a corporate culture that allows straightforward talk about safety and to develop human resources that support safety.

Initiatives implemented for priority issues of FY2017

In FY2017, the initiatives below were implemented with regard to priority issues. Initiatives involving overseas bases have been increasing year by year.

1. Communicating “how to teach safe operations” (for all Group companies in Japan)
   Clearly indicated “how to teach safe operations” in the Guidelines for the Implementation of Safety and Health Education and Training for New Employees, to clarify the specific method of teaching work operations and checking/evaluating the degree of proficiency, so as to enable each employee to receive easy-to-understand instructions about his/her duties and to understand the procedures for avoiding risks and the reason that such procedures should be followed, before starting work.

2. Enhancing “equipment safety education” for engineers (for all Group companies in Japan)
   Started the “equipment safety education” program to develop human resources who are capable of promoting “promoting inherently safe equipment”, targeting mainly engineers in charge of equipment design, production engineering and manufacturing.

3. Implementing preventive measures accidents in outwork operations (for all Group companies in Japan)
   Formulated the Outwork Safety and Health Management Guidelines, specifying the matters to be ensured in stages from planning to the end of outwork, the location and operations of which vary each time, with the aim of preventing accidents.

4. Disseminating the Safety Control Guidelines for assessment and promotion of inherently safe equipment to domestic affiliated companies and overseas manufacturing subsidiaries (nine Group companies in Japan and 15 overseas Group companies)
   Promoted equipment safety improvement at domestic affiliates in accordance with the Safety Control Guidelines for assessment and promotion of inherently safe equipment, placing emphasis on equipment that may cause entrapment and entanglement by machines.
   For group manufacturing companies out of Japan, started the promoting inherently safe equipment at four model sites and started preparation for implementation at 12 other sites.

The Kubota Group Safety and Health Target for FY2018

Kubota has clearly set the target below for FY2018, and is promoting Company-wide efforts to create safe workplaces.

Target: Zero Class-A incidents

Class-A incident refers to:

1) contact with a high heat object, etc., 2) contact with a heavy load, etc., 3) entrapment and entanglement by machines, 4) fall from heights, 5) contact and the like with forklift / vehicle, 6) falling from or contact with agricultural/construction machinery, 7) electric shock, 8) hit by a flying / falling object, 9) acute poisoning by harmful substances, or 10) fire or explosions

[Priority implementation issues]

Business site and plant departments

1. Promoting inherently safe equipment
2. Promoting safe operations
3. Developing Safety-Aware Employees
4. Promoting sanitary management
5. Operating the Kubota Group health and safety management system
6. Taking action for group manufacturing companies out of Japan

Construction departments

1. Developing Safety-Aware Employees
2. Promoting safe operations
3. Promoting inherently safe equipment
4. Promoting sanitary management
5. Promoting environmental management

Kubota Group's Mid-term Plan (FY2018 to FY2022) target and major tasks

Kubota sets a target for the period up to FY2022 as the final year, and will mainly address the tasks below.

Target: Zero Class-A incidents

Class-A incident refers to:

1) contact with a high heat object, etc., 2) contact with a heavy load, etc., 3) entrapment and entanglement by machines, 4) fall from heights, 5) contact and the like with forklift / vehicle, 6) falling from or contact with agricultural/construction machinery, 7) electric shock, 8) hit by a flying / falling object, 9) acute poisoning by harmful substances, or 10) fires or explosions

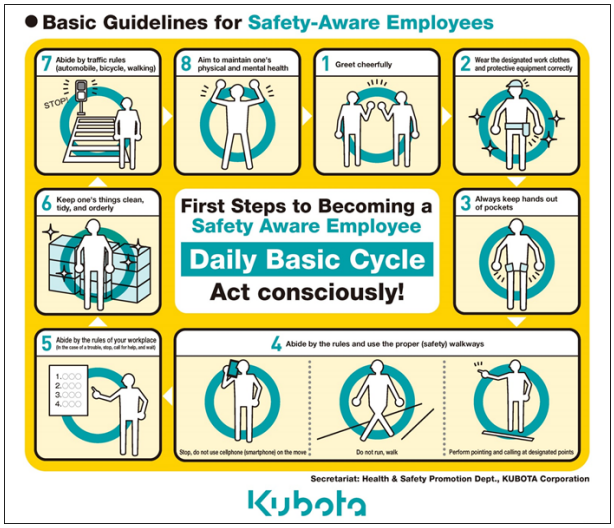
1. Promoting inherently safe equipment
   (1) Apply the "risk assessment for machinery" to all new equipment.
   (2) Complete measures for existing equipment to achieve the target levels determined in the Safety Control Guidelines for assessment and promotion of inherently safe equipment.
   (3) Work to prevent the recurrence of equipment abnormality.

2. Promoting safe operations
   (1) Review the Work Risk Assessment, and based on the results of the assessment, formulate work instruction sheet in which a description of content of risk and the risk aversion procedures are provided.

3. Enhancing personnel development to support safety (the Kubota Group Safety-Aware Employee Development)
   (1) Promote activities to enable all employees to follow the "basic daily cycle" described in the Basic Guidelines for Safety-Aware Employees as a habit.

4. Maintaining and improving a safe and healthy working environment
   (1) Accumulate improvement examples at model dusty workplaces before deployment to other offices and workplaces.

Basic Guidelines for Safety-Aware Employees

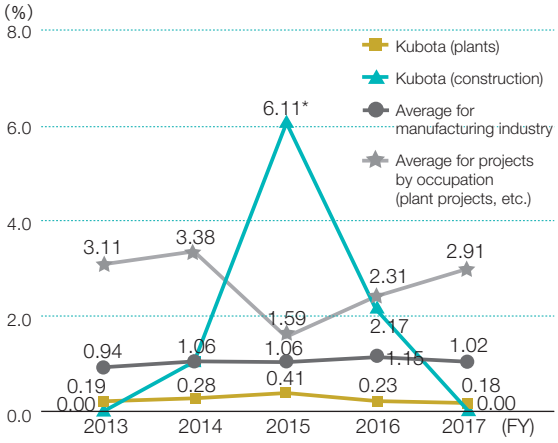


Promoting the “promoting inherently safe equipment”

In FY2017, Kubota held briefing sessions on revisions to its Safety Control Guidelines for assessment and promotion of inherently safe equipment, which define the categories of serious accident risks, including the newly added risk of “falling from or contact with agricultural/construction machinery vehicles.” At the same time, Kubota continued to implement capital investment and various measures, placing emphasis on the prevention of entrapment and entanglement by machines.

As to the deployment of the safety measures based on the Safety Control Guidelines for assessment and promotion of inherently safe equipment at group manufacturing companies out of Japan, Kubota advanced from the activities at a model site (subsidiary) in each of the Southeast Asia, China, Europe, and North America regions to the stage of starting the activities at all the other sites.

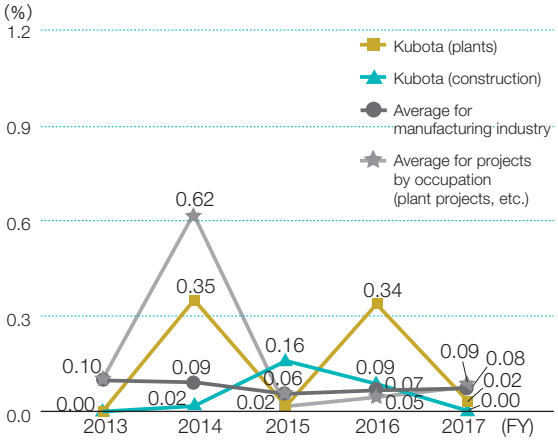
Lost Time Incident Rate (Kubota Corporation)



* Due to the occurrence of accidents accompanied with multiple absences from work at one time

(Tallied from April 1 to March 31 of the following year up until 2014. In 2015, tallied from April 1 to December 31.)

Severity Injury rate (Kubota Corporation)



(Tallied from April 1 to March 31 of the following year up until 2014. In 2015, tallied from April 1 to December 31.)

Promoting the Kubota Group Safety-Aware Employee Development (personnel development)

Among the Class-A incidents that occurred during FY2017, accidents during irregular process (for troubleshooting and maintenance) and accidents involving new employees with little work experience accounted for a large proportion. In FY2018, therefore, Kubota will promote initiatives to ensure observation of work rules (stop, call for help, and wait in the case of any abnormalities), as well as the top-down initiatives to instill the Basic Guidelines for Safety-Aware Employees.

In July, the Kubota Group Safety and Health Convention was held at the Sakai Plant. The Convention comprised two sessions. The first session served as an opportunity to help raise the safety and health standards of the entire Group, where the personnel in charge of safety and health at each business site learned on site the initiatives taken by the particularly safety-aware workplaces of the Sakai Plant and the method of providing education at the Safety Dojo, and shared good practices within the Company. The second session served as an opportunity to help foster the corporate culture based on the “Safety is Our First Priority” philosophy, where the participants listened to a lecture on the theme of the role that each one should play in establishing a safety culture by Masao Mukaidono, professor emeritus of Meiji University, who is a leading expert in the field of safety science.

In October, the Safety and Health/the Environmental Manager Conference in Asia, targeting the Group companies in the Asia region, was held jointly with the Environmental Protection Department, where discussions were held on initiatives to reduce accidents involving new employees and initiatives to raise the safety awareness of employees.

The Kubota Group Safety and Health Convention (July 18, 2017)

Safety and health education implementation status in FY2017

Safety and health education is provided for each rank, including for new employees (education at the time of employment).

Manufacturing departments

Name of education program	No. of times held	Total participants
Education for new employees	6	360
Elementary (for young employees)	5	130
Intermediate (for mid-career employees)	2	50
Training for newly appointed supervisors	2	45
Training for newly appointed foremen	1	20
Education for foremen, etc. (supervisors or lead persons)	2	25

Other than manufacturing departments

Name of education program	No. of times held	Total participants
Education for new employees	2	160
Education at the time of appointment of safety managers	2	30
Safety and health education for mid-career entrants at the time of employment	12	110
Equipment safety education	3	45
Training for newly promoted managers	1	140
Training for newly appointed section managers	3	60
Training for newly appointed department managers	1	20
Education for officers (*)	1	28

*Figures for the total number of participants are rounded to the nearest five, except in the case of "education for officers."

Sites with occupational health and safety management system certification (OHSAS 18001)

To ensure safety for employees and provide them with a workplace environment that allows them to feel safe concentrating on their duties, Kubota has acquired OHSAS 18001 certification for its business sites below, while establishing an occupational health and safety management system focusing mainly on risk assessment for other sites

In Japan

Tsukuba Plant	Certification acquired in Dec. 2000
Keiyo Plant	Certification acquired in Dec. 2002
Ichikawa Plant	Certification acquired in Dec. 2002
Hanshin Plant (Mukogawa)	Certification acquired in Nov. 2003
Hanshin Plant (Amagasaki)	Certification acquired in Apr. 2005
Hirakata Plant	Certification acquired in Jun. 2007

Overseas

SIAM KUBOTA Metal Technology Co., Ltd.	Certification acquired in Aug. 2012
Kubota Materials Canada Corporation	Certification acquired in Jan.-Feb. 2014
KUBOTA Engine (Thailand) Co., Ltd.	Certification acquired in Jul. 2014
SIAM KUBOTA Corporation Co., Ltd.	Certification acquired in Dec. 2014
Kubota Baumaschinen GmbH	Certification acquired in Jul. 2015
Kubota Farm Machinery Europe S.A.S	Certification acquired in Feb. 2017

Respecting Human Rights

Basic policies regarding human rights

The Kubota Group supports the Universal Declaration of Human Rights, respects the human rights of all people, and does not discriminate or violate human rights on the basis of nationality, race, age or gender (gender identity or sexual orientation), or for any other reason.

The Kubota Group does not permit forced labor or child labor, and also requests that its business partners comply in this regard. These policies are declared in the KUBOTA Group Charter for Action & Code of Conduct and put into practice.

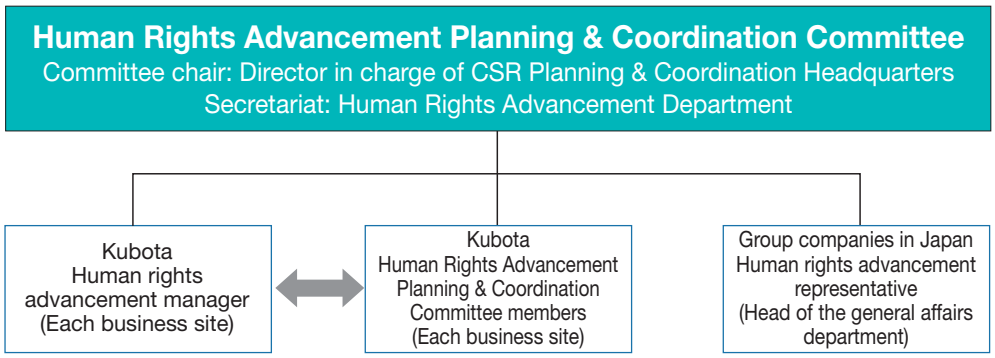
Code of Conduct (excerpts)

- We support the Universal Declaration of Human Rights, and respect the human rights of all people.
- We do not discriminate or violate human rights on the basis of nationality, race, age, gender, or for any other reason.
- We do not permit forced labor or child labor, and also request our business partners to comply in this regard.

Human rights advancement system

Kubota has a Human Rights Advancement Planning & Coordination Committee headed by the director in charge of CSR Planning & Coordination Headquarters. Its members at each Kubota site are promoting activities based on the human rights advancement activity policies. At the beginning of each fiscal year, a meeting is held gathering the committee members of all sites.

Besides the committee members, a human rights advancement leader is appointed at each site, who leads the human rights advancement activities of the site.



Human rights education

Aiming to create a harassment-free, worker-friendly workplace environment, Kubota plans and provides human rights education programs for all employees, including President and Directors, every year, based on the human rights advancement activity policies. It is now possible to receive human rights education from overseas via a video conference system.

The education programs include rank-based training, such as training for new employees, and human rights education provided at each site. Employees who are unable to receive such programs can receive education via a video conference system, or study by themselves using DVDs, textbooks, and FAQs.

In FY2017, all Kubota employees (in terms of the total number of participants) in Japan received human rights education through internal training or training offered by external organizations.

[Results of internal training in 2017]

	Internal training	External training	Total
Kubota	12,913 people	350 people	13,263 people
Group companies in Japan	8,885 people	125 people	9,010 people

Major internal education programs

Training for directors and managers	174 people (including presidents, etc. of Group companies in Japan)
Training for new employees	801 people (including those from Group companies in Japan)
Training for newly appointed foremen	21 people
Training for newly appointed supervisors	29 people
Seminar for harassment consultation office personnel	108 people (including those from Group companies in Japan, etc.)
Fieldwork training for human rights leaders	31 people (including those from Group companies in Japan, etc.)
Training for expatriates	21 people

* The figures include temporary and re-hired employees.
* Education programs are held at each Group company in Japan.
* For the hearing impaired, DVD transcripts (or a DVD with subtitles) or lecture texts are provided in advance, so that they can receive training with other participants in the same room.

■Major education themes

- Prevention of harassment
- (Sexual harassment, maternity harassment(*1), power harassment, or harassment against sexual minorities (LGBT, etc.)(*2), etc.)
- Anti-Dowa discrimination (Act to Advance the Elimination of Discrimination against Buraku, etc.)
- Issues facing the disabled (Act to Advance the Elimination of Discrimination against the Disabled, the disabled employment ratio, etc.)
- Issues facing foreign residents in Japan (hate speech, etc.)
- UK Modern Slavery Act
- Color vision variation
- Results of the awareness survey on harassment
- Revision of the employment regulations, etc. associated with the revision of the Equal Employment Opportunities Act and the Child Care and Family Care Leave Act

*1 Harassment relating to pregnancy, childbirth, childcare leave, etc.

*2 Acronym of lesbian, gay, bisexual, and transgender

■Major external trainings

Kubota also encourages its employees to proactively participate in seminars hosted by corporate organizations addressing human right issues and government organs.

Examples: "*Dowa* and human rights issue awareness-raising seminar" (for management-level employees) hosted by the Corporate Federation for Dowa and Human Rights Issues: 11 participants
"Dowa and human rights issue awareness-raising introductory seminar" hosted by the Sakai City Human Rights Education Promotion Council: 79 participants
"The 38th Human Rights and *Dowa* Issue Corporate Awareness-Raising Seminar" hosted by the Executive Committee(*3): 49 participants (including those from Group companies in Japan)
"The 48th Buraku Liberation and Human Rights Summer Seminar" hosted by the Executive Committee(*3): 19 participants (including those from Group companies in Japan), etc.

*3 Hosted by Osaka Prefecture, Osaka City, Buraku Liberation and Human Rights Research Institute, etc.

Human rights training concerning LGBT-related issues for directors and managers (Feb. 17, 2017)
(Lecturer: Ms. Maki Muraki, Representative of Nijiiro Diversity)

Human rights education targeting all employees at Kubota Kyuhoji Business Center (Dec. 4, 2017)
(Lecturer: Mr. Hiroyuki Ikenaga, General Manager of the Human Rights Advancement Department, CSR Planning & Coordination Headquarters)

Consultation office system

As remedial action for victims of human rights violation, Kubota established the Kubota Hotline—a whistleblowing system that includes the use of outside lawyers—and consultation office systems at each of its bases, including those overseas, thereby enabling it to respond swiftly to any issues that may arise.

Click here for details on the whistleblowing system (Kubota Hotline).

Number of cases reported on human rights issues (including harassment) in 2017: 21

[Whistleblowing System (Kubota Hotline)]

We distribute pocket cards with contact details and introduce such offices through the Company intranet, posters, email magazines, human rights seminars, and so on.

Seminar for harassment consultation office personnel (July 5, 2017)
(Lecturer: Keiko Miki, President of Atorie M)

[Consultation office system in Japan]

Each year, Kubota holds a seminar for harassment consultation office personnel inviting external lecturers, with the aim of improving their counseling ability and preventing secondary victimization. A total of 108 employees, including those who participated via a video conference system, took part in this seminar in 2017.

The seminar focused on enabling the participants to take prompt and appropriate action against any harassment, such as sexual, power, or maternity harassment, or harassment against sexual minorities, without causing any disadvantage to the informant.

Activities to raise human rights awareness

In order to enhance awareness of human rights, Kubota invites human rights-related slogans from all Japan-based employees, including those from Group companies in Japan, every year, and awards excellent slogans during Human Rights Week, which is celebrated every December.

In 2017, entries were received from a total of 16,666 applicants (an application rate of 85.0%) and the best slogan from each business site was posted on a long strip of paper. Starting from 2016, the awarded slogans have also been posted at distributors.

Activities unique to each site were also conducted. In 2017, the Kubota Head Office hosted various events, including displays of human rights-related slogans and panels, an event to experience walking and communicating with guide dogs, sales of vegetables by Kubota Sun-Vege Farm Co., Ltd., a special subsidiary of Kubota, and sales of cookies and bread by a vocational training center for the disabled.

Events hosted by Kubota Head Office Pre-Human Rights Week seminar (November 29, 2017)

Panel display

Human Rights Week banner

Experiencing walking a guide dog
(Cooperation: Nippon Lighthouse Guide Dog Training Center)

Display of human rights-related slogans

Awarding the winner of the human rights slogan contest
(Group company in Japan)

Protection of privacy

From the perspective of respecting human rights and protecting privacy, Kubota conducts several inspections each year for each base to ensure there are no insufficiencies in investigation tasks such as credit surveys, and there are no problematic contents or descriptions from the perspective of human rights violation included in the investigation reports.

Developing human rights leaders

Kubota appoints human rights leaders and holds a human rights leaders' meeting every year, at which leaders explain their human rights advancement policies, give presentations on human rights advancement activities, and discuss the contents of human rights education.

Fieldwork training is also conducted twice a year (once in the eastern Japan area and once in the western Japan area). The participants learn about the local situation of the area by listening to lectures by external lecturers or persons actually involved in the lecture topic, and by walking around the local area.

In 2017, participants in the fieldwork for the eastern Japan area learned in Tokyo about the anti-Dowa discrimination and the issues facing foreign residents in Japan, while the participants in the western Japan area learned in Kyoto City about the issue of anti-Dowa discrimination.

Eastern Japan area: Fieldwork training in Tokyo (March 9, 2017)
Themes: South and North Korean people ("The Great Kanto Earthquake" (Arakawa River banks)) Anti-Dowa discrimination ("History of leather industry" (Kinegawa district)) Participants: 13

Western Japan area: Fieldwork training in Kyoto City (March 15, 2017)
Themes: Anti-Dowa discrimination (visited Biwako Sosui, Okazaki Public Hall, Okuni Monument of Shijogawara, Sakurada Gihee Monument, The Bank of Yanagihara Memorial Museum, etc.) Participants: 18

Respecting human rights throughout the supply chain

Kubota declares in the Kubota Group Charter for Action, "we do not permit forced labor or child labor, and also request that our business partners to comply in this regard."

Also in its CSR Procurement Guidelines, Kubota declares that it does not permit forced labor or child labor, and also requests that its suppliers comply in this regard. The Guidelines also clearly prohibit the use of conflict minerals(*), which are a source of funds for armed insurgents.

In May 2017, the Kubota Group released its Group statement with regard to the UK Modern Slavery Act, which is also presented on its website.

For employees in Japan, explanation was provided during their human rights education programs. At overseas Group companies, the business site heads of each company provided explanation to the employees.

Click here for details.
www.kubota.com/company/csr/stake_h/procure/pdf/csrprocure.pdf

* Tantalum, tin, tungsten and gold and their derivatives, produced in the Democratic Republic of the Congo and its neighboring countries, which constitute a source of funds for armed insurgents, who have repeatedly committed inhumane acts in these countries.

Awareness survey on harassment

An awareness survey on harassment is conducted collaboratively by the labor union and the Human Rights Advancement Department, targeting Kubota employees. The results of the survey are released through the Company intranet and on the newsletter distributed to union members. Details are explained in human rights education programs, etc.

External related organizations

Kubota participates in the external organizations below and is working to create a discrimination-free society.

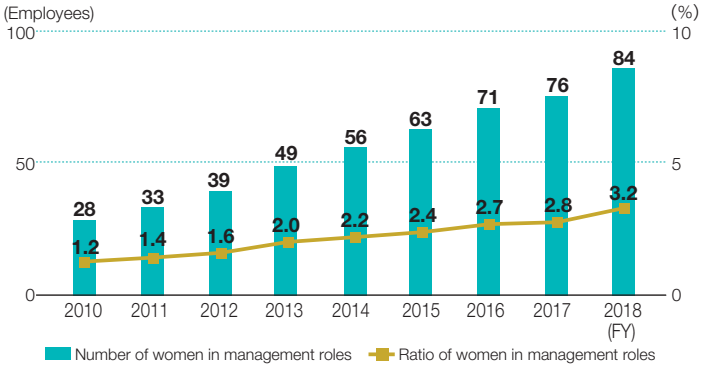
- The Corporate Federation for Dowa and Human Rights Issues, Osaka (also participating in Shiga, Wakayama, Hyogo, Chiba and Hiroshima)
- Osaka City Corporate Human Right Promotion Council (with related organizations in each municipality)
- The Center for Fair Recruitment and Human Rights Advancement
- Multi-Ethnic Human Rights Education Center for Pro-existence
- Osaka Career Support & Talent Enhancement Plaza
- Buraku Liberation and Human Rights Research Institute, etc.

Promoting Diversity

Empowering women in the workplace

As a focal point of diversity management, Kubota supports women in the workplace through initiatives such as changing the human resources system and offering various training programs. Kubota steadily advances the promotion of women through expanding the occupational scope of women by implementing the consolidation of occupational roles and other means. The number of women who are promoted to managerial positions has been increasing year by year. The gap in the number of years of working experience between men and women has also been shrinking every year.

Trend in the number of women in management roles*1 (Kubota Corp.)



*1 As of April each year (from 2016, as of January)

Offering various training programs to support women

To date, Kubota has established group-wide activities aimed at women's participation in outside forums and networking for the purpose of supporting career advancement and fostering a corporate culture that empowers women in the workplace.

In FY2017, to promote the empowerment of female employees, Kubota held a leader development training for female employees expected to undertake leadership roles. The aim of the training is to help the participants develop their careers and play more active roles by acquiring the mindset and skills necessary for a leader.

Participating forums

1. 13th Women's Networking Forum in Tokyo
2. 14th Women's Networking Forum in Osaka

Leader development training for female employees in staff positions (joint session with supervisors and female managers)

Signed Women's Empowerment Principles (WEPs)

The Women's Empowerment Principles (WEPs) is a set of principles jointly prepared by the UN Global Compact*1 and UN Women*2 in March 2010 to create work and social environments where women's strengths can be leveraged in corporate activities.

The Kubota Group supports these principles and endorsed the doctrine in July 2012, thus positioning gender equality and the empowerment of women as a focal point of its management and pledging to autonomously carry out initiatives.

*1 Global initiative to achieve sustainable growth in international society announced by the UN Secretary-General at the 1999 World Economic Forum

*2 United Nations entity working for gender equality and the empowerment of women

Certification for Women's Empowerment Principles

Supporting the independence of disabled persons

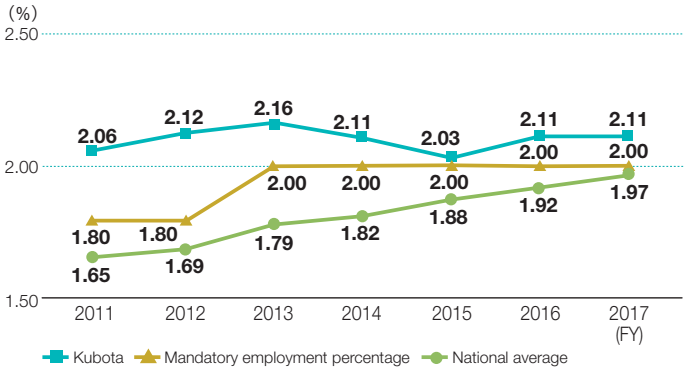
Kubota has established two subsidiaries* whose operations are specifically geared to determining jobs compatible for people with disabilities and to create work environments in which they can function comfortably: Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd. Kubota Sun-Vege Farm Co., Ltd. engages in the hydroponic cultivation of safe and reliable vegetables with the aim of seeking to promote the independence of people with disabilities and their coexistence in local communities.

In addition to introducing farming in fields that have been abandoned to help stimulate the agricultural industry in Japan, vegetables produced are sold internally and used by cafeterias at Kubota business sites in Japan, and also sold to supermarkets in Osaka Prefecture.

* Subsidiaries specifically focusing on hiring people with disabilities in order to promote their employment and stability.

Kubota Sun-Vege Farm Co., Ltd.

Trend in percentage of employees with disabilities (Applicable Kubota Group Companies in Japan)



* As of June each year

Creating a Vibrant Workplace

Maintenance and enhancement of the health of employees

Kubota, including all Group companies in Japan, has set priority targets in the medium to long run in its wellness project Health KUBOTA 21, and promotes the maintenance and enhancement of the health of its employees by setting specific themes for each fiscal year. In FY2015, the Health Mileage system was incorporated in the project, with the aim of encouraging employees to take spontaneous action to improve their health with interest.

Health KUBOTA 21

Slogan: For Tomorrow, For Smile

Objective: To raise the health literacy (self-management ability regarding health) of the insured, thereby increasing those who are able to take voluntary action to develop their health

Health KUBOTA 21 (2nd phase) (2013–2022) (Group companies in Japan)

Priority targets: 1) Nutrition and diet 2) Physical exercise 3) Quitting smoking

Item	Nutrition and diet		Physical activity and exercise		Quitting smoking
Contents	Increase the percentage of people who maintain a suitable weight (BMI 18.5–24.9)	Decrease the number of people who skip breakfast three times or more a week	Increase the participation rate in the Waking Campaign	Increase the number of people who do exercise at least 30 minutes a day	Decrease the smoking rate
2012 results	67.40%	19.60%	35.30%	37.90%	36.70%
2022 targets	75%	18%	80%	45%	18%

Maintenance and enhancement of mental health

Based on the Safety and Health Guidelines of the Kubota Group, the Kubota Mental Health Improvement Targets were formulated. These targets specify activity objectives and goals, and the tangible actions that need to be undertaken in order to realize them. Based on these targets, our aim is to prevent mental health issues from arising, and detecting those that do at the earliest possible stage, doing so from the perspectives of self-care and line-care.

In regard to self-care, stress check, training programs, consultation services with medical staff are available, giving individual employees opportunities to recognize their own stress levels and learn how to deal with stress. For line-care, Kubota offers training for managers and supervisors as an opportunity to learn how to care for the mental health of their subordinates. Personal training programs are also available for personnel in charge of promoting mental health to improve their individual skill levels.

A stress check system was introduced in FY2016, which offers fine-tuned support for employees suffering from high stress, such as meetings with medical doctors for those who want them, and supplementary meetings with nurses for those who do not want to meet doctors. In FY2018, Kubota will conduct Group analysis of the results of the stress checks for each workplace and, based thereon, start working on improving the workplace environment, with the aim of creating vibrant workplaces.

Mental health training session

Securing a work-life balance

In promoting the action plan for general business operators set out in the Act of Promotion of Women's Participation and Advancement in the Workplace, Kubota is eliminating consciousness of gender-based roles in responsibility allocation.

· The gap in the number of years of working experience between men and women is shrinking.
· 70% of women are returning to work within one year of taking childcare leave.

In light of the above two points, Kubota proactively encourages its male employees to take childcare leave based on the belief that they should contribute to housework and child-raising so that women may continue to pursue their careers.

For both male and female employees, Kubota promotes the creation of a working environment in which a good work-life balance is ensured.

"Kurumin Mark" for companies with next-generation childcare systems

FOCUS

Kubota received the Excellence Prize in the Osaka City Mayor's Awards for Leading Companies in Women's Empowerment

Osaka City certifies companies that actively promote initiatives to create organizations in which motivated women can continue to play active roles, support the securement of a good work-life balance, and support participation by men in child raising, housework, and community activities, as Leading Companies in Women's Empowerment.

Certification of the Excellence Prize

Every fiscal year, companies that undertake excellent initiatives are selected from among certified leading companies and awarded. This year, prize winners were selected from among 95 organizations that had acquired the certification from January to December 2016.

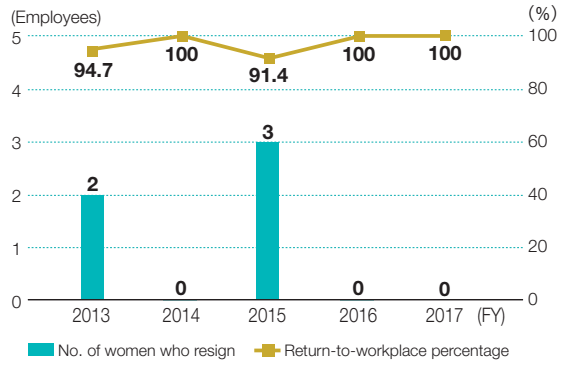
Kubota Corporation acquired the certificate on March 31, 2016. Kubota's efforts of "steadily advancing the promotion of women by consolidating job systems to expand women's job scopes and other means," and "establishing effective systems to support childbirth and childcare, while encouraging male employees to take childcare leave through enhancing training programs, launching campaigns, publishing awareness-raising leaflets, etc. with the aim of eliminating the perception of fixed gender roles" were highly appreciated.

Training for employees returning from childcare leave

To dispel concerns regarding returning to the workplace after childcare leave, Kubota provides training for employees who have taken childcare leave, which their supervisors and spouses can attend.

(Kubota emphasizes that taking leave to raise one's children does not mark the end of one's career. Accordingly, we refrain from using the term "suspension from duties" and refer to this instead as "childcare leave.")

Trend in the percentage of women who return to work after taking childcare leave (Kubota Corp.)



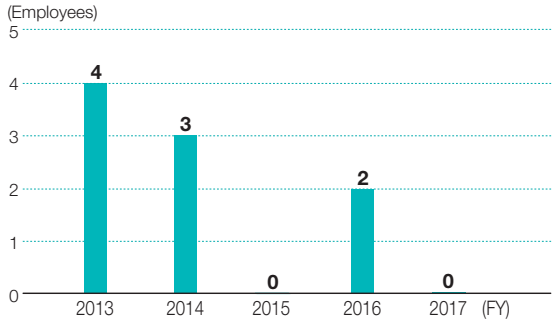
* Tallied from April 1 to March 31 of the following year for each year


Training for employees returning from childcare leave

Re-entry

This program is targeted at employees who have left Kubota for childbirth, parenting, or nursing care, or due to the transfer of their spouse, giving them the opportunity to re-enter the workplace.

Participants in Re-entry Program (Kubota Corp.)

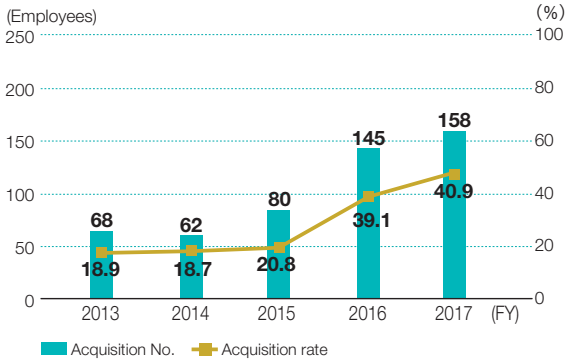


Commenced re-entry in Sep. 2012 (for FY2012, seven months between September 2012 and March 2013)
* Of the re-entrants in 2013, one was hired at a group company.
* Nine months between April and December of 2015 (settlement moved to December)
* January to December for FY2016 and FY2017

Encouraging male employees to take childcare leave

Kubota sets phased targets for the number of male employees taking childcare leave, and actively encourages participation.

No./percentage using childcare leave (male) (Kubota Corp.)



* Tallied from April 1 to March 31 of the following year for each year

Promoting the use of annual paid leave

Kubota encourages employees to use their paid leave days from the standpoint of maintaining their mental and physical health, preventing excessively long working hours, and securing a good work-life balance.

With the promotion policy and specific measures of encouragement shared by labor and management, Kubota encourages the use of paid leave in cooperation with the labor union.

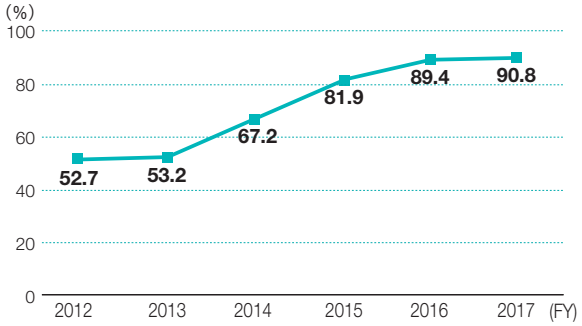
Promotion Policy

1. Recommend that employees take paid leave during labor management negotiations.
2. Create an environment where it is easy to use paid leave.
3. Foster opportunities to rethink the way one works.

Specific Measures of Encouragement

1. Set achievable targets company-wide.
2. Continue and strengthen initiatives unique to each business site, and spread awareness and disseminate information about using annual paid leave.
3. Discuss and implement efficient ways to work, visualize work, and create work manuals to promote communication at each workplace about using paid leave.

Trend in the percentage of employees taking annual paid leave (Kubota Corp.)



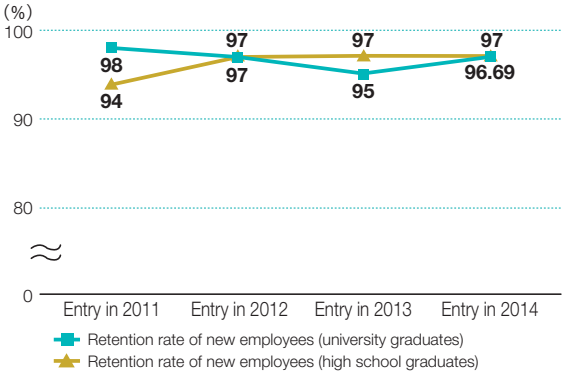
* Tallied from March 16 to March 15 of the following year for each year up to 2015
* Tallied from December 16 to December 15 of the following year for each year from 2016

Initiatives to improve the retention rate of new employees

Every year, many new graduates (from universities and high schools) and mid-career entrants join Kubota.

Kubota endeavors to create an environment that allows new employees to retain and play active roles in early stages, by offering training programs before assignment and follow-up support after assignment.

Trend in the retention rate of new employees (Kubota Corp.)



Personnel Measures in Tune with Globalization

Expanding the overseas trainee system

From the world to Japan

As overseas businesses are expanding rapidly, it is urgently necessary to develop human resources who are capable of playing a core role in promoting the autonomy of overseas sites.

Under these circumstances, Kubota started an overseas trainee system in 2015 with a view to developing candidates for managers and supervisors, and engineers at overseas sites.

At present, trainees from KAMS in China and KET in Thailand are learning Kubota-style manufacturing concepts and know-how, technologies, and knowledge at their mother plants in Japan for a period from six months to a year.

Kubota has accepted a total of 25 trainees so far. While continuing to receive trainees from China and Thailand, the Company will also invite trainees from other areas, thereby promoting human resources development to help foster the autonomy of overseas sites.

VOICE

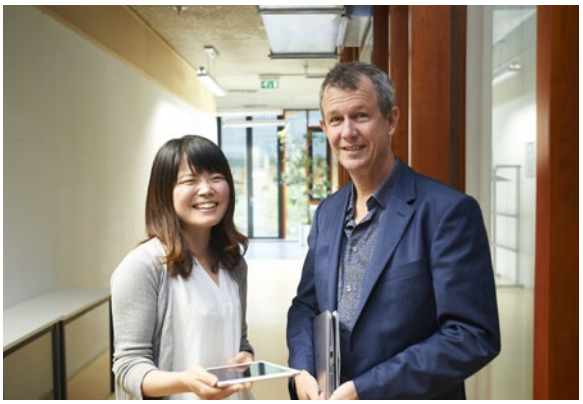
I worked at the Tsukuba Plant as a trainee from KET for about a year.

I worked at the Tsukuba Plant, the mother plant of KET in Thailand, as a trainee for about a year. At KET, it takes more time than at the Tsukuba Plant to solve the same problem in terms of quality, cost, or productivity. During this training, I learned various problem-solving approaches, such as 4M analysis and the 3-Gen Principle. After returning, I will form a promotion committee concerning quality, cost, and productivity and make KET a strong plant with SEQCD equivalent to the Tsukuba Plant.

Ms. Wanthida Taraket
KUBOTA Engine
(Thailand) Co.,Ltd. (KET)

From Japan to the world

Since 1997, Kubota has dispatched a number of employees to its overseas subsidiaries and affiliated companies each year for training purposes. In September 2016, Kubota began to dispatch trainees to agricultural universities in Europe to learn the latest precision farming for two years. Kubota will continue to dispatch employees overseas as one of its most effective initiatives to foster global human resources.



Instructor and trainee

The second next-generation management training in North America held

Kubota held the second-year session of the North America management training program to develop local management executives, which was launched in April 2016 jointly by five companies in the North America area of the Kubota Group Machinery Domain, and Kubota's Machinery Overseas Administrative Division and Human Resources Department. The aim of the North America management training is to develop local management executives who are capable of contributing to the global management of Kubota, as well as to raise the motivation of local staff and foster a sense of unity among the training participants from each company. The six selected trainees received programs necessary for prospective leaders at the business school of Emory University in the United States.

Kubota will endeavor to activate exchanges between overseas and domestic operation sites, and also among overseas sites, thereby strengthening its global management system.

Trainees of the first-year and second-year sessions of the North America management training

Ongoing foreign language training abroad for new employees

In an effort to foster global human resources with the necessary language skills and the ability to adapt to different cultures, since FY2008, Kubota has been offering new employees (administrative and general class) the opportunity to participate in a foreign language education program abroad.

Employees are classified into different courses depending on their language ability at the time of employment and the needs of the department to which they are assigned, and sent to a language school in North America or the Philippines for about one month.

Employees who have acquired high language skills are provided with more practical learning opportunities, such as an internship program at an overseas company.

Internship program

Personnel Policies and HR System (Kubota)

Basic personnel policies

Foster a corporate culture full of vigor with emphasis on taking on challenges and creativity.
Find the right person for the right job based on their abilities and ambitions.

Basic idea of personnel system operations

1. Equal opportunity Each employee can strive to attain any role or position.
2. Right person for the right job Aim to place the right person in the right job based on their abilities and ambitions

Overview of personnel training, performance-based promotion and compensation

There are three career paths comprising expert positions, staff positions and technical positions for different roles and responsibilities. The personnel system offers personnel training, and performance-based promotion and compensation for each of these career paths.

Employees can change career paths based on their abilities and ambitions.

<table>
<tr><th>Career</th><th>Expert positions
(management class)</th><th>Staff positions
(administrative and general class)</th><th>Technical positions
(technical class)</th></tr>
<tr><td>Definition of personnel (main roles)</td><td>People who drive the business, solve problems that arise in operations, and exhibit a high level of performance based on their willingness to take on challenges, advanced expertise, abundant knowledge and extensive experience and know-how</td><td>People who contribute to the business, take on challenges for their own growth, and take on broad responsibilities, especially work that requires expertise, creativity and experience, while aiming to establish a field of expertise</td><td>■People who are in charge of work responsibilities, supervise and nurture subordinates, and achieve work objectives
■People who improve work processes based on advanced skills, knowledge and experience, and can perform complicated work</td></tr>
<tr><td>Training and education</td><td>■Department and section head class: management training
■Upcoming management assistants: selective training</td><td>Specialized training for specific objectives that employees can choose on their own from a curriculum of about 140 courses of varying difficulty and subject matter</td><td>Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the “5-Gen” principles</td></tr>
<tr><td>Evaluations</td><td colspan="2">■Employees set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress toward these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year.
■Bosses evaluate their subordinates, including their performance of processes and work behavior.</td><td>■Executives set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress toward these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year.
■Non-executives endeavor to achieve the targets set with their bosses.
■Both executives and non-executives are evaluated comprehensively based not only on the achievements and results, but also on their attitudes, behavior and roles.</td></tr>
<tr><td>Rotation</td><td colspan="2">The work responsibilities of each employee are reviewed periodically, taking into consideration workplace needs and the employee’s preferences, to avoid having employees perform the same work for long periods.</td><td></td></tr>
<tr><td>Ranking (Basis upon which compensation is determined)</td><td>■Five rankings
■Moves up in the rankings based on contribution to performance</td><td>■Seven rankings
■Moves up in the rankings based on contribution to performance
(Some require testing)</td><td>■11 rankings
■Moves up in the rankings based on contribution to performance
(Some require testing and technical qualifications)</td></tr>
<tr><td>Salaries</td><td colspan="3">Monthly salaries are reviewed every year until the age of 58 (56 for expert positions). Each ranking has upper and lower limits to its monthly salary.</td></tr>
<tr><td>Bonuses</td><td>Bonuses are designed to reflect consolidated performance, affiliated business performance, and individual performance.</td><td colspan="2">Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.</td></tr>
<tr><td>Retirement benefits</td><td colspan="3">Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.</td></tr>
</table>

Fostering a CSR-based Mindset

FOCUS

Activities for instilling the Corporate Philosophy
Instilling a mindset capable of resolving social issues

As globalization of the economy and advancement of diversity have enabled the employment of a wide variety of personnel, there is a growing need for all Kubota Group employees around the world to understand and share, across national borders, generations and job ranks, the basic philosophy and concepts that serve as the basis of the Kubota Group's global management. All employees of the Kubota Group are expected to understand and recognize the Group's founding spirit and common values, thereby further enhancing royalty and advancing the Group-wide promotion of business activities. To this end, the Kubota Global Identity, a global common corporate philosophy of the Kubota Group, was established on October 1, 2012. In order to instill this corporate philosophy throughout the entire Group, including at overseas bases, Kubota has systematically promoted activities since the year ended March 31, 2014.


Training session

Click here for the Kubota Global Identity.
www.kubota.com/company/c-data/identity/

In FY2017, the fifth year of this initiative, training programs were held with the goal of concrete implementation of the corporate philosophy. This year, the e-learning system was introduced in Japan, allowing employees to receive training at any time that is convenient to them. After viewing a video showing the members of the R&D department, who continue to take on challenges for customers, the participants reviewed their own awareness and implementation status. Kubota will continue this initiative to create a culture of challenging ourselves to unite in solving issues in the food, water, and environment fields.

Number of participants (including temporary employees)

* Figures in brackets are the percentages of participants who responded at the level of "reasonably satisfied" or higher in the training satisfaction survey in Japan.

FY2013 28,969 (71%)
FY2014 35,470 (73%)
FY2015 35,089 (78%)
FY2016 40,855 (83%)
FY2017 Not counted as of the issuance of this Report

Feedback from a participant (a new employee overseas)

・I was impressed by the practices presented in the DVD. I was particularly impressed by the persistent attitude of supporting food, water and the environment, which are indispensable for human beings, as stated in the Corporate Philosophy.
From now on, I will hold a philosophy consistent with that of the Company, and take responsible action while continuing to learn with my supervisors and bosses.

CSR forum for management-level employees

In September 2017, a CSR forum for management-level employees of the Kubota Group was held. A total of 146 members attended the forum held at the Head Office.

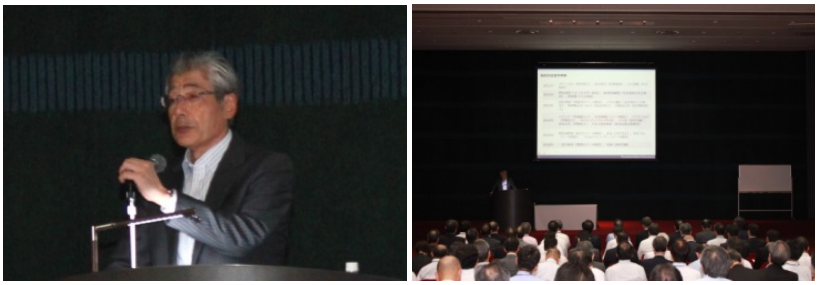
The guest speaker this year was Mr. Hideaki Kobayashi (of Nagashima Ohno & Tsunematsu), a leading lawyer in corporate legal affairs, who gave a lecture titled “The Roles of Management Executives in Preventing/Responding to Corporate Scandals.”

Mr. Kobayashi first described the trends in recent corporate scandals, and then explained the responsibilities of management executives in the event of a scandal.

Regarding the prevention of scandals, he emphasized the importance of use of the whistleblowing system and the vitalization of the internal audit department.

Mr. Kobayashi finally stated that it is necessary to shift the focus of the concept of corporate profit from short-term, numerical profit to long-term, sustainable profit in a broader sense, including evaluation from society.

This forum provided a meaningful opportunity for members of Kubota management to reaffirm the significance of compliance in their own company and division.



CSR forum for management-level employees [September 27, 2017]

CSR forums held (for the last five years)

Time	Lecturer	Lecture theme	Participants (including participants via the videoconference system)
Dec. 2013	Other advanced company	Promoting the Kubota Global Identity and CSR management	141 people
Dec. 2014	Lawyer	Adapting to environmental changes and compliance	147 people
Sep. 2015	Lawyer	Global compliance management	163 people
Sep. 2016	University professor	Thinking about the Kubota Group’s sustainable management	195 people
Sep. 2017	Lawyer	The roles of management executives in preventing/ responding to corporate scandals	268 people

Employee CSR awareness survey

In August through October 2017, Kubota Group employees in Japan were surveyed regarding their awareness of CSR. A total of 11,659 participants (3,232 more than in the previous year), including employees of some distributors, who were newly added to the survey target, responded. The survey ascertained that employees are sufficiently aware of and understand Kubota's corporate philosophy, Code of Conduct, CSR management, and compliance, as well as the workplace environment. In the section to voice one's opinion freely, the respondents provided many frank points of view on how to improve Kubota. The Company's responses to these points of view and other feedback from this are communicated to employees through the Company intranet.

The CSR survey is a valuable form of communication between employees and the company, and we plan to continue conducting it every year as a means of increasing employee awareness and identifying areas for continual improvement as a company.

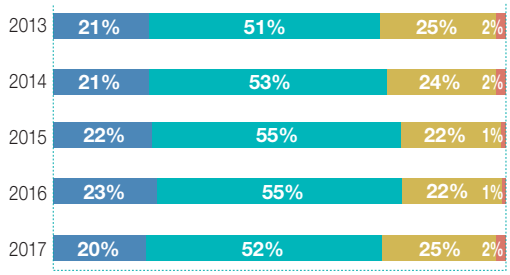
Respondents

* Figures in brackets are the percentages of respondents who gave free opinions.

FY2013 6,366 (10%)
FY2014 7,316 (8%)
FY2015 7,696 (9%)
FY2016 8,427 (10%)
FY2017 11,659 (9%)

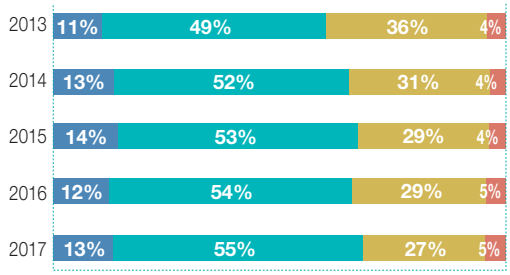
Answers to key questions in the Employee CSR Awareness Survey

Are you aware of the Kubota Group's mission of helping to solve issues surrounding food, water and the environment, elements essential to human survival, and our brand statement, "For Earth, For Life"? And, do you think about what you can do in your position?



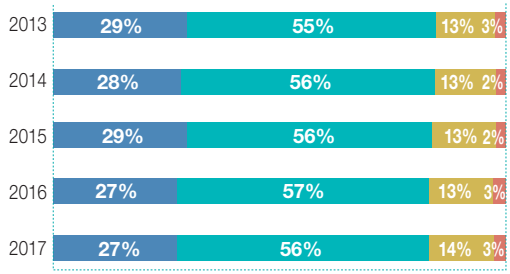
Since FY2013, when activities to instill corporate philosophy started, employees' awareness has been rising gradually.
(The figure decreased in FY2017 because the survey target was substantially broadened.)

Do you understand the Kubota Hotline System well?



Employees' understanding of the Hotline System (whistleblowing system) has been gradually rising as a result of the efforts of enhancing accuracy and repeated public relations activities.

Does your superior listen to you and support you when you are troubled with something?



Communication is very important for good work performance. But some workplaces are too busy to allow sufficient communication. We will advance workstyle reform and promote initiatives to create worker-friendly workplaces.

<SDGs related to this section>

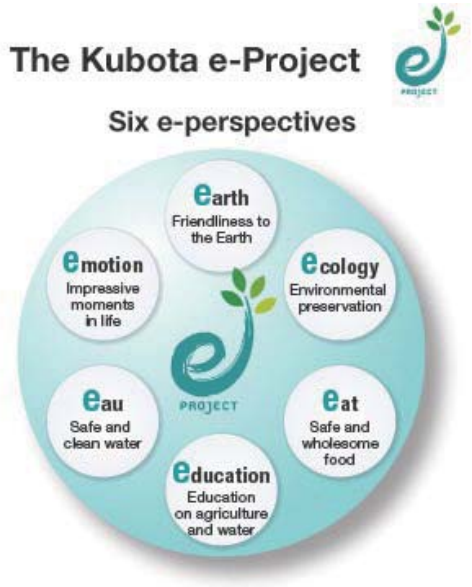
Involvement with Local Society

The Kubota Group respects the cultures and customs of each country and region in which it conducts businesses, and endeavors to establish relationships of trust with local communities. Moreover, Kubota proactively engages in social contribution activities in order to fulfill its responsibilities as a corporate citizen.

the Kubota e-Project

Social contribution activities in the areas of food, water and the environment

In an effort to contribute to society in the areas of food, water and the environment, Kubota commenced the Kubota e-Project in FY2008.
Kubota promises to continue to support the prosperous life of humans while protecting the environment of this beautiful earth. Through this promise to everyone, Kubota seeks the understanding and cooperation of its stakeholders as it contributes to the creation of a sustainable society.



the Kubota e-Project (only in Japanese)
www.kubota.co.jp/epro/

Support for the restoration of abandoned farmland

Kubota supports efforts to restore abandoned farmland throughout Japan by offering agricultural machinery.

Kubota genki Agriculture Experience Workshop

This program aims to deepen understanding of agriculture and promote emotional education opportunities through rice growing experiences such as rice transplanting and harvesting as well as tasting the harvested rice.

Improving global water environments

Kubota makes every possible effort to reduce the number of people who do not have access to safe water. To this end, Kubota is supporting the construction of wells in India being undertaken by an NGO that has been active in Asia for many years. Six wells were completed as of 2017.

"UCHIMIZU" solution for heat island

Kubota participates in the "UCHIMIZU" (sprinkling water on the ground) project jointly with community residents, thereby contributing to anti-global warming initiatives.

Kubota Sun-Vege Farm Co., Ltd.

Kubota Sun-Vege Farm Co., Ltd. engages in hydroponic cultivation of vegetables in order to create an environment that allows people with disabilities to work actively. At present, 14 people with disabilities are employed at the Sun-Vege Farm.

Kubota Sun-Vege Farm Co., Ltd. (only in Japanese)
www.kubota-works.co.jp/

Kubota e-Day

Kubota employees volunteer in community beautification and cleanup activities throughout the region. Since 2008, when company-wide involvement started, approximately 8,000 people have participated in this program each year.

Kubota TERRA-KOYA summer camp

Kubota sponsors the "TERRA-KOYA" summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since this program began in 2007, a total of 226 children have participated.

Education support program (visiting lecture)

This program provides opportunities for young people, who will be responsible for future generations, to learn how to engage in issues related to food, water and the environment by teaching them about farm machinery, mechanisms for purifying water, etc.

Mainichi Earth Future Prize

In the field of food, water and the environment, Kubota admires individuals and groups working on solutions for social issues at the grass-roots level in Japan and overseas, and sponsors activities that honor them publicly. Kubota has sponsored the Mainichi Earth Future Prize, which began as the Mainichi International Exchange Prize in 1989. Since it was renamed in 2011, a total of 452 individuals and groups have applied for the prize.

Kubota Active Lab

Kubota Active Lab offers participating high school students the opportunity to learn on their own about topics concerning food, water and the environment. Kubota has sponsored this program since 1985, accepting 50 to 60 participants each year.

Kubota Forest

Kubota participated in the sponsorship of forest preservation activities by the Tokyo Metropolitan Government, and named a 2.89 ha land lot of a water source forest managed by the Tokyo Waterworks Bureau as “Kubota Forest.” In 2017, around 40 trainees (*) conducted the ground setting work, by gathering and organizing the cut twigs and plants.

* Trainees refer to new employees among the production staff, who learn the skills, knowledge and manners necessary for a member of society at the boarding training center for a year after joining the Company.

Activities to promote sports

Kubota commenced a project in cooperation with Osaka Evessa(*), a professional basketball team, to invite students of elementary and junior high schools in the Naniwa ward, where its Head Office is located, to basketball games. The aim of this project is to help children develop a healthy mind and body by directly communicating the excitement and pleasure of sport to them. In 2017, approximately 360 tickets for the games were distributed to students of public elementary and junior high schools in the ward.

* Osaka Evessa is the only team in Osaka that belongs to the B. LEAGUE, the professional basketball league.

Social Contribution Activities through Corporate Sporting Events

Managing the rugby league team Kubota Spears, contributing to the development of young people and the vitalization of local communities through rugby

Kubota is part of the Japan Rugby Top League, the top rugby league in Japan, and manages the Kubota Spears, a rugby team based in Funabashi, Chiba.

Having concluded a home town agreement with Funabashi City in 2017, the team aims to foster the adoration of the community through teaching rugby and proactively participating in traffic-safety activities and local events.

Working together with the Board of Education, a visiting lecture was conducted at a neighboring elementary school (coaching tag rugby)

An under-15 development project taught rugby to junior high school students

The Kubota Spears Rugby Festival in Funabashi, co-sponsored with Funabashi City

Participating in the human rights advancement sport class

Disseminating and coaching rugby in regional areas by participating in a rice-field rugby tournament

Patrol Running together with the local community members

Kubota Spears Official Website (only in Japanese)
www.kubota-spears.com/social-contribution/

Overseas Social Contribution Activities

Charity event for an independent support organization

Every year since 2014, Kubota Manufacturing of America Corporation (U.S.) and Kubota Industrial Equipment Corporation (U.S.) have donated to the Eagle Ranch* when they held the annual Supplier Communication Meeting.

* A local organization supporting children and their families to overcome hardship.

Donating books for children

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) donates books for children to provide the children in its neighborhoods with opportunities to read books.

[Number of books donated]
2015 350 books
2016 300 books
2017 144 books

Children reading donated books

Environmental education for elementary school students

PT. Kubota Indonesia conducts environmental education through environmental activities such as donating around 400 to 500 LED lamps for local elementary schools and the families of elementary school students.

[Number of LED lamps donated]
2016
For elementary schools 100
For families of elementary school students 400

2017
For elementary schools 125
For families of elementary school students 295

Supporting the young farming generation

SIAM KUBOTA Corporation Co., Ltd. (Thailand) is supporting younger-generation farmers to become more knowledgeable of farming, fostering motivation to take up farming by instilling a positive attitude, teaching them various skills, and more.

Training on how to use organic fertilizers

Support for Rejuvenation and Reconstruction of Areas Affected by Natural Disasters

The Great East Japan Earthquake 1-(1)

Supporting Miyagi Agricultural High School's "SUN! SUN! Soba (buckwheat) Project"

Six years after the tsunami following the Great East Japan Earthquake on March 11, 2011 wreaked havoc to the area, students of Miyagi Agricultural High School are still taking lessons in a temporary building. The students run a project called "SUN! SUN! Soba" in order to vitalize their community. Part of this involved making a geoglyph using two colors of soba flowers in a field near Sendai Airport, which was damaged during the disaster.

High school students involved in the project


Geoglyph made with soba flowers

The Great East Japan Earthquake 1-(2)

Distributing the soba harvested from SUN! SUN! Soba Project to residents of temporary housing

Students of Miyagi Agricultural High School held an event in which the residents living in temporary housing in Natori City, Miyagi Prefecture were able to savor handmade soba made from the buckwheat harvested during the SUN! SUN! Soba Project.

On the day of the event, Kubota dispatched employees as volunteers to help run the event. At the same time, as part of the initiative to establish ties between disaster-afflicted areas, Kubota distributed brown rice bread made by the Nakakyushu Kubota using rice produced in Kumamoto Prefecture.


Soba making by students


Distributing brown rice bread

The Great East Japan Earthquake 2

Supporting the youth, bearers of the future, through farming—cooperating with rice farming at agricultural high schools in Miyagi and Fukushima

As part of efforts towards reconstruction after the Great East Japan Earthquake, Kubota supports the youth who will play a role in Tohoku's agricultural industry in the future. At Miyagi Agricultural High School and Fukushima Iwaki Agricultural High School, Kubota helps with practical rice farming using the approach of directly sowing iron-coated seeds.* Kubota hopes to contribute to the reconstruction of the disaster-affected areas and the development of strong human resources by imparting the latest cultivation technologies.

* Directly sowing iron-coated seeds: As opposed to the conventional method of growing rice from seedlings, this cultivation technology involves directly planting rice seeds coated with iron powder in the field.

The Great East Japan Earthquake 3

Special manufacturing classes for disaster-affected vocational high schools

Kubota holds special manufacturing classes at disaster-affected vocational high schools. In FY2017, the classes were held at Miyagi Agricultural High School and Miyagi Kesennuma Koyo High School. In the classes, which started in 2014, a total of 140 students have participated to date.

Highly experienced employees active on the frontlines of manufacturing, along with graduates of these schools who had joined Kubota, were dispatched as lecturers and provided practical lessons in engine assembly and work in general. It was an opportunity for the students to realize both the fun and difficulty of manufacturing.

Support for Areas Affected by the Kumamoto Earthquake 1

Introducing food products of Kumamoto at business sites

At various events (summer festival, etc.) held at its business sites, the Kubota Group sold the food products of Kumamoto to support the revitalization of the disaster-affected areas, and offered for tasting the brown rice bread made by Genkido, a Group company in Kumamoto (www.genkido-genmai.com/ (only in Japanese)).

Part of the sales of these products were donated to the areas, and they were sold well as souvenirs of the events.

A wide variety of Kumamoto products displayed

Brown rice bread by Genkido, offered for tasting

Support for Areas Affected by the Kumamoto Earthquake 2

Support for temporary housing residents

For people affected by the Kumamoto Earthquake and forced to live in temporary housing, Kubota held an event to distribute brown rice bread (explained above) in areas suffering particularly severe damage.

The event was held in three locations, attracting a total of 250 people. The sticky texture unique to brown rice paste bread was particularly appreciated by visitors, and Genmaina-chan, the original character of the brown rice paste business, who came to help the event, also proved very popular.

Explaining about brown rice bread

Genmaina-chan came to help the event.

Support for Tohoku and Kumamoto—Utilizing local produce of these areas at Kubota offices

Under the concept of “supporting disaster-affected areas through eating and drinking,” Kubota obtains local produce from disaster-affected areas it has relations with as part of its reconstruction support; the produce is then used to make various dishes at company events and in the communication spaces at the Head Office and Tokyo Head Office.

Kubota Group's products playing a part in reconstruction support

Various Kubota Group products are being used in the restoration, recovery and community development of disaster-stricken areas. Examples include the restoration of water supply and sewage lines, the construction of pipelines and the treatment of effluent for temporary housing, and the restoration of agricultural water.


Ductile iron pipe (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines)


Plastic pipes (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines)


Pumps (used for emergency drainage as a countermeasure for flooding caused by heavy rainfall and high tides)


Valves (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines, by controlling liquids and gases)


Water treatment plant (used to purify waste water, including residential and industrial sewage)


Wastewater treatment tanks (used to process wastewater from temporary housing in regions with insufficient sewage lines)


Spiral welded steel pipes (used as foundation piles in a variety of structures, such as bridge foundations, ports, rivers, and building foundations)


Construction machinery (used for removing debris and various civil engineering work)


Truck scales (used to weigh truck cargo, such as debris)


Manhole pumps (for pneumatic transportation of sewage)

Response to disasters
www.kubota.co.jp/message/

Response to Asbestos Issues

Kubota takes very seriously the fact that some residents living in proximity of the former Kanzaki Plant and employees working at the plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

For details please see: www.kubota.co.jp/kanren/index.html (Only in Japanese)

Regarding the residents living nearby, without particular regard for individual cause-and-effect relationships, Kubota established the Regulations for Payment of Relief Funds to Sufferers of Asbestos-related Diseases and their Families Living in Proximity of the Former Kanzaki Plant. This is in addition to the Act on Asbestos Health Damage Relief, which was enacted by the Japanese government and provides relief funds in order to alleviate, even marginally, the hardship and mental burden of the people receiving treatment and their families.

<SDGs related to this section>

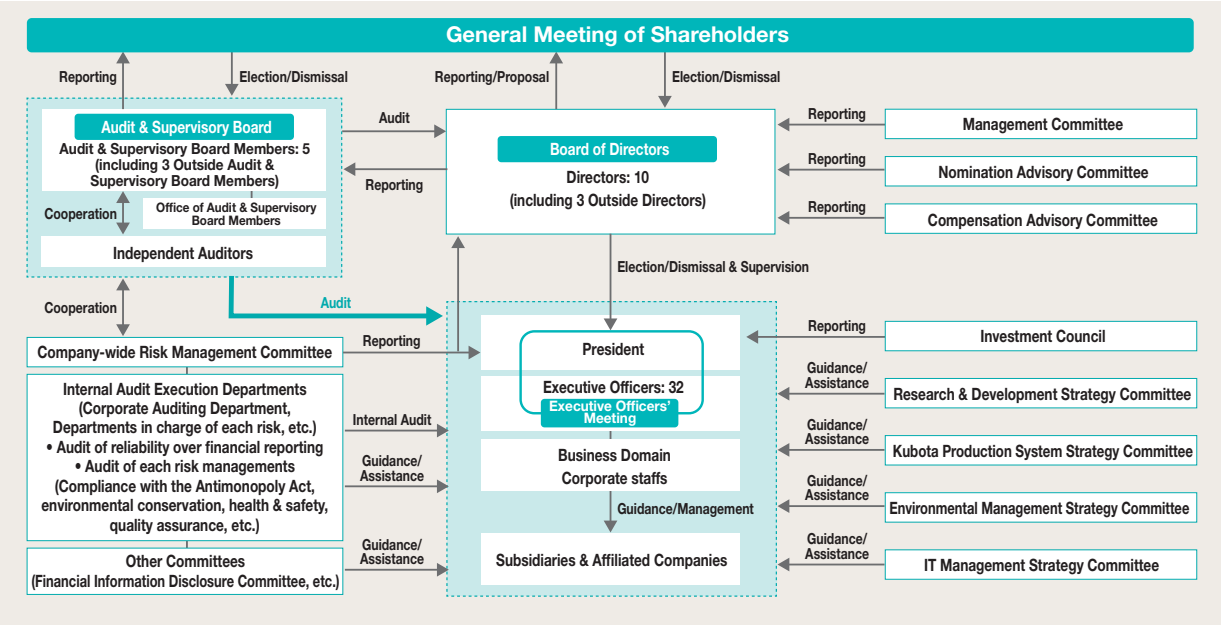
Corporate Governance

In order to speed up its response to management conditions and achieve enhanced transparency in its management, Kubota has been committed to enhancing its corporate governance structure. Moreover, by building an internal control system and implementing steady improvements continuously during its business activities, Kubota not only enforces the observance of laws and regulations, but also reduces risks.

Corporate Governance Structure

Ensuring quick response to management conditions and improving management transparency

In order to speed up its response to management conditions and achieve enhanced transparency in its management, Kubota has adopted the following corporate governance structure.



Board of Directors

The Board of Directors makes company-wide strategic decisions and oversees the execution of duties by the Executive Officers. It consists of 10 Directors (3 of whom are the Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required to discuss and make decisions relating to management planning, financial planning, investment, business restructuring and other important management issues.

The Board of Directors holds a meeting once a year to report the results of risk management activities. This is done in order to verify that there are no inadequacies in the internal control system that could have a serious impact on corporate management with regards to the organization and operation of the management system for key risks identified by the Company.

Audit & Supervisory Board

Kubota is a company with an Audit & Supervisory Board, which oversees and audits the execution of duties by the Directors. It consists of 5 Audit & Supervisory Board Members (3 of whom are the Outside Audit & Supervisory Board Members).

In addition to its regular monthly Audit & Supervisory Board Meetings, it also meets as and when required to discuss and make decisions with regard to auditing policy, audit reports, and other matters.

Executive Officers' Meeting

Kubota has adopted the Executive Officer System in order to strengthen business execution by each department and make prompt and appropriate business decisions. The Executive Officers' Meeting consists of the President and Representative Director (the "President") and 32 Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of their execution of duties.

Management Committee and Investment Council

Kubota has a Management Committee and Investment Council in place in order to discuss and make decisions in regard to specific and important issues. The Management Committee meets to deliberate on important management matters such as investments, loans, and mid-term management plans before they are discussed by the Board of Directors. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as special matters.

Nomination Advisory Committee and Compensation Advisory Committee

Kubota has a Nomination Advisory Committee and a Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

The Nomination Advisory Committee met once during the fiscal year for the purpose of discussing the nomination of new candidates for Directors and the reappointment of existing Directors. Meanwhile, the Compensation Advisory Committee met twice during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors and Executive Officers and the adequacy of the stock compensation plan adopted the previous year. (Including one resolution in writing.)

Policy for Appointing Outside Directors and Outside Audit & Supervisory Board Members

In selecting candidates for the positions of the Outside Directors and the Outside Audit & Supervisory Board Members, Kubota Corporation considers their experience outside Kubota Corporation, professional insights, and other qualifications, and recommends them to the General Meeting of Shareholders after approval by the Board of Directors.

Kubota elects those who have no possibility of a conflict of interest with ordinary shareholders by reference to the rules for Independent Executives defined by the Tokyo Stock Exchange (TSE).

Reasons for Appointing Outside Directors (Independent Executives)

Kubota elected Mr. Yuzuru Matsuda as an Outside Director since Kubota wishes to receive his advice about general management based on his adequate experience and considerable insight in management which he acquired through his duties as a president of a listed company for a long time. Kubota has no business relationship with Kyowa Hakko Kirin Co., Ltd., for which Mr. Matsuda used to serve for, and Kato Memorial Bioscience Foundation, BANDAI Namco Holdings, Inc., and JSR Corporation for which Mr. Matsuda concurrently serves for. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota elected Mr. Koichi Ina as an Outside Director since Kubota wishes to receive his advice about general management based on his adequate and considerable insight into management which he acquired through his experience as a president, chairman, and plant and manufacturing manager in a vehicle manufacturer. Kubota has no business relationship with Toyota Motor Corporation, for which Mr. Ina used to serve as a director and adviser. Kubota has a business relationship with Daihatsu Motor Co., Ltd., for which Mr. Ina concurrently serves for adviser, but the amount arising from the above transactions for the year ended December 31, 2017 was less than 1% of total consolidated revenues of the Company. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there appears to be no conflict of interest with ordinary shareholders.

Kubota elected Mr. Yutaro Shintaku as an Outside Director since Kubota wishes to receive his advice about general management based on his experience and achievements in actively promoting global strategies as the top management of a medical device manufacturer. Kubota has no business relationship with Terumo Corporation, Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., and Tonen International Scholarship Foundation, which he used to serve for. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him and there is no possibility for a conflict of interest with ordinary shareholders.

Reasons for Appointing Outside Audit & Supervisory Board Members (Independent Executives)

Kubota elected Mr. Akira Morita as an Outside Audit & Supervisory Board member since Kubota wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a jurist. Kubota Corporation has no business relationship with Doshisha University and Miyake & Partners Law Firm, which Mr. Morita concurrently serves for. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota elected Mr. Teruo Suzuki as an Outside Audit & Supervisory Board Member since Kubota wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a Certified Public Accountant (CPA) in corporate accounting and finance. Kubota has no business relationship with KPMG AZSA LLC, for which Mr. Suzuki initially started his career as a CPA, and Seven-Eleven Japan Co., Ltd., for which Mr. Suzuki concurrently serves as an adviser. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there seem to be no conflict of interest with ordinary shareholders.

Kubota elected Mr. Masaki Fujiwara as an Outside Audit & Supervisory Board Member because of his adequate knowledge concerning management and accounting, which he has acquired through serving as a manager in charge of management and accounting at Panasonic Corporation and its affiliated companies, as well as his global perspective fostered through his long experience of working overseas. Thus Kubota expects that he will help Kubota further enhance and globalize its auditing. Kubota has a business relationship with Panasonic Corporation, which he used to serve for, but the amount arising from the above transactions for the year ended December 31, 2017 was less than 1% of the total consolidated revenues of the Company. Kubota has no business relationship with Sansha Electric Manufacturing Co., Ltd. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him and there is no possibility for a conflict of interest with ordinary shareholders.

Attendance rate of Outside Executives (Jan.–Dec. 2017)

Attendance rate of Outside Directors at Board of Directors' meetings	Yuzuru Matsuda 100%	Koichi Ina 100%
Attendance rate of Outside Audit & Supervisory Board Members at Audit & Supervisory Board meetings	Akira Morita 100%	Teruo Suzuki 100%

System supporting Audit & Supervisory Board Members

Office of Audit & Supervisory Board Members is staffed with 5 employees to support auditing by the Audit & Supervisory Board Members. Relocation, evaluation, etc. of these staff members requires consultation with the Audit & Supervisory Board Members and acquisition of their agreement, thereby independence is ensured.

Moreover, Kubota assigns full-time Audit & Supervisory Board Members (4, as of April 2018) who are exclusively engaged in auditing of subsidiaries, thereby enhancing the system supporting the Audit & Supervisory Board Members and reinforcing the Group's internal control. Kubota has also established a system to facilitate the payment of expenses that arise in relation to the Audit & Supervisory Board Members' execution of their duties. Those employees' independence is ensured as the employees' appointment and evaluation require a discussion with and consent from the Audit & Supervisory Board Members.

Kubota Corporation has placed 4 members in the Office of Audit & Supervisory Board Members; the new members engage in audits exclusively for subsidiaries in order to provide support for the Kubota Corporation's Audit & Supervisory Board Members and improve internal control over the Kubota Group. Also, Kubota Corporation put in place a system where any expenses incurred related to execution of duties by the Audit & Supervisory Board Members are to be disbursed with no delay.

Internal audit departments and Independent Auditors of Kubota report audit plans and the results of audits to the Audit & Supervisory Board periodically, and as needed collaborate with each other.

Compensation of Director and Audit & Supervisory Board Members

At the Meetings of the Board of Directors, the basic remuneration for the Directors is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders after it has been deliberated on in the Compensation Advisory Committee, in consideration of the Company's operating results, compensation levels of other companies, and other factors.

In addition, the total amount of bonuses for the Directors is decided by the General Meeting of Shareholders. The amount of stock compensation is determined at the Meetings of the Board of Directors after being deliberated on in the Compensation Advisory Committee, within the limits established by the total amount of the monetary compensation claims and the total number of common shares to be issued or disposed of as approved at the General Meeting of Shareholders.

Furthermore, if the Director covered by the restricted stock compensation plan is a domestic non-resident because of the reasons such as playing the role of an overseas representative, the monetary compensation claims are temporarily suspended during the above period, in consideration of local laws and regulations. However once his/her role is over and he/she becomes a domestic resident, the suspended monetary compensation claims are granted to him/her.

The compensation for the Audit & Supervisory Board Members consists of basic remuneration only because of the roles they play and the need to preserve their independence and is determined upon consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amounts of compensation approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

Director and Auditor Remuneration (Jan.–Dec. 2017)

Position	Number of persons	Total amount of compensation (million yen)	Total amount by type (million yen)		
			Basic remuneration	Bonuses	Restricted stock compensation
Directors (excluding Outside Directors)	7	627	364	218	45
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	71	71	—	—
Outside Executives (Outside Directors and Outside Audit & Supervisory Board Members)	4	54	54	—	—

Training for Executives

Kubota holds annual executive forums related to CSR, human rights, health, and safety, the environment, quality, public relations and other topics, for all of its Directors, Audit & Supervisory Board Members and Executive Officers. In the fiscal year ended December 31, 2017, such forums were held on five occasions.

Visiting lectures were brought in, and those in attendance were provided with opportunities to acquire and update knowledge necessary for supervising operations.

During the period from January to December 2017, a total of 155 executives participated in the forums.

Kubota also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to lows and regulations, and corporate governance.

Moreover, Kubota conducts inspections and engages in companies, with on-site executives at its overseas subsidiaries and affiliated companies, and at the regional offices in Japan, so that those in attendance can gain a deeper understanding of the Group's businesses activities and make appropriate management decisions.

Themes of the forums for FY2017 and the attendance of executives

Date	Title of forum	Theme	No. of attending executives
Feb. 17, 2017	Human Rights Training	To create LGBT-friendly workplaces	30
July 18, 2017	Safety and Health Convention	Roles that each individual should play in fostering a safety-conscious corporate culture	28
Sep. 27, 2017	CSR Forum	The roles of management executives in preventing/ responding to corporate scandals	33
Nov. 27, 2017	Environment and Quality Forum	Konica Minolta's environmental management and quality management	31
Dec. 25, 2017	Public Relations Forum	Importance of public relations and risk communication	33

Policy for Constructive Dialogue with Shareholders

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

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

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors. Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

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

(3) Feedback to management

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

(4) Dialogue with institutional investors and analysts

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

(5) Dialogue with individual shareholders and investors

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

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

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

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

1. Financial Information Disclosure Committee

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

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

2. Company regulations for information disclosure

The Group has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has stipulated "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to promote awareness and ensure through efforts in regard to the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.

Information for investors
www.kubota.com/company/ir/

Directors, Audit & Supervisory Board Members and Executive Officers (as of March 28, 2018)

Directors

President and Representative Director
Masatoshi Kimata

Representative Director and Executive Vice President
Toshihiro Kubo

Director and Senior Managing Executive Officer
Shigeru Kimura

Kenshiro Ogawa

Yuichi Kitao

Masato Yoshikawa

Shinji Sasaki

Outside Director
Yuzuru Matsuda

Koichi Ina

Yutaro Shintaku

Audit & Supervisory Board Members

Toshikazu Fukuyama

Yasuhiko Hiyama

Akira Morita
(Outside Audit & Supervisory Board Member)

Teruo Suzuki
(Outside Audit & Supervisory Board Member)

Masaki Fujiwara
(Outside Audit & Supervisory Board Member)

Executive Officers

Managing Executive Officers
Kunio Suwa

Toshihiko Kurosawa

Yoshiyuki Fujita

Kaoru Hamada

Yasuo Nakata

Kazuhiro Kimura

Dai Watanabe

Haruyuki Yoshida

Takao Shomura

Yuji Tomiyama

Kazunari Shimokawa

Mutsuo Uchida

Nobuyuki Ishii

Executive Officers
Kazuhiro Shinabe

Ryuichi Minami

Yoshimitsu Ishibashi

Ryoji Kuroda

Eiji Yoshioka

Yasukazu Kamada

Muneji Okamoto

Hiroto Kimura

Katsuhiko Yukawa

Koichiro Kan

Hirohiko Arai

Tomohiro Iitsuka

Kazushi Ito

Directors

Koichi Ina | Shinji Sasaki | Yuichi Kitao | Shigeru Kimura | Masatoshi Kimata | Toshihiro Kubo | Kenshiro Ogawa | Masato Yoshikawa | Yuzuru Matsuda | Yutaro Shintaku

Internal Control

Internal Control System

The internal control system of the Kubota Group is a mechanism for clearly providing the rules that should be followed during the performance of business, and for checking whether or not business has been managed according to those rules. This system consists of the segments of business management, which entails the performance of business operations based on rules, and risk management, which entails the management of major risks in management.

In business management, basic matters necessary for operating businesses are determined in business rules, and each business division checks its daily business operations in accordance with the business rules. Business rules comprise of common business rules (basic rules) and functional business rules.

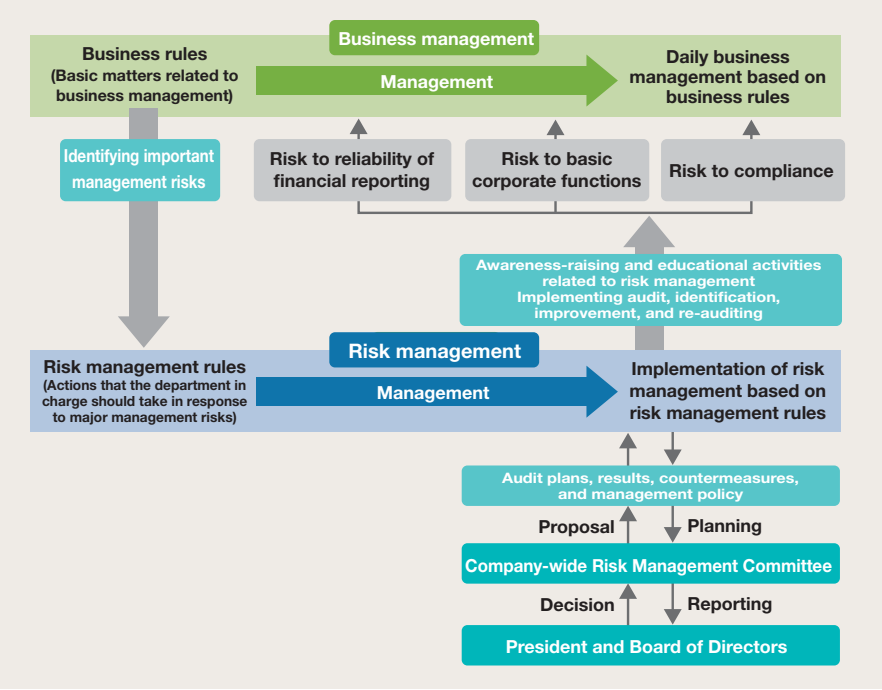
In risk management, operations that each department in charge of risk management should implement are determined in the risk management rules. Based on these rules, necessary actions to be promoted for risk management are identified and the departments are audited, thereby verifying the effectiveness of the risk management.

In the internal control system, major risks in Kubota's management are classified into the following three categories:

1. Internal control over reliability of financial reporting
2. Internal control over the basic functions of the company, such as fair trade, environmental conservation, and health and safety
3. Internal control over compliance, such as compliance with rules and regulations related to equipment, and import and export control

To avoid these risks, each department in charge implements necessary actions to be promoted and conducts audits of the relevant operational division, and reports the results and the measures for the next fiscal year to the President and the Board of Directors. Thus the PDCA cycle for risk management is implemented properly.

Internal Control System Overview



Internal Control System Operation Activities (Risk Management Activities)

Kubota positions risk management activities as part of its business activities. Based on the awareness that risk management is the foundation of business activities, Kubota identifies risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting, and exerts efforts to manage risks appropriately through continuous steady improvement to "immediately correct any inadequacies." At the same time, while accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

In FY2017, as part of Kubota's initiative continuing from FY2016 to enforce risk management, each business division determined the risks that seemed most critical under the current circumstances.

Number of Audits and Contents of Risk Management

Risk management items		Risk to be avoided	Number of audited items for FY2017[*1]
Internal control over reliability of financial reporting	Financial reporting	· Risk to reliability of financial reporting	3,502
Internal control over the basic functions of the company	Fair trade	· Bid-rigging and price cartels · Unfair trading concerning trading with distributors, etc. · Non-compliance with the Subcontract Act	133
	Environmental conservation	· Non-compliance with laws and regulations · Environmental accidents · Past environmental debt	10,308
	Health and Safety	· Occurrence of serious accidents · Occupational illnesses · Administrative disposition and litigations	2,132
	Quality assurance	· Occurrence of quality problems detrimental to the Kubota brand, etc.	337
	Labor management	· Breach of obligation on attention to safety of employees · Improper management of working conditions · Improper management of employees under irregular employment, and contract and temporary workers · Occurrence of overseas labor problems	4,768
	Information security	· Computer virus infection · Information leakage · Information system failure	1,357
	Intellectual property	· Infringement of other companies' intellectual property	716
Internal control over compliance	Compliance with rules and regulations related to equipment	· Non-compliance with laws and regulations of the Building Standards Act, the Fire Service Act, and the Industrial Safety and Health Act, etc. in connection with assets and facilities owned by Kubota	580
	Earthquake and other disaster response management	· Important managerial losses including danger to human lives due to earthquakes and other disasters, damage to equipment, and destruction of the information system	205
	Compliance with the Construction Business Act	· Non-compliance with the Construction Business Act	783
	Human rights advancement[*2]	· Occurrence of human rights violation issues	—
	Safe driving management	· Accidents arising from non-compliance with traffic laws and regulations and violating acts	139
	Prevention of illegal payments	· Trading with antisocial forces · Non-compliance with the Political Funds Control Act · Making inappropriate payments to overseas public servants	460
	Classified information management	· The outflow of classified information including plans for development and sale of new products	1,453
	Protection of personal information	· Leakage and loss of personal information related to customers, employees, etc. · Improper use of personal information	319
	Import and export control	· Non-compliance with laws and regulations related to importing and exporting, including the Customs Act, the Foreign Exchange and Foreign Trade Control Law, the Basel Convention, and laws related to chemical substances	155
	Compliance with laws and regulations related to logistics	· Non-compliance with the three major road laws, including the Road Traffic Act; and with the laws and regulations related to distribution, including the Labor Standards Act, etc.	638

*1 Number of audited items is a sum of the number of items audited in each of the divisions subject to audit.

*2 Activities for human rights advancement focused mainly on training, the release of information, and the follow-up of survey results.

Kubota Hotline (whistleblowing system)

As a framework to support risk management, Kubota operates a whistleblowing system. This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture.

[Types of contact points and matters handled]

- CSR Planning Department: Compliance issues other than human rights (anonymous reporting acceptable)
- Human Rights Advancement Department: Issues of human rights (anonymous reporting acceptable)
- Outside lawyers: Compliance in general including human rights issues

* Human Rights Advancement Consultation Office has been established at each company and business site so that people can more easily seek consultation.
* Starting from 2017, consultation by e-mail, in addition to telephone, is acceptable for outside lawyers.

[Available to]

Full-time, part-time and temporary employees of Kubota and its Group companies in Japan

* Each overseas location handles reporting individually and notifies the Kubota head office of any significant issues.
* Starting from 2017, all whistle-blowing cases in China are reported to the Kubota head office.

[Protection of informants]

The Whistle Blowing System Operation Rules clearly states:

- "the informer shall not be disadvantaged as a result of reporting an issue."
- "excluding cases necessarily requiring investigations and official reporting, the content of the reported issue, personal information obtained during investigations, and all other information shall not be used or disclosed."

[Activities to raise awareness of the system]

Various creative ways have been employed to alleviate unease about the system, which is often the result of a lack of understanding. The company newsletter and website provide information on:

- The number of reports received for each content category, and past cases (outline)
- The flow of processes for using the Hotline
- The objective of the system, protection of informants, handling of anonymity, etc.

[Number of cases reported (in Japan)]

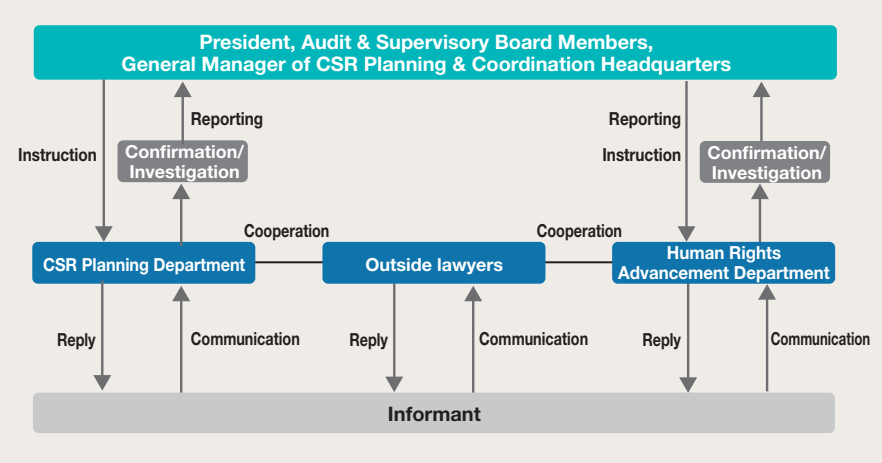
Jan.–Dec., 2015 37 cases
Jan.–Dec., 2016 30 cases
Jan.–Dec., 2017 52 cases

* Including enquiries and matters that were found not to be problematic as a result of investigation

[Other]

Moreover, the Kubota Group Employee CSR Awareness Survey, which is answered in anonymity, has a space to accept free comments, as an opportunity for employees to frankly give reports and opinions to the Company. Thus, Kubota strives to develop an open corporate culture.

Flowchart of Kubota Hotline



Securing reliability of financial reporting

Kubota has established and operates an internal control system in order to confirm the reliability of financial reporting for the entire Kubota Group, including its overseas subsidiaries.

Also to confirm the effectiveness of the system, the Corporate Auditing Department and the auditing divisions of the subsidiaries conduct regular internal audits.

Kubota has also created a system for evaluating the effectiveness of internal controls on a Group consolidated basis. This assessment is based on the results of the abovementioned auditing results, and conforms to the internal control reporting system related to financial reporting stipulated by the Finance Instruments and Exchange Act (J-SOX) and other ordinances.

Compliance with the Anti-Monopoly Act/Competition Law

The President declared in the management policy, “No sales or profits achieved by undermining the corporate dignity exist in the Kubota Group,” and emphasized that ensuring compliance is a major prerequisite for the Kubota Group’s business activities.

Education and enlightenment activities

Kubota continuously offers training programs on the Anti-Monopoly Act/Competition Law at its business divisions as well as its Group companies both in Japan and overseas, for enlightenment and awareness-raising to ensure compliance. Legal training programs, which cover a broad range of legal matters including competition laws, are also provided for employees who are to be dispatched to overseas Group companies as managers.

Auditing and risk management surveys

Kubota continuously conducts audits under the Anti-Monopoly Act, including on-site inspection, targeting Kubota Corporation and its Group companies in Japan. For overseas Group companies, Kubota conducts written audits, on-site interviews, and opinion exchange meetings, through which it determines the status of risk management.

Maintaining and expanding the consultation system

Kubota shares information with the relevant business departments and Group companies on matters related to business activities of Kubota and its Group companies that require examination under the Anti-Monopoly Act, and implements necessary measures including facilitating advance consultation with external experts, such as lawyers, and consulting the Fair Trade Commission.

Compliance with the Act against Delay in Payment to Subcontractors

Kubota conducts written surveys targeting each of its business divisions and Group companies in Japan on a periodic basis. This fiscal year, Kubota also conducted on-site surveys. Kubota also offers training programs to promote understanding of the Act against Delay in Payment to Subcontractors at each business site and Group company and holds consultancy sessions concerning practical operations, such as ordering, related to the Subcontractors Act, thereby developing voluntary risk management systems.

Information management

Kubota is aware that the appropriate protection and management of personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

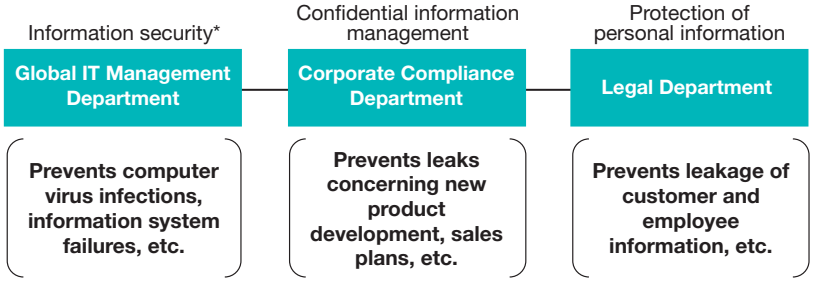
Depending on the type of information, Kubota appoints main divisions to conduct ongoing activities such as revising rules, auditing and awareness-raising at their respective locations. These activities are also conducted at overseas bases. When necessary, these divisions cooperate with each other in risk management.

In FY2018, with a view to becoming able to promptly respond to information security-related incidents/accidents caused by cyber attacks, etc., which have become increasingly complex and sophisticated, Kubota reorganized its emergency contact list and response procedures. The Company also set up Kubota-CSIRT, an organization for managing computer security-related accidents/incidents.

Kubota joined the Nippon CSIRT Association, an organization established to facilitate information sharing and cooperation between CSIRTs, in February 2018.

By sharing information and cooperating with other CSIRTs through activities of the Nippon CSIRT Association, Kubota will further enhance its initiatives to prevent information security-related accidents/incidents, respond promptly if they occur, and minimize damage.

Information management system



* Initiatives to ensure information security

To enhance security for personal information and other information assets of the customers, Kubota promotes on a company-wide basis the implementation of the initiatives below:

(1) Establishing the Group-wide information security policy, continuously developing various regulations and guidelines, and monitoring the status of compliance therewith

(2) Assigning personnel in charge of promoting information security (IT Manager) at each workplace, and implementing Group-wide measures based on the policies formulated by the department in charge

(3) Introducing to all PCs an automatic monitoring program to constantly monitor the status of various security protection measures, such as anti-virus systems. Overseas, taking into consideration each local situation and improving information security in cooperation with the IT managers of each local site.

(4) Providing IT managers and sub-managers with education and enlightenment programs on a periodic basis. For Group employees, also providing e-learning courses on personal information protection and information security, with the aim of raising understanding of the information security matters that each employee should observe.

Information security structure

Prevention of illegal payments

Among illegal payments, Kubota has placed particular focus on preventing bribery, and formulated the Kubota Group Anti-Bribery Policy, which delivers to all officers and employees a clear message from its top management that bribery will not be tolerated under any circumstances.

In response to this message, Kubota has employed the risk-based approach, in which risk assessment is conducted in advance to determine the departments, markets, or business forms that are exposed to high risk, and prioritized risk management activities are conducted to tackle them. With this approach, Kubota aims to develop and operate effective programs. In FY2017, Kubota conducted written surveys at 81 departments/companies in Japan and 38 overseas bases as a part of its risk assessment.

Furthermore, Kubota has established the Prevention of Illegal Payments Committee to investigate whether preventative frameworks are in place and sufficiently functioning in accordance with the Rules for Preventing Illegal Payments, as well as whether or not there have been any illegal payments.

As an effort to educate directors and employees on prevention of bribery, the Company repeatedly and continuously holds training sessions using the Kubota Group Handbook for Anti-Bribery. At these training sessions, the latest information is provided on laws and regulations related to preventing bribery as well as appropriate responses to bribery risks.

The Kubota Group Handbook for Anti-Bribery contains the globally common contents, and has been prepared in Japanese, English, Chinese (simplified and traditional), Indonesian, Filipino, Korean, and Vietnamese.

In addition to these, Kubota is preparing a handbook for each country, which contains more detailed information on the points to be noted and actions to be taken in the respective country or region. At present, handbooks for the People's Republic of China, South Korea, Indonesia, Myanmar and the Philippines have been formulated, with which training sessions by local lawyers have been provided at 14 Kubota Group companies located in those countries. The handbook for Vietnam is now being prepared in cooperation with local law firms.

The policies for these risk management activities and the results of the activities are periodically reported to the President, the Board of Directors, and the Audits & Supervisory Board through the Company-wide Risk Management Committee, composed mainly of Directors, and based on their feedbacks, the contents of activities are occasionally revised, thereby improving the level of the activities.

Anti-bribery training session in South Korea

The Kubota Group Anti-Bribery Policy (excerpt)

As specified in the Kubota Group Charter for Action, we commit ourselves to "conducting corporate activities based on compliance with legal regulations and ethical principles." As such, the Kubota Group never allows any business based on unfair practices such as bribery. The Group also strictly prohibits all of its companies, officers and employees from being involved in bribery.

President, Kubota Corporation

Kubota Group Charter for Action & Code of Conduct

All the employees working for the Kubota Group, including those overseas, are required at the time of joining the Group to submit a written pledge that they will comply with the Kubota Group Charter for Action & Code of Conduct, and the corporate philosophy, the Kubota Global Identity.

See here for details on the Kubota Group Charter for Action & Code of Conduct
www.kubota.com/company/csr/policy/conduct/

Various tools for education and awareness-raising are prepared with the aim of fostering a mindset based on compliance and the corporate philosophy.

Kubota Group Charter for Action & Code of Conduct (items)

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

Tools for awareness-raising

Code of Conduct Guidebook

A guidebook describing the Kubota Group Charter for Action and Code of Conduct in a straightforward way using illustrations and explanations. It is provided as a booklet to new employees and is also featured on the company Intranet.

Compliance Support Courier

A document that uses illustrations and Q&As to encourage employees to think about common compliance issues. Distributed monthly by e-mail.

Let's Keep Learning about CSR

A cartoon that introduces common compliance and CSR issues. Featured in the company newsletter every other month.

Kubota's Spirit, Carrying on to the Future

Two plants celebrate their 100th anniversaries in 2017.

Our products should not only be technically excellent, but also useful for the good of society.

——— Founder, Gonshiro Kubota

100 years so far

August 2017 marks the 100th anniversaries of the following two plants.
We sincerely express deep gratitude for the patronage and support of all our stakeholders, including our customers, business partners, and local residents, enabling us to conduct business activities over a long period of time since the establishment of these plants.

Two Plants Celebrating Their 100th Anniversaries

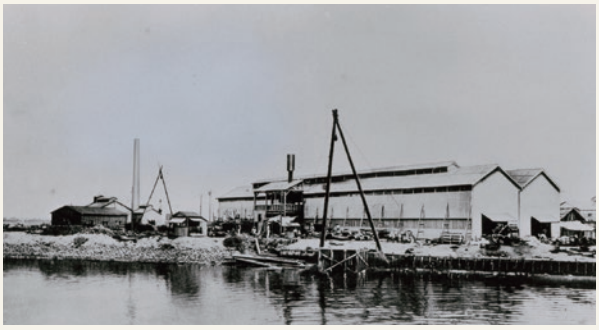
■Hanshin Plant, Amagasaki Site

Established as a production site for cast iron pipes; currently manufacturing rolling-mill rolls and ductile fittings

Hanshin Plant Amagasaki Office in the early days

■Okajima Business Center

Since its foundation, has continuously developed innovative casting technologies and manufactured cast iron products that serve as the base for various industrial fields.



Okajima Business Center in the early days

Production sites today

To become a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers

——— President and Representative Director, Masatoshi Kimata

100 years from now on

Toward the realization of a GMB (Global Major Brand), Kubota will continue its efforts in solving problems in the areas of food, water and the environment through its products, technologies and services that satisfy the needs of the times, thereby contributing to the development of a sustainable society.

Recently Established Kubota Sites

China
Production site (agricultural machinery)

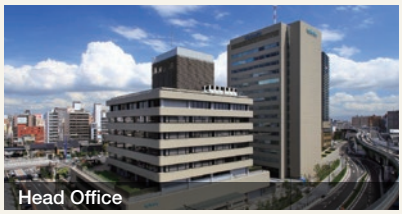
Japan
R&D building at Sakai Plant
(agricultural machinery, construction machinery)

Thailand
R&D site (agricultural machinery)

France
Production site (agricultural machinery)

United States
R&D site (water and environment fields)

Japan
General Building at Hirakata Plant
(*under construction)



Head Office

Corporate Data (as of December 31, 2017)

Corporate name: Kubota Corporation

Head Office: 1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka

Established: 1890

Capital: ¥84.1 billion

Total number of shares issued: 1,234,024,216

Number of shareholders: 37,855

Revenues (consolidated): ¥1,751.5 billion

Employees (consolidated): 39,410

KUBOTA Group

List of Offices, Factories, Plants, and Business Centers
(As of April 30, 2018)

Head Offices

Head Office	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2111 Click to View a Map Click to Display a Map for Printing out (PDF)
Hanshin Office	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-5100 Click to View a Map
Tokyo Head Office	Kyobashi Trust Tower, 2-1-3 Kyobashi, Chuo-ku, Tokyo, 104-8307, Japan TEL. (81)-3-3245-3111 Click to View a Map Click to Display a Map for Printing out (PDF)

Regional Offices & Branch Offices

Hokkaido Regional Office	Hulic Sapporo Bldg. 6F, 3-1-44 Kita-sanjo-nishi, Chuo-ku, Sapporo, 060-0003, Japan TEL. (81)-11-214-3111 Click to View a Map
Tohoku Regional Office	Sendai Daiichi Seimei Tower Bldg. 20F, 4-6-1 Ichiban-cho, Aoba-ku, Sendai, 980-0811, Japan TEL. (81)-22-267-9000 Click to View a Map
Chubu Regional Office	Daitokai Bldg., 3-22-8 Mei-eki, Nakamura-ku, Nagoya, 450-0002, Japan TEL. (81)-52-564-5111 Click to View a Map
Chugoku Shikoku Regional Office	Meiji Yasuda Seimei Hiroshima Bldg., 4-25 Fukuro-machi, Naka-ku, Hiroshima, 730-0036, Japan TEL. (81)-82-546-0450 Click to View a Map
Kyusyu Regional Office	Sumitomo Seimei Hakata Bldg., 3-2-8 Hakata Eki-mae, Hakata-ku, Fukuoka, 812-0011, Japan TEL. (81)-92-473-2401 Click to View a Map
Yokohama Branch	Sumitomo Seimei Yokohama Kannai Bldg., 1-6 Onoe-cho, Naka-ku, Yokohama, 231-0015, Japan TEL. (81)-45-681-6014 Click to View a Map

Sales Offices

Wakayama Sales Office	Wakayama Daido Seimei Bldg. 7F, 22 Itaya-machi, Wakayama, 640-8044, Japan TEL. (81)-73-402-5020 Click to View a Map
Shikoku Sales Office	Asahi Seimei Bldg., 2-1 Kamei-cho, Takamatsu, 760-0050, Japan TEL. (81)-87-836-3900 Click to View a Map
Kumamoto Sales Office	846-1 Mainoe, Tomiai-machi, Minami-ku, Kumamoto-shi, Kumamoto, 861-4147, Japan TEL. (81)-96-357-8100 / (81)-96-357-8101 Click to View a Map
Okinawa Sales Office	Daido Seimei Naha Bldg., 3-1-15 Maejima, Naha-shi, Okinawa, 900-0016, Japan TEL. (81)-98-868-1110 Click to View a Map
Yamaguchi Sales Office	1-4 Nogami-cho, Shunan-shi, Yamaguchi, 745-0042, Japan TEL. (81)-834-27-5405 Click to View a Map

Factories, Plants and Business Centers

Hanshin Plant (Mukogawa)	2-26 Ohama-cho, Amagasaki-shi, Hyogo, 660-0095, Japan TEL. (81)-6-6415-2111 Click to View a Map
Hanshin Plant (Amagasaki)	64 Nishi-mukojima-cho, Amagasaki-shi, Hyogo, 660-0857, Japan TEL. (81)-6-6411-1141 Click to View a Map
Keiyo Plant	2-16-1 Sakae-cho, Funabashi-shi, Chiba, 273-0018, Japan TEL. (81)-47-431-6111 Click to View a Map
Ichikawa Plant	4 Koya-shin-machi, Ichikawa-shi, Chiba, 272-0011, Japan TEL. (81)-473-28-0171 Click to View a Map

Shiga Plant	2-1 Takamatsu-cho, Konan-shi, Shiga, 520-3211, Japan TEL. (81)-748-75-2150 Click to View a Map
Okajima Business Center	7-1-22 Minami-okajima, Taisho-ku, Osaka, 551-0021, Japan TEL. (81)-6-6552-1181 Click to View a Map
Sakai Plant	64 Ishizu-kitamachi, Sakai-shi, Osaka, 590-0823, Japan TEL. (81)-72-241-1121 Click to View a Map
Utsunomiya Plant	22-2 Hiraide-kogyo-danchi, Utsunomiya-shi, Tochigi, 321-0905, Japan TEL. (81)-28-661-1111 Click to View a Map
Tsukuba Plant	10 Sakano-Shinden, Tsukuba-Mirai-shi, Ibaraki, 300-2402, Japan TEL. (81)-297-52-5112 Click to View a Map
Hirakata Plant	1-1-1 Nakamiya Oike, Hirakata-shi, Osaka 573-8573, Japan TEL. (81)-72-840-1121 Click to View a Map
Sakai Rinkai Plant	3-8 Chikko-shinmachi, Nishi-ku, Sakai-shi, Osaka, 592-8331, Japan TEL. (81)-72-247-1121 Click to View a Map
Kyuhoji Business Center	2-35 Jinmu-cho, Yao-shi, Osaka, 581-8686, Japan TEL. (81)-72-993-1881 Click to View a Map

KUBOTA Group

Main Affiliates (As of April 30, 2018)

Machinery Segment

Hokkaido KUBOTA Corporation	16-1-1 Nishi-machi-kita, Nishi-ku, Sapporo-shi, Hokkaido 063-0061, Japan TEL. (81)-11-661-2491 Visit Website
Michinoku KUBOTA Corporation	13-9 Higashi-miyanome, Hanamaki-shi, Iwate, 025-0003, Japan TEL. (81)-198-23-5321 Visit Website
Akita KUBOTA Corporation	295-38 Terauchi Aza Kamiyashiki, Akita-shi, Akita, 011-0901, Japan TEL. (81)-18-845-2121 Visit Website
Minamitohoku KUBOTA Corporation	182-1 Tako Aza Hara, Natori-shi, Miyagi, 981-1221, Japan TEL. (81)-22-384-0678 Visit Website
Kantokoushin KUBOTA Corporation	5-2-36 Nishibori, Sakura-ku, Saitama-shi, Saitama, 338-0832, Japan TEL. (81)-48-767-3521 Visit Website
Gunma KUBOTA Corporation	1518 Koyagi-machi, Takasaki-shi, Gunma, 370-0071, Japan TEL. (81)-27-361-3391 Visit Website
Niigata KUBOTA Corporation	331 Toyano, Chuo-ku, Niigata-shi, Niigata, 950-0951, Japan TEL. (81)-25-283-0111 Visit Website
Hokurikukinki KUBOTA Corporation	956-1 Shimo-kashiwano-machi, Hakusan-shi, Ishikawa, 924-0038, Japan TEL. (81)-76-275-9555 Visit Website
Tokaikinki KUBOTA Corporation	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6491-6633 Visit Website
Chushikoku KUBOTA Corporation	275 Shijikai, Higashi-ku, Okayama-shi, Okayama, 703-8216, Japan TEL. (81)-86-208-4111 Visit Website
Fukuokakyushu KUBOTA Corporation	1-11-36 Noma, Minami-ku, Fukuoka-shi, Fukuoka, 815-0041, Japan TEL. (81)-92-541-2031 (1F) / (81)-92-541-2032 (1F) / (81)-92-541-2033 (1F) Visit Website

Nakakyushu KUBOTA Corporation	789-1 Hikinomizu, Ozu-machi, Kikuchi-gun, Kumamoto, 869-1234, Japan TEL. (81)-96-293-1345 Visit Website
Minamikyushu Okinawa KUBOTA Corporation	973-1 Sakimori, Mizobe-cho, Kirishima-shi, Kagoshima, 899-6405, Japan TEL. (81)-995-58-4373 Visit Website
Kubota Credit Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3029 Main Business: Domestic retail financing of agricultural machinery and related products Visit Website
Kubota Seiki Co., Ltd.	4-15-5 Mokuzaidori, Mihara-ku, Sakai-shi, Osaka, 587-0042, Japan TEL. (81)-72-362-1621 Main Business: Manufacturing of agricultural machinery and manufacturing and sales of agricultural machinery components Visit Website
Kubota Agri Service Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3281 Main Business: Coordinating and conducting sales promotional activities, providing technical guidance, and designing, constructing, and managing agricultural facilities Visit Website
Kubota Engine Japan Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3638 Main Business: Sales of compact general-purpose engines and provision of services Visit Website
Kubota Machinery Design Corporation	64 Ishizu-kitamachi, Sakai-ku, Sakai-shi, Osaka, 590-0823, Japan TEL. (81)-72-241-1204 Main Business: Creating design drawings and conducting related business affairs Visit Website
Kubota Machinery Trading Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2439 Main Business: Importing and Exporting products and components for Kubota's Machinery Headquarters as well as other objects Visit Website
KUBOTA Construction Machinery Japan Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2120 Main Business: Sales of construction machinery and provision of technical services Visit Website
Kubota Keiso Co., Ltd.	5-2-36 Nishibori, Sakura-ku, Saitama-shi, Saitama, 338-0832, Japan TEL. (81)-48-762-7890 Main Business: Sales, installation, and repair of various measuring instruments and systems Visit Website
Kubota Air Conditioner., Ltd.	Kyobashi Trust Tower, 2-1-3 Kyobashi, Chuo-ku, Tokyo, 104-8307, Japan TEL. (81)-3-3245-3130 Main Business: Manufacturing and sales of various types of air-conditioning equipment Visit Website

Water & Environment Segment

Kubota ChemiX Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2375 Main Business: Manufacturing and sales of pipes and couplings in PVC and other polymers Visit Website
Kubota Construction Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-4396-2310 Main Business: Service water and sewage, civil engineering and construction contracting Visit Website
Nippon Plastic Industry Co., Ltd.	100-1 Aza-Nishida, Oaza-higashi-tanaka, Komaki-shi, Aichi, 485-0826, Japan TEL. (81)-568-72-2011 (main switchboard number) Main Business: Manufacturing and sales of vinyl pipes and various types of sheets Visit Website
Kubota Pipe Tech Co.	2-26 Ohama-cho, Amagasaki-shi, Hyogo, 660-0095, Japan TEL. (81)-6-6415-2078 Main Business: Designing business plans related to water services, carrying out construction work, providing training on pipe laying skills, and offering various types of technical services Visit Website
Kansouken Inc.	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-6300 Main Business: Pipe network analysis, pipeline management, sale of CAD simulation systems, examination of facilities related to water services, and provision of consultation. Visit Website
K.P.S. Co., Ltd.	4-10-13 Hakata Eki-mae, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0011, Japan TEL. (81)-92-474-7723 Main Business: Sales of cast iron pipes, various other pipes, pumps, valves, and related products Visit Website
Kubota Pipe Northern Japan CORPORATION	2-7-1 Nanajo, Kikusui, Shiroishi-ku, Sapporo-shi, 003-0807, Japan TEL. (81)-11-817-6311 Main Business: Selling various types of pipes, valves, and other related products; designing, constructing, and selling special fittings Visit Website
Kubota Environmental Service Co., Ltd.	Kyobashi Trust Tower. 18F, 2-1-3 Kyobashi, Chuo-ku, Tokyo, 104-8307, Japan TEL. (81)-3-6281-9910 Main Business: 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. Visit Website
Kubota Membrane Co., Ltd.	2-35 Jinmu-cho, Yao-shi, Osaka, 581-8686, Japan TEL. (81)-72-928-9111 Main Business: Manufacturing and sales of submerged membrane units and cartridges as well as provision of maintenance and technical guidance Visit Website

Kubota Water Treatment Plant (Johkasou) System Co., Ltd.	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-5301 Main Business: Selling wastewater treatment plants such as “Johkasou” systems as well as residential equipment and also undertaking design, construction, and maintenance works. Visit Website
Kubota Kikou Co., Ltd.	1-1-1 Nakamiya Oike, Hirakata-shi, Osaka, 573-8573, Japan TEL. (81)-72-840-5727 Main Business: Construction work to install pumps and provision of repair and maintenance services. Visit Website
KUBOTA KASUI Corporation	Bright East Shibaura, 3-18-21 Kaigan, Minato-ku, Tokyo, 108-0022 TEL. (81)-3-5419-6030 Main Business: Environmental engineering related to treatment of industrial wastewater and waste gases, repair and remodeling work, maintenance management, chemical and other sales Visit Website

Housing & Construction Segment

KMEW Co., Ltd.	Crystal Tower 1-2-27 Shiromi, Chuo-ku, Osaka, 540-6013, Japan TEL. (81)-6-6945-8081 Main Business: Manufacturing and sales of roofing and siding materials Visit Website
FUMOTO SANGYO Co., Ltd.	2-9-10 Sakuragawa, Naniwa-ku, Osaka, 556-0022, Japan TEL. (81)-6-6561-2561 Main Business: Sales and provision of construction work on building material, home appliance, industrial machinery, etc. Visit Website

Electronics & Information Related Segment

KUBOTA Systems Inc.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3111 Main Business: Designing information systems, developing software, providing business process outsourcing services, and selling equipment Visit Website

Service Segment

KBS Kubota Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6647-7811 Main Business: Warehousing & storage and transportation of products Visit Website
Kubota Eight Service Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3025 Main Business: Providing copying, bookbinding, and printing services; selling office automation equipment and other goods; and offering travel agency services Visit Website
Heiwa Kanzai CO., LTD	Hulic Kyobashi East Bldg. 4-2-2 Hatchobori, Chuo-ku, Tokyo, 104-0032 TEL. (81)-3-3552-7201 Main Business: Comprehensive management of buildings and security services Visit Website
Kubota General Insurance Service Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3721 Main Business: Providing general insurance agency services, insurance agency services in accordance with the Automobile Liability Security Act, and selling life insurance Visit Website
Kubota Education Center Corporation	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-5960 Main Business: Providing educational training in business expertise and technical skills Visit Website
Kubota Staff Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3871 Main Business: Temporary staffing, business affairs agency, and fee-charging employment agency services Visit Website
Kubota Works Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2605 Special subsidiary company aiming to increase employment of the physically challenged Main Business: Copying and printing, cleaning, sorting and forwarding mail services Visit Website
Kubota Sun-Vege Farm Co., Ltd.	101 Shiraki, Kanan-cho, Minami-kawachi-gun, Osaka, 585-0014 TEL. (81)-721-55-3001 Special subsidiary company aiming to increase employment of the physically challenged Main Business: Producing and selling vegetables by making use of unused agricultural land (Growing varieties of lettuce, salad greens, Japanese mustard greens, Japanese-green, i.e., glebionis coronaria, etc. using hydroponics) Visit Website

KUBOTA Group

Overseas Offices & Group Companies (As of April 30, 2018)

Overseas Offices

Beijing Office	Room 1116, Bei Jing Fang Tang 1F, Hou Sha Yu Zhen Yu Min Da Jie 3 Hao Yuan 1 Dong, Shun Yi District, Beijing, 101318, China TEL.(86)-10-8498-9771 / (86)-10-8498-9772 FAX.(86)-10-8498-9773
Yangon Branch	No.105(B), 2nd floor, Hnin Si Kone Street, Ahlone Township, Yangon Region, The Republic of the Union of Myanmar. TEL./FAX.(95)-1-231-5752
Malaysia Branch	Unit 1306, Level 13, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor, Malaysia TEL.(60)-3-7954-2334 FAX.(60)-3-7954-1335
Dubai Branch	No.LB180508, Jafza View 18, Jebel Ali Free Zone, P.O.Box17440, Dubai, UAE Dubai, UAE TEL.(971)-4-885-7033 FAX.(971)-4-885-7032

Group Companies

North America

Kubota Tractor Corporation	1000 Kubota Drive, Grapevine, TX 76051, U.S.A. TEL.(1)-817-756-1171 Main Business: Sales of tractors, construction machinery, and mowers and UVs* Visit Website
Kubota Credit Corporation U.S.A.	1000 Kubota Drive, Grapevine, TX 76051, U.S.A. TEL.(1)-817-756-1171 Main Business: Retail financing and sales contracts Visit Website
Kubota Manufacturing of America Corporation	Gainesville Industrial Park North, 2715 Ramsey Road, Gainesville, Georgia 30501, U.S.A. TEL.(1)-770-532-0038 FAX.(1)-770-532-9057 Main Business: Development and manufacturing of small-sized tractors, mowers, UVs* and tractor implements Visit Website

Kubota Industrial Equipment Corporation	1001 McClure Industrial Drive, Jefferson, Georgia 30549, U.S.A. TEL.(1)-706-387-1000 FAX.(1)-706-387-1300 Main Business: Development and manufacturing of tractors and implements
Great Plains Manufacturing, Inc.	1525 E. North St, Salina, KS 67401, U.S.A. TEL.(1)-785-823-3276 FAX.(1)-785-822-5619 Main Business: Development, manufacturing, and sales of tractor operating implements and construction machinery accessories Visit Website
Kubota Engine America Corporation	505 Schelter Road, Lincolnshire, Illinois 60069, U.S.A. TEL.(1)-847-955-2500 FAX.(1)-847-955-2501 Main Business: Sales of engines and generators Visit Website
Kubota Insurance Corporation	500 Ala Moana Blvd.,Suite 420 Honolulu,Hawaii 96813, U.S.A. TEL.(1)-808-544-3938 FAX.(1)-808-545-2534 Main Business: Underwriting non-life insurance
Kubota Tractor Acceptance Corporation	3401 Del Amo Blvd., Torrance, California 90503, U.S.A. TEL.(1)-310-370-3370 FAX.(1)-310-406-3650 Main Business: Business of insurance agencies in the United States
Kubota Membrane U.S.A. Corporation	11807 North Creek Parkway S. Suite B-109 Bothell, Washington 98011, U.S.A. TEL.(1)-425-898-2858 FAX.(1)-425-898-2853 Main Business: Sales of submerged membranes Visit Website
Kubota Canada Ltd.	5900 14th Avenue, Markham, Ontario L3S 4K4, Canada TEL.(1)-905-294-6535 FAX.(1)-905-294-6651 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website
Kubota Materials Canada Corporation	25 Commerce Road, Orillia, Ontario L3V 6L6, Canada TEL.(1)-705-325-2781 FAX.(1)-705-325-5887 Main Business: Manufacturing and sales of steel casting products, TXAX (brake pad materials) Visit Website

*UVs: Utility Vehicles

Latin America

Kubota Mexico S.A. de C.V.	Carretera San Martin de las Flores No.520 Int. 3-C Col. San Martin de las Flores, Tlaquepaque, Jalisco, Mexico CP 45620, Mexico TEL.(52)-33-3145-3341 Main Business: Sales of tractors
Kubota Brasil Pesquisa De Mercado Limitada	Avenida Paulista, 91, conjunto 1005, C. E. Paulista Tower, Bela Vista, Mercado Limitada. Cidade e Estado de Sao Paulo, Brazil TEL.(55)-11-3142-8953 Main Business: Marketing in Brazil

Asia & Oceania

Kubota Korea Co., Ltd.	11F, KAMCO Yangjae Tower, (Dogok-dong) 262, Gangnam-daero, Gangnam-gu, Seoul, 06265 Korea TEL.(82)-2-2058-1028　FAX.(82)-2-2058-1029 Main Business: Sales of tractors, combine harvesters, rice transplanters, and construction machinery Visit Website
Kubota China Holdings Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2027-2399　FAX.(86)-21-2027-2398 Main Business: Regional headquarters in China Visit Website
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.	77, Suhong East Road, Industrial Park, Suzhou, Jiangsu, 215026, China TEL.(86)-512-6716-3122　FAX.(86)-512-6716-3344 Main Business: Manufacturing and sales of tractors and other agricultural machinery Visit Website
Kubota Construction Machinery (Wuxi) Co., Ltd.	No.1 Xin You South Road, Wuxi New Dictrict, Wuxi Jiangsu, 214028, China TEL.(86)-510-8116-9505　FAX.(86)-510-8116-9510 Main Business: Manufacturing of construction machinery Visit Website
Kubota Engine (SHANGHAI) Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-6236-0606　FAX.(86)-21-6236-0637 Main Business: Sales of engines Visit Website
Kubota Engine (WUXI) Co., Ltd.	20, Xinhua Road, New District, Wuxi, Jiangsu, 214028, China TEL.(86)-510-8520-3800　FAX.(86)-510-8115-7008 Main Business: Manufacturing of vertical type diesel engines
Kubota Construction Machinery (SHANGHAI) Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-5879-4630　FAX.(86)-21-5879-4632 Main Business: Sales of construction machinery Visit Website
Kubota China Financial Leasing Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2027-8558　FAX.(86)-21-2027-8559 Main Business: Finance lease business for KUBOTA products
KUBOTA SANLIAN PUMP（ANHUI）CO., LTD.	He Xian County Economic Development Zone in Anhui Province, 238200, China TEL.(86)-555-5338018 Main Business: Manufacturing and sales of pumps Visit Website
Kubota Environmental Engineering (Shanghai) Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2027-2388　FAX.(86)-21-2027-2223 Main Business: Plant engineering and sales of equipment for the water treatment market
Kubota System & Information (CHINA) Co., Ltd.	#06, Nisheng Square 23F, Suzhou Avenue West #205, Suzhou Industrial Park, Jiangsu Province, P.R.China TEL.(86)-512-6762-0911　FAX.(86)-512-6762-0931 Main Business: Developing software for information systems and providing maintenance/operation services

Kubota Rice Industry（H.K.）Co., Ltd.	4F., Ever Gain Building, 21-23 Yuen Shun Circuit, Shatin, N.T., Hong Kong TEL.(852)-3184-0918　FAX.(852)-3184-0958 Main Business: Import, milling and sale of Japanese rice Visit Website
Shin Taiwan Agricultural Machinery Co., Ltd.	No.16 Fengping 2nd Road, Daliao District, Kaohsiung City 831, Taiwan TEL.(886)-7-702-2333　FAX.(886)-7-702-2303 Main Business: Sales of tractors, agricultural machinery, mowers, UVs*, construction machinery and agriculture-related products Visit Website
Kubota Philippines, Inc.	232 Quirino Highway Baesa, 1106 Quezon City, Metro Manila,Philippines TEL.(63)-2-422-3500　FAX.(63)-2-422-3504 Main Business: Sales of tractors, other agricultural machinery, and engines Visit Website
SIAM KUBOTA Corporation Co., Ltd.	101/19-24 Moo 20, Navanakorn Industrial Estate, Tambon Khlongnueng, Amphur Khlongluang, Pathumthani 12120, Thailand TEL.(66)-2-909-0300　FAX.(66)-2-909-1698 Main Business: Manufacturing and sales of tractors, combine harvesters, horizontal diesel engines and power tillers, and sales of construction machinery Visit Website
SIAM KUBOTA Metal Technology Co., Ltd.	359 Moo 3, Khao Hin Son, Phanom Sarakarm,Chachoengsao 24120,Thailand TEL.(66)-3885-5003　FAX.(66)-3885-5110 Main Business: Manufacturing of casting components for engines and tractors
KUBOTA Engine (Thailand) Co., Ltd.	360 Moo3, T.Khao Hin Son, Phanom Sarakarm, Chachoangsao 24120, Thailand TEL.(66)-38-855-136～143　FAX.(66)-3885-5144 Main Business: Manufacturing of vertical type diesel engines
KUBOTA Precision Machinery (Thailand) Co., Ltd.	219/24 Moo 6, Pinthong 3 Industrial Estate, Tambon Bowin, Amphur Sriracha, Chonburi 20230, Thailand TEL.(66)-38-110-136　FAX.(66)-38-110-140 Main Business: Manufacturing and sales of 3P cylinders and rotor valves for tractors and transmissions for utility vehicles
Siam KUBOTA Leasing Co., Ltd.	101/19-24, Navanakorn, Tambol Khlongnueng, Amphur Khlongluang, Pathumthani 12120, Thailand TEL.(66)-2-909-0300　FAX.(66)-2-520-3836 Main Business: Retail financing for tractors and combine harvesters, etc.
Kubota Procurement and Trading (Thailand)	700/199 Moo1, Amata Nakorn Industrial Estate, T.Bankao, A.Panthong, Chonburi 20160, Thailand TEL.(66)-38-468-791 Main Business: Procurement and supply of parts for the KUBOTA Group production bases
KUBOTA (Cambodia) Co., Ltd.	No.42, Street No 306, Sangkat Boeung Keng Keng 1, Khan Chamkarmorn, Phnom Penh, Cambodia TEL.(855)-23-971122 Main Business: Sales support of farm machinery, collecting market information and service
KUBOTA LAOS SOLE Co., Ltd.	No.384,Unit29,T4Rd.,Phontang Village, Saysettha District, Vientiane Capital, Lao PDR.P.O.Box8156 TEL.(856)-21-454-944 Main Business: Sales support of farm machinery, collecting market information and service

Kubota Vietnam Co., Ltd.	Lot B-3A2-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam TEL.(84)-650-357-7501　FAX.(84)-650-357-7503 Main Business: Manufacturing and sales of tractors and other agricultural machinery Visit Website
Sime Kubota Sdn. Bhd.	1, Jalan Puchong, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor Darul Ehsan, Malaysia TEL.(60)-3-8068-8558　FAX.(60)-3-8068-8555 Main Business: Sales of tractors and engines
Kubota Rice Industry（Singapore）PTE. Ltd.	1 Senoko Avenue #01-04, Singapore 758297 Main Business: Import, milling and sale of Japanese rice Visit Website
P.T. Kubota Indonesia	Taman Industri Bukit Semarang Baru(BSB) Blok D.1 Kav.8, Kel. Jatibarang - Kec.Mijen, Semarang, Indonesia TEL.(62)-24-7472849　FAX.(62)-24-7472865 Main Business: Manufacturing and sales of small diesel engines Visit Website
P.T. Kubota Machinery Indonesia	Gedung Tempo Scan Tower Lt. 32, JL. H.R.Rasuna Said Kav. 3-4 Kuningan Timur, Setiabudi, Jakarta Selatan DKI Jakarta 12950 TEL.(62)-21-2934-9399　FAX.(62)-21-2934-9301 Main Business: Sales of tractors, combine harvesters and rice transplanters Visit Website
Kubota Myanmar Co., Ltd.	Lot No. C27, Zone A, Thilawa Special Economic Zone, Yangon Region, Myanmar. Main Business: Sales of and after-sales services for tractors, combines, rice transplanters, cultivators, diesel engines and construction machinery
Kubota Agricultural Machinery India Pvt. Ltd.	No.15, Medavakkam Road, Sholinganallur, Chennai 600119, India TEL.(91)-44-6104-1500　FAX.(91)-44-6104-1600 Main Business: Sales of tractors and other agricultural machinery Visit Website
Kubota Saudi Arabia Company, LLC	P.O.Box 68638 Dammam 31537,Kingdom of Saudi Arabia TEL.(966)-13-8327209 Ext.222　FAX.(966)-13-8327201 Main Business: Manufacturing and sales of steel casting products Visit Website
Kubota Australia Pty. Ltd.	25-29 Permas Way, Truganina, Victoria 3029, Australia TEL.(61)-3-9394-4400　FAX.(61)-3-9394-4430 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website

*UVs: Utility Vehicles

Europe

Kubota Holdings Europe B.V.	Hoofdweg 1264, 2153 LR Nieuw-Vennep, the Netherlands Main Business: European Headquarters for Farm & Industrial Machinery business Visit Website
Kubota Europe S.A.S.	19-25, Rue Jules Vercruysse, Z.I., BP88 95101 Argenteuil Cedex, France TEL.(33)-1-3426-3434 FAX.(33)-1-3426-3499 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website
Kubota Farm Machinery Europe S.A.S	Route de Socx 59380 Bierne, France TEL.(33)-9-6442-0616 Main Business: Manufacturing of tractors
Kubota (Deutschland) GmbH	Senefelder Straβe 3-5, 63110 Rodgau/Nieder-Roden, Germany TEL.(49)-6106-873-0 FAX.(49)-6106-873-198 Main Business: Sales of tractors, engines, mowers and UVs* Visit Website
Kubota Baumaschinen GmbH	Steinhauser Straβe 100, 66482 Zweibrücken Rheinlandpfalz, Germany TEL.(49)-6332-4870 FAX.(49)-6332-487101 Main Business: Manufacturing and sales of construction machinery Visit Website
Kubota (U.K.) Ltd.	Dormer Road, Thame, Oxfordshire OX9 3UN, U.K. TEL.(44)-1844-214500 FAX.(44)-1844-216568 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website
Kubota Membrane Europe Ltd.	3F Horatio House, 77 Fulham Place Road, London, W6 8JA, U.K. TEL.(44)-20-8741-5262 FAX.(44)-20-8563-1616 Main Business: Sales of submerged membranes Visit Website
Kubota España S.A.	Avenida Recomba No.5, Poligno Industrial La Laguna, Leganes, 28914(Madrid), Spain TEL.(34)-91-508-6442 FAX.(34)-91-508-0522 Main Business: Sales of tractors, mowers and UVs* Visit Website
Kverneland AS	Plogfabrikkvegen 1, 4353 Klepp stasjon, Norway TEL.(47)-5142-9400 FAX.(47)-5142-9401 Main Business: Manufacturing and sales of tractor operating implements Visit Website
KUBOTA Turkey Makine Ticaret Limited Sirketi	Cumhuriyet Mahallesi, Yahya Kaptan Caddesi No: 3, Cayirova, 41420 Kocaeli, Turkey TEL.(90)-262-658-9045 FAX.(90)-262-658-9048 Main Business: Sales of tractors

*UVs: Utility Vehicles

Africa

Kubota Kenya Limited	Delta Corner Tower 1, room 603, Regus,Chiromo Road, Westlands, P.O.Box 14805-00800, Nairobi, KENYA TEL.(254)-730-112-060 Main Business: Marketing of farm & industrial machinery in Sub-Saharan Africa

Third-Party Comments

Third-Party Comments on the KUBOTA REPORT 2018 Business and CSR Report

Katsuhiko Kokubu
Professor
Graduate School of Business Administration, Kobe University

Response to SDGs

The main feature of the KUBOTA REPORT 2018 is that it combines the SDGs (Sustainable Development Goals) adopted by the United Nations with the activities by the Kubota Group. The three areas of food, water, and the environment are connected to the SDG 2, 6, and 11, respectively, and targets related to other SDGs are also set. This framework can be highly evaluated as it demonstrates Kubota's Group-wide policy to respond to the SDGs. The Report also shows how its activities in various regions of the world and its major products are related to the SDGs, indicating that the SDGs will be employed more practically in the entire business activities of Kubota.

Advancing from SDGs to KPIs

I think that the next stage after organizing the relationships between Kubota's business activities and the SDGs is to set and deploy KPIs that are linked to the SDGs. Since the relationship between Kubota and the SDGs is relevant to all business areas of the Kubota Group, materiality analysis is crucial to promote the activities. Kubota has identified the issues of materiality regarding its environmental conservation activities. It is now necessary to also examine priorities of the specific targets of the SDGs. Meanwhile, the feature articles of the Kubota Report digest version are written in relation to the corresponding SDGs. It would be more convincing if they presented more specific data in indicating the Kubota's contributions. I greatly expect further improvement for the next reporting year.

CSR activities that allow employees' ingenuity and creativity

As I have mentioned since before last year, the foundation for Kubota's CSR activities has been nearly completed, with specific activities being sufficiently conducted. Based on this foundation, I suggest that Kubota promote projects that allow employees to exercise their ingenuity and creativity in the activities. As the responsibility of CSR means response to society, I think that programs that encourage each employee to think how they can respond to society and take action to that end would be effective. I think such action will lead to the solution to social problems and consequently the Kubota's acquisition of business opportunities in the future. I strongly request your consideration on this, taking the opportunity of the introduction of the SDGs.

CSR Report as a communication tool

Kubota's CSR Report has high-quality contents with abundant information. It would be even better if its role as a communication tool is considered. Especially for the digest version, descriptions that may help readers to understand the targets and the results of the reporting year as a story would be effective. Also, if voices of the people who are actually involved in specific activities gathered in dialogues with stakeholders and meetings within the Company could be communicated to readers, the Report would become a more effective communication tool.

In response to the above comments

We wish to express our sincere appreciation to Dr. Kokubu for having provided invaluable third-party comments since fiscal 2009.

His comments this time, “the Report combines the SDGs with activities of Kubota,” “the foundation for Kubota’s CSR activities has been nearly completed,” and “the Report has high-quality contents with abundant information,” were very encouraging.

With regard to his opinion about priorities of the specific targets of the SDGs, we will examine the relevance with our businesses and the feasibility, as well as the opportunities and risks, and thereby clarify the priorities. Regarding the relationship between our business activities and the SDGs, we will try to indicate Kubota’s contributions by presenting specific data.

In response to his suggestion that the role as a communication tool be considered, we will increase opportunities to have dialogues with our stakeholders, react positively to each of their voices, and communicate with a broad range of people.

The Kubota Group positions its corporate philosophy—the Kubota Global Identity—as the foundation of corporate management. As all of the three areas of food, water and the environment are closely related to the SDGs, Kubota’s business opportunities and social responsibility are increasingly growing.

With the aim of establishing a Global Major Brand that can make the greatest social contribution as a result of being trusted by the largest number of customers, all the 39,000 employees of companies in the Kubota Group act as a unit to make the best efforts to become a corporate group that is continuously trusted and needed by members of society.

Kunio Suwa
Managing Executive Officer, General Manager of CSR Planning and Coordination Headquarters
Kubota Corporation

Kubota

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1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka 556-8601, Japan

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