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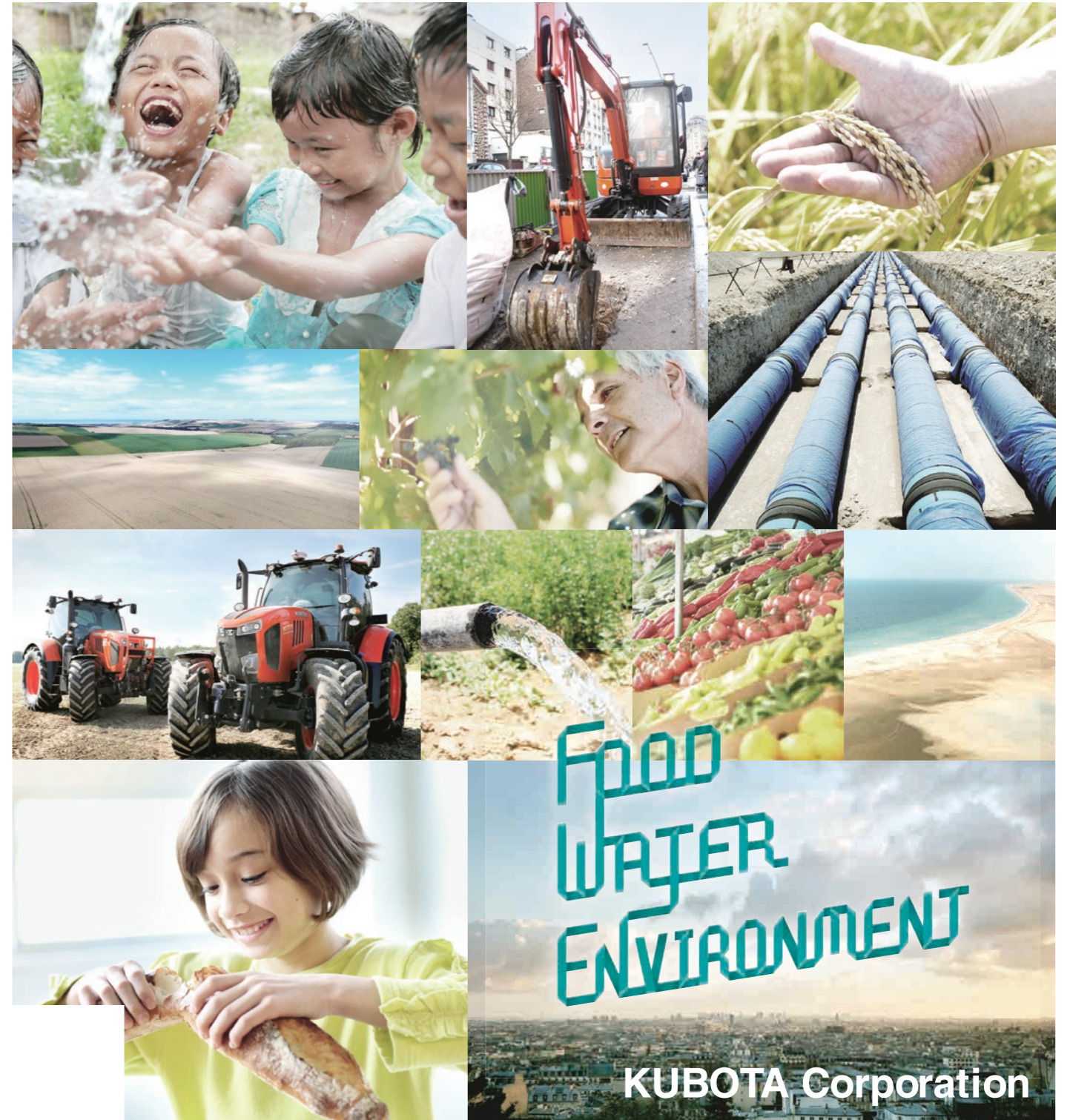
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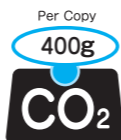
For Earth, For Life
Kubota

2018 KUBOTA REPORT

Business and CSR Report <Digest Version>



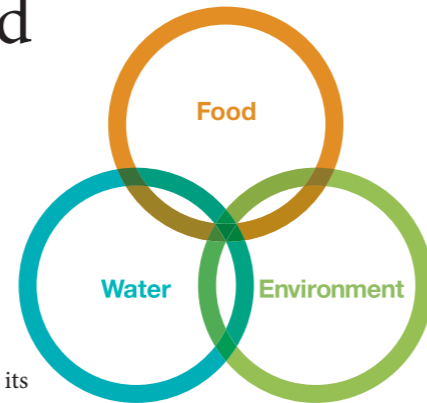
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The Kubota Group contributes to the world in the areas of food, water and the environment.



Kubota Global Loop

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.

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 world sustainable development.



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

www.un.org/sustainabledevelopment/


Relationship between the Digest Version and the Full Report Version

■ Digest Version

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

■ Full Report Version

Comprehensive report to disclose information on details of businesses and CSR activities

 www.kubota.com/report/

Period covered by this report

From January 2017 to December 2017

* Matters outside the above period are partially included.

Boundary of the KUBOTA REPORT

In principle, the entire Kubota Group is covered.

* Some statements may refer to the non-consolidated Kubota.

TOP MESSAGE

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

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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

Tackling tasks associated with the development of society

Corporate slogan/
Brand statement

1955 “From country building to rice making”

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 serious post-war food shortage

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

1890

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

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)

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

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

Contributing to the building of post-war water infrastructure

Tackling water environment problems caused by high economic growth

Responding even to overseas demand for water-related technologies

1893

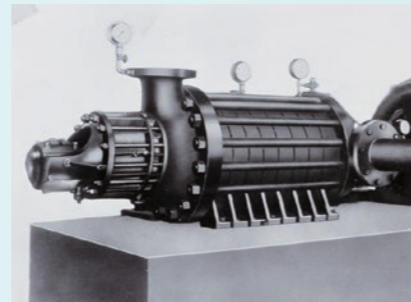
Succeeded in the production of the first cast iron pipes for water supply in Japan, contributing to the development of modern waterworks



Kubota iron pipe shipping site around 1905

1952

Launched the pump business, to create water flows



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

1962

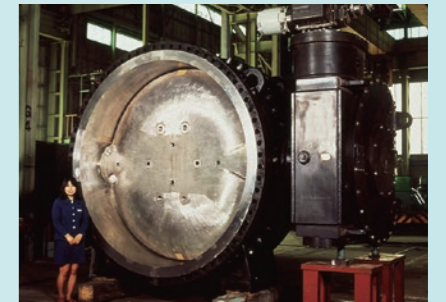
Entered the water treatment business and tackled the emerging water pollution problem



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

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

Founder, Gonshiro Kubota (1870-1959)

Contributing to the building of post-war social infrastructures

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

Responding to increasing construction works for improving the urban environment

“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)

1953

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



Light, ultra-small engine (SH type)

1974

Started manufacturing mini excavators, supporting small-scale urban construction



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

Kubota, Always Tackling Social Problems

~ History of Kubota Businesses and Products ~

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.07 for details](#)

Toward a company that challenges social problems on a global scale

Toward achieving SDGs, challenges for the world

2006 "Building foundations" 2012

For Earth, For Life
Kubota

The Kubota Group's business areas

SDGs* related to specific businesses

SDGs common to all businesses

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

By streamlining of agriculture, the Kubota Group contributes to the abundant and stable production of food.

Food



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

By enhancing water infrastructures, the Kubota Group contributes to supply and to restore reliable water.

Water



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

By enhancing social infrastructures, the Kubota Group contributes to create and preserve a comfortable living environment.

Environment



* 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.



Delivering impression that exceeds customers' need

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.

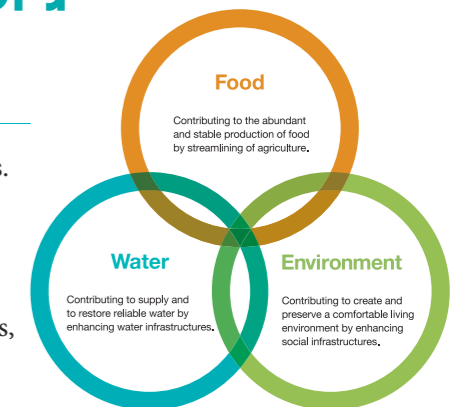
Brand Statement

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.

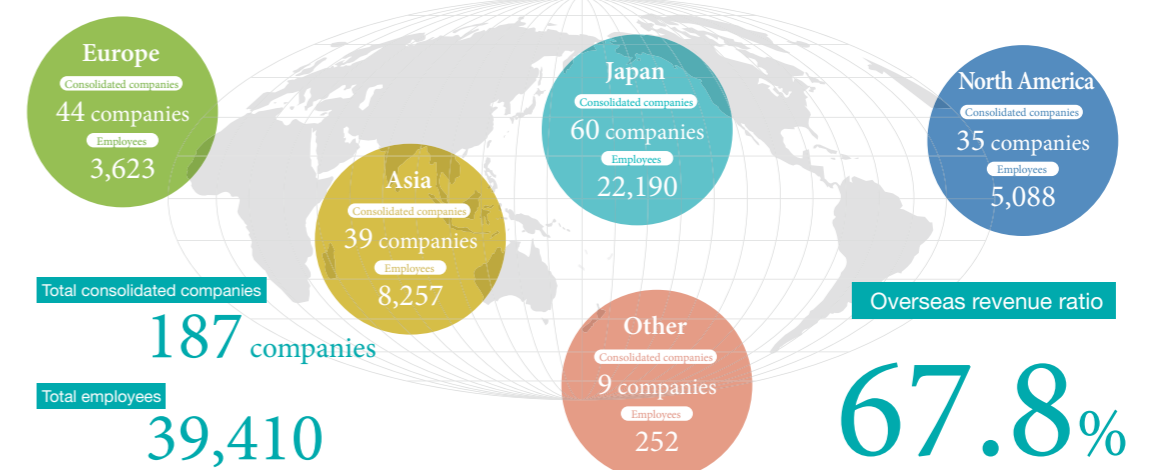
* This Corporate Principles has been translated in 22 languages so as to be understood by global Kubota Group employees.



Kubota Global Loop

Global Network

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



(As of December 31, 2017)



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.



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.



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.

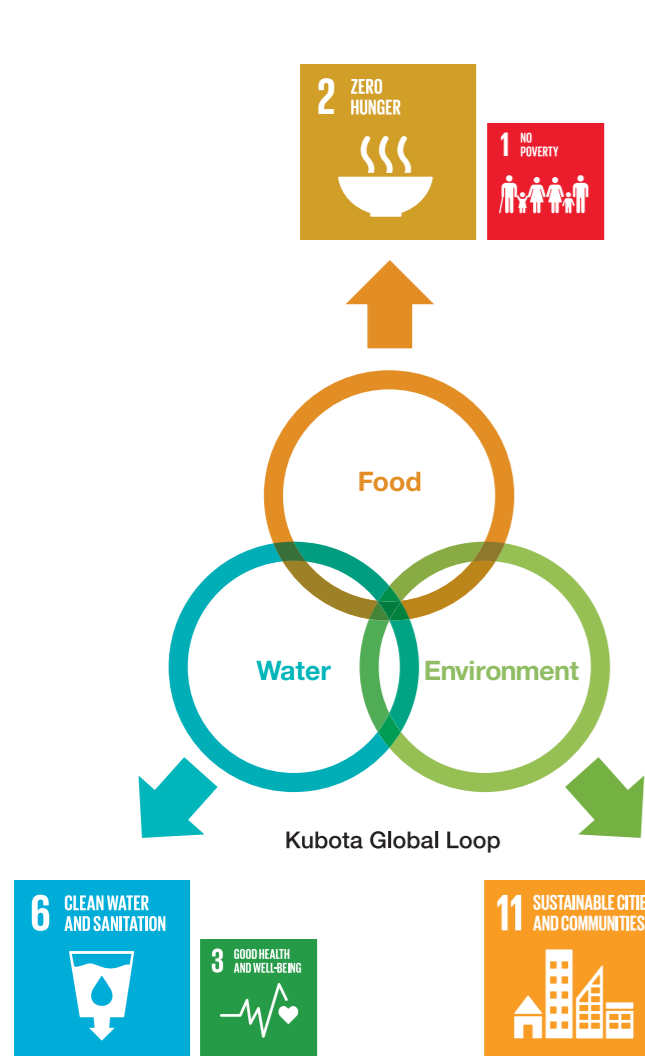
[Feature] Toward Realization of "Global Major Brand Kubota"

~ Cases of Initiatives to the SDGs around the world ~



The Kubota Group is committed to the achievement of the world. * Only the SDGs closely related to the Kubota businesses are presented here.

SDGs around



Middle East

Oman

Wastewater treatment using submerged membranes blocking parasites and bacteria

SDG 6: CLEAN WATER AND SANITATION, SDG 3: GOOD HEALTH AND WELL-BEING

Abu Dhabi

Water pipes delivering water to people in deserts as a lifeline

SDG 6: CLEAN WATER AND SANITATION, SDG 3: GOOD HEALTH AND WELL-BEING

Europe

France

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

France

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

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES, SDG 7: AFFORDABLE AND CLEAN ENERGY

Germany

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

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES, SDG 7: AFFORDABLE AND CLEAN ENERGY

North America

United States

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

United States

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

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES, SDG 7: AFFORDABLE AND CLEAN ENERGY



Central and South America

Dominican Republic

Unsinkable, unbreakable tractors useful for rice farming

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

Africa

South Africa

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

Kenya

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

Asia

India

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

China

Mini excavators supporting urban construction sites

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES, SDG 7: AFFORDABLE AND CLEAN ENERGY

China

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

Thailand

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

SDG 2: ZERO HUNGER, SDG 1: NO POVERTY

Vietnam

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

SDG 6: CLEAN WATER AND SANITATION, SDG 3: GOOD HEALTH AND WELL-BEING

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 [8.1%] 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.

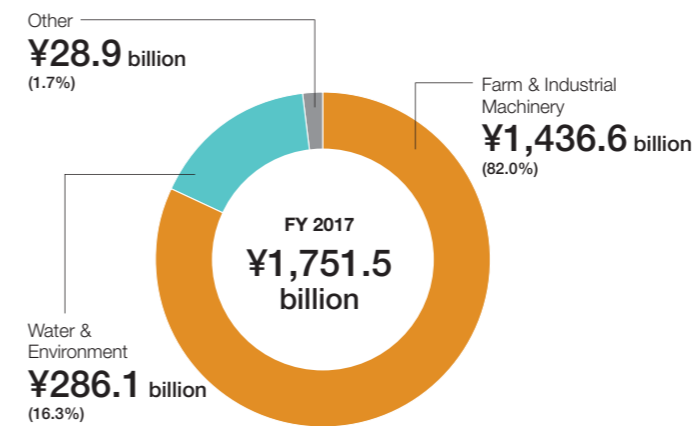
Five-year Summary of Key Financial Data	2014.3	2015.3	2015.12 (9 months)	2016.12	2017.12	2015.12 (12 months, reference data)	
Operating results for fiscal year (in billions of yen)							
Revenues	¥ 1,510.5	¥ 1,584.3	¥ 1,244.8	¥ 1,596.1	¥ 1,751.5	¥ 1,688.6	
Operating income	203.9	203.1	166.9	188.8	198.8	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)

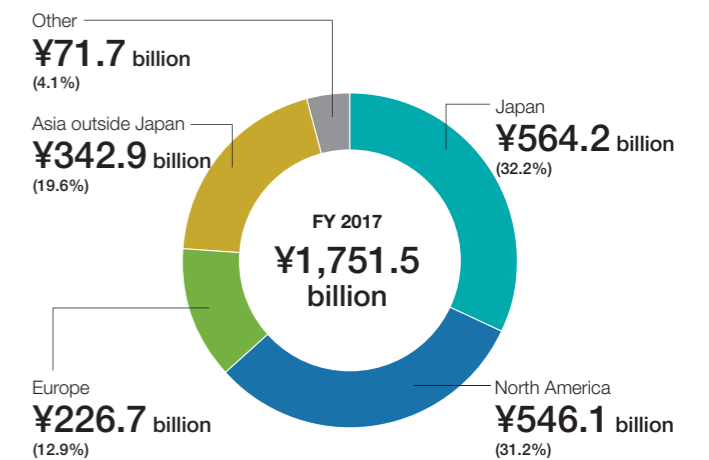
*4 Return on equity (ROE) = Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
 *5 Shareholder return ratio = (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
 *6 Net debt equity ratio = (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity

Please refer to the Annual Securities Report for the detailed financial information.
www.kubota.com/company/ir/financial/yuho/

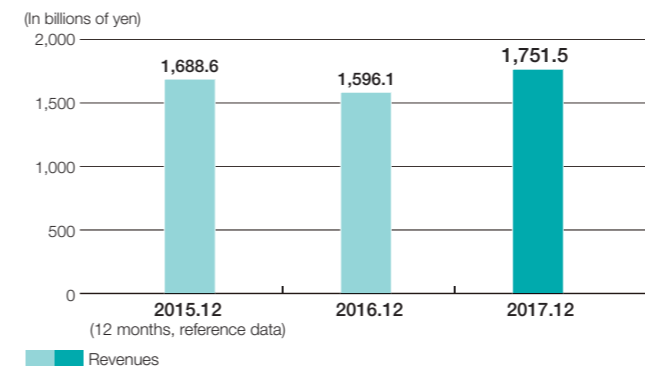
Revenues by reportable segment



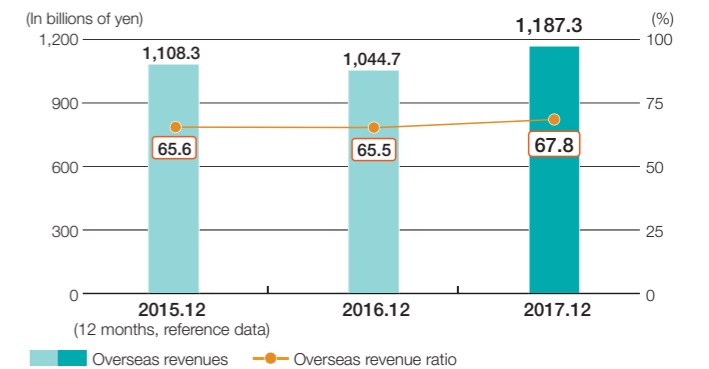
Revenues by region



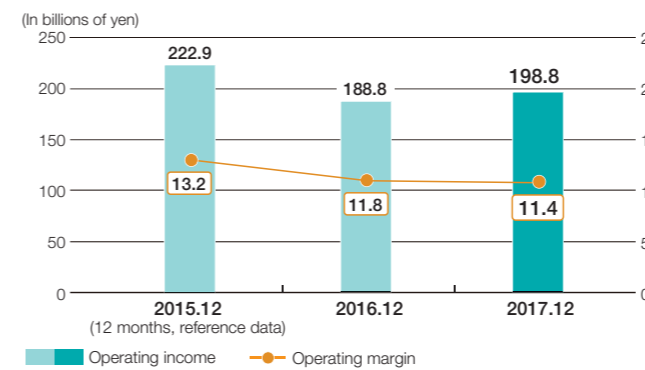
Revenues



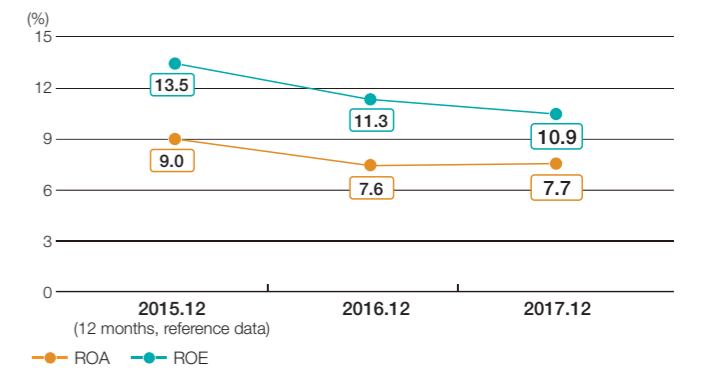
Overseas revenues and overseas revenue ratio



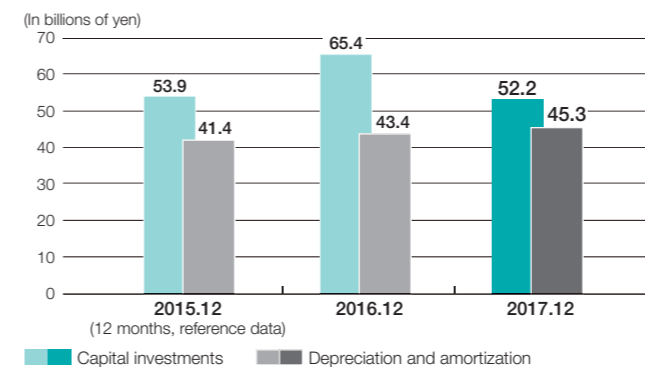
Operating income and operating margin



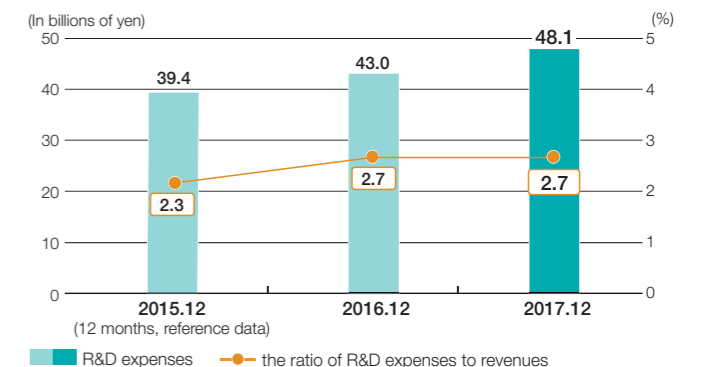
ROA^{*3} and ROE^{*4}



Capital investments, depreciation and amortization



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



Major Products of the Kubota Group



Farm & Industrial Machinery

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 parks, office areas and private residences.

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



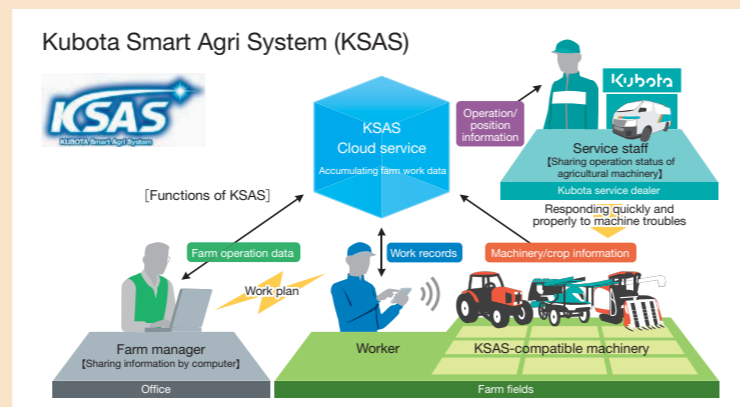
Gasoline engine (left) / Diesel engine (right):
used mainly as a power source in industrial machinery such as agricultural or construction machinery.

The Kubota Group's ICT x 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)

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.



Rice transplanter with keeping straight function



Major Products of the Kubota Group



Water & Environment

Pipe systems and water treatment facilities



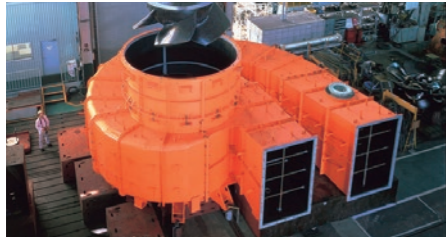
Ductile iron pipes:
used in infrastructure, including water and sewage lines, and agricultural water facilities.



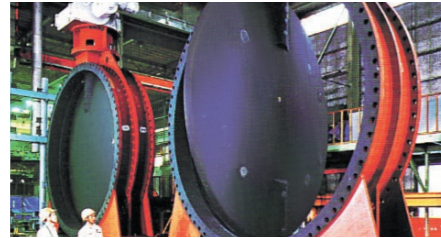
Plastic pipes:
used in infrastructure, including water and sewage lines, and gas piping.



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 sewerage lines.

Materials



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



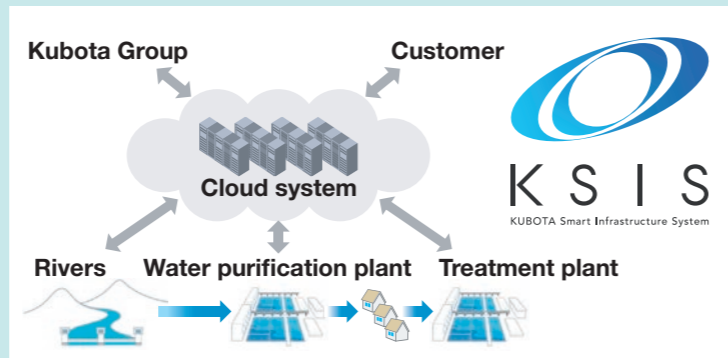
Spiral welded steel pipes:
used in foundation construction, such as for buildings and bridges in addition to harbor and river projects.

The Kubota Group's ICT x 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.



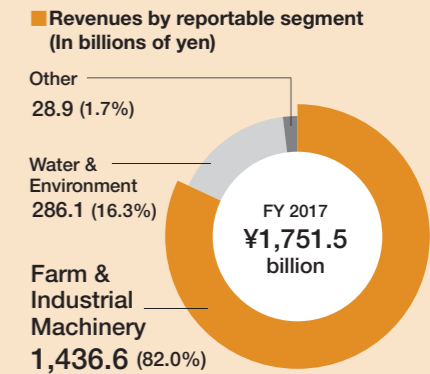
For more detailed product information, please see our website.
www.kubota.com/products/

Business Overview

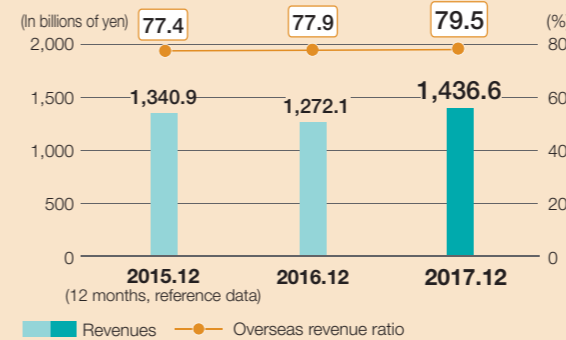
Farm & Industrial Machinery

Results of FY2017

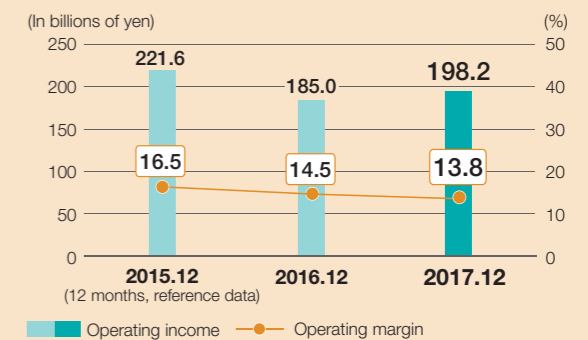
Revenues in this segment increased by 12.9% from the prior year to ¥1,436.6 billion, and accounted for 82.0% of consolidated revenues. Domestic revenues increased by 4.6% to ¥294.5 billion, and overseas revenues increased by 15.3% to ¥1,142.1 billion. Operating income increased by 7.1% from the prior year to ¥198.2 billion.



Revenues and overseas revenue ratio



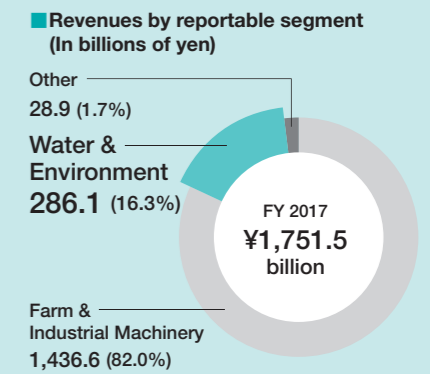
Operating income and operating margin



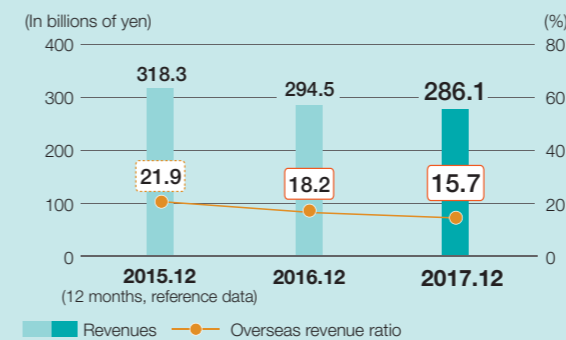
Water & Environment

Results of FY2017

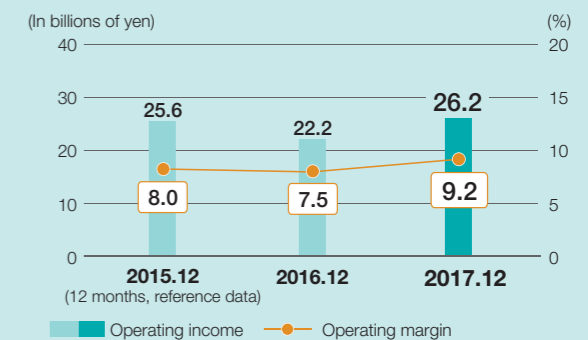
Revenues in this segment decreased by 2.9% from the prior year to ¥286.1 billion, and accounted for 16.3% of consolidated revenues. Domestic revenues increased by 0.1% from the prior year to ¥241.1 billion, and overseas revenues decreased by 16.2% to ¥45.0 billion. Operating income increased by 18.3% from the prior year to ¥26.2 billion.



Revenues and overseas revenue ratio



Operating income and operating margin



Environment Environmental Initiatives

Ever since it was founded, the Kubota Group has been contributing to the development of society and the conservation of the global environment through its business activities, underpinned by a sense of mission with respect to pinpointing solutions to social issues.

We have been stepping up to challenges posed by environmental management, and will continue striving for our “For Earth, For Life” from this point forward.

The Kubota Group’s Environmental Management

Toward building a sustainable society

With the aim of living up to the “For Earth, For Life” slogan, the Kubota Group endeavors to strike a balance between attaining business growth and contributing to environmental conservation, and furthermore strives for ongoing synergistic development of society and the Kubota Group, through environment-friendly products, technologies, services and corporate activities.

We group our environmental conservation into the following five basic categories.

- Tackling Climate Change
- Working towards a Recycling-based Society
- Conserving Water Resources
- Controlling Chemical Substances
- Conserving Biodiversity

We make out efforts that involve reducing the impact our business activities have on the environment and reducing environmental risks. This enables us to help conserve our global environment by offering products, technologies and services that contribute to addressing social issues in the areas of food, water, and the living environment.

■ Concept of Corporate Environmental Management



Medium- and Long-Term Environmental Conservation Targets (excerpt)

The Kubota Group has formulated Long-Term Environmental Conservation Targets for 2030 and Medium-Term Environmental Conservation Targets for 2020. Toward achieving these targets, the Kubota Group is advancing systematic initiatives in both the production and product development stages.

Target Year 2030

Reduce CO₂ emissions from the Kubota Group in Japan by **30%** (compared to the base year 2014)

Increase the sales ratio of Eco-Products certified products to **80% or over**

Target Year 2020

Reduce CO₂ emissions per unit of production at global production sites by **14%** (compared to the base year 2014)

For more details, please see our website. www.kubota.com/company/environment/active/



Renewal of “Eco-First Commitment” pledge

In May 2010, the Kubota Group made the “Eco-First Commitment” pledge to the Japanese Environment Minister to carry out environmental conservation measures on a group-wide basis, and was officially approved as an “Eco-First Company”. Furthermore, we made the Eco-First commitments based on the Medium-Term Targets for 2020 and Long-Term Targets for 2030, and in October 2017, we were recertified as “Eco-First Company.”



Achieving the highest rating from CDP Water

Kubota was selected as an A List company in the CDP Water survey on water resource management in 2017. Kubota’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.



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

<SDGs related to environmental initiatives>



Examples of Activities to Reduce Environmental Loads

CO₂ reduction through introduction of solar power generation

At Amata Nakorn Plant, SIAM KUBOTA Corporation Co., Ltd. (Thailand), we introduced solar power generation system on the roof and on the wall along with construction of the new factory building expanded in 2017. The expansion area started full-scale operation from October 2017 with the increase in production capacity of combine.



Solar power generation system on the wall equivalent to output 25.2 kW

Output of power generation equipment is 535.5 kW in total. We expect 780 MWh of the annual power generation and 350 tons of CO₂ reduction effect.

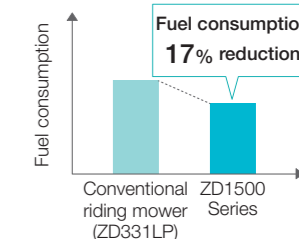


Solar power generation system on the roof equivalent to output 510.3 kW

Improving operational efficiency of Zero-Turn Mowers

The ZD1500 series of zero-turn mower is a diesel riding mower deployed in North America. The mower’s proprietary cutting system results in vastly improved operational efficiency, and it consumes 17% less fuel than conventional riding mowers.

In addition, its on-board engine complies with the Environmental Protection Agency’s (EPA) Tier 4 regulations for gas emissions (for engine outputs over 19 kW and under 37 kW), which is the most cutting-edge in North America.



Zero-Turn Mower ZD1500 Series

Employees’ Environmental Activities

Photo contest “Kubota Eco Challenge”

The Kubota Group sets the Environment Month in June every year and promotes various programs to raise awareness among its employees. 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. For the contest in 2017, a total of 584 photos were posted. The Group promotes various environmental volunteer activities in many areas.



For more details, please see the Full Report version on our website. www.kubota.com/report/



Social Social Initiatives

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.

Involvement with Regional Society

Kubota conducts social contribution activities aimed at solving various problems facing the areas of food, water and the environment.

Major cases

Japan Developing the next generation for the future

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.



Joins the EXPO 2025 promotion project!

The Kubota Group, as an official partner of the 2025 Japan World Expo Committee, supports the project to invite the expo to Japan.



India Improving the global water environment

Supporting well construction

To reduce the number of people who have no access to safe water, Kubota is supporting the construction of wells through an NGO that has been active in Asia for many years.



Response to Asbestos Issues

Kubota takes very seriously the fact that some residents and employees living in proximity of the former Kanzaki 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/ (only in Japanese)

<SDGs related to social initiatives>



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 that exceeds their expectations.

To this end, we seek what we have to do to maximize customer satisfaction based on the "Priority Onsite" perspective, and put into immediate action whatever we can.

R&D

To offer products that impress customers throughout the world, Kubota clarifies the role of the development sites and promotes the development of a global R&D system with Japan as its hub.



Newly established R&D site in Thailand

Production

Kubota promotes initiatives to establish a global production system and to deploy the Kubota Production System (KPS) at each production site.



President visiting a production site

Services

To enable the provision of an appropriate maintenance service for each customer, Kubota holds contests in which employees compete in terms of service skills and solution proposals, and conducts customer satisfaction surveys.



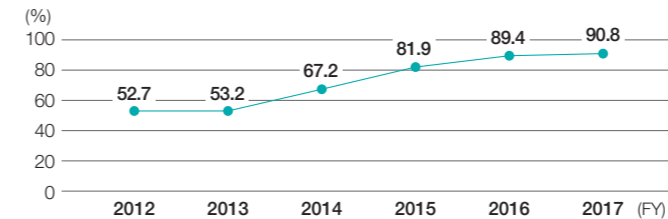
Service Technical Skills Contest

Relationships with Employees

Providing safety and motivation in workplaces

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.

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



* Talled from March 16 to March 15 of the following year for each year until FY 2015
* Talled of the previous year 16 to December 15 of the following year since FY 2016

Maintenance and enhancement of mental health

- [Self-care]
 - Stress check*
 - Mental health training
 - Consultation services with medical staff, etc.
 - * Stress check system
- Meetings with medical doctors for those who want them, among employees suffering from high stress. Supplementary meetings with nurses for those who do not want to meet doctors.



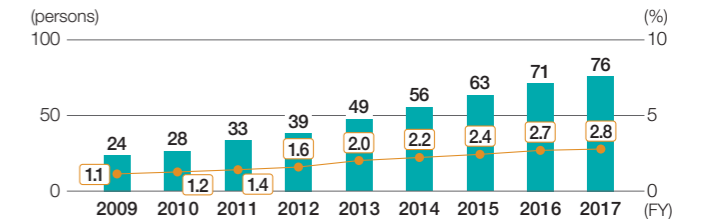
Training session

- [Line-care]
 - Training programs for managers and supervisors
- [Other]
 - Training programs for personnel in charge of promoting mental health

Empowering women in the workplace

The Kubota Group steadily promotes women in the workplace through expanding their occupational scope by carrying out the consolidation of occupational roles and other approaches.

Trend in number of women in management roles (Kubota Corporation)



■ Number of women in management roles
● Ratio of women in management roles

Acquired certificate



Certificate by Minister of Health, Labour and Welfare of Japan as a company with next-generation childcare systems



Certificate of being selected as a listed company in Japan that is exceptional in encouraging women's success in the workplace

For more details, please see the Full Report version on our website. www.kubota.com/report/



Governance Corporate Governance Initiatives

<SDGs related to corporate governance initiatives>

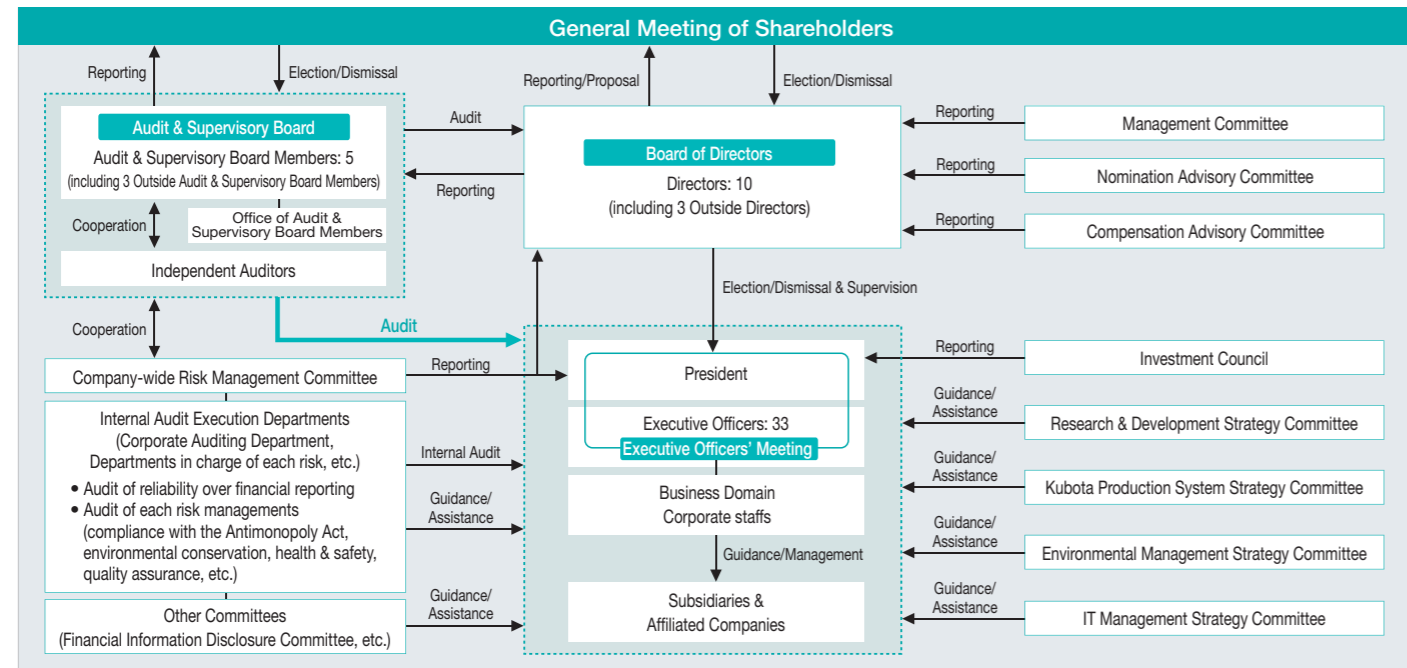


In order to speed up its response to management conditions and improve transparency in its management, Kubota has been committed to enhancing its corporate governance structure.



Koichi Ina (Outside Director), Shinji Sasaki (Director and Senior Managing Executive Officer), Yuichi Kitao (Director and Senior Managing Executive Officer), Shigeru Kimura (Director and Senior Managing Executive Officer), Masatoshi Kimata (President and Representative Director), Toshihiro Kubo (Representative Director and Executive Vice President), Kenshiro Ogawa (Director and Senior Managing Executive Officer), Masato Yoshikawa (Director and Senior Managing Executive Officer), Yuzuru Matsuda (Outside Director), Yutaro Shintaku (Outside Director)

Corporate Governance Structure (as of March 23, 2018)

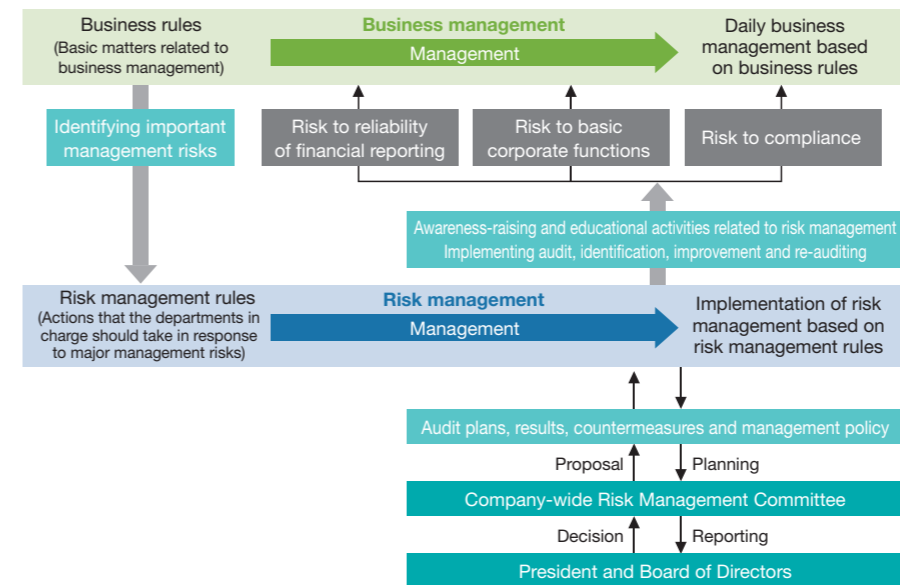


	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
Objective	To make strategic decisions and oversee the execution of duties by the Executive officers	To oversee and audit the execution of duties by the Directors	To check the status of execution of duties by the Executive officers and make prompt and proper management decisions
Members	10 Directors (including 3 Outside Directors) • Attendance rate of the Outside Directors (Jan.-Dec. 2017) Yuzuru Matsuda (100%), Koichi Ina (100%)	5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) • Attendance rate of the Outside Audit & Supervisory Board Members (Jan.-Dec. 2017) Akira Morita (100%), Teruo Suzuki (100%)	President and Representative Director and Executive Officers (33 members)
Meeting frequency	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)
Contents	Discuss and make decisions on important management issues (matters relating to management planning, financial planning, investment, business restructuring, etc.)	Discuss and make decisions with regard to auditing policy, audit reports, etc.	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.

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.

Internal Control System Overview



Risk management items

- Internal control over reliability of financial reporting
 - Financial reporting
- Internal control over the basic functions of the company
 - Fair trade
 - Environmental conservation
 - Health and safety
 - Quality assurance
 - Labor management
 - Information security
 - Intellectual property
- Internal control over compliance
 - Compliance with rules and regulations related to equipment
 - Earthquake and other disaster response management
 - Compliance with the Construction Business Law
 - Human rights advancement
 - Safe driving management
 - Prevention of illegal payments
 - Confidential information management
 - Protection of personal information
 - Import and export control
 - Compliance with laws and regulations related to logistics

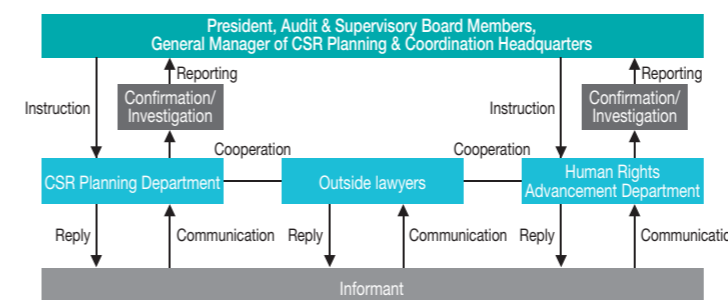
Whistleblowing System (Kubota Hotline)

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 (issues other than human rights), Human Rights Advancement Department (issues of human rights), consultation by Outside lawyers
Available to	Full-time, part-time and temporary employees of Kubota and its group companies in Japan
Number of cases reported	January to December 2016: 30 cases; January to December 2017: 52 cases
* Each overseas location handles reporting individually and notifies the head office of any significant issues. (Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.)	

Kubota Hotline Flowchart



Training for Executives

Kubota Corporation holds executive forums related to CSR, human rights, safety, environment, quality, public relations and other subjects, and provides opportunities for acquiring and updating knowledge necessary for the supervision of operations.



Themes of the forums for FY 2017

- [CSR] Roles of management-level employees in preventing/responding to corporate scandals
- [Human rights] To create workplaces friendly to LGBT
- [Safety] Roles that each individual should play in fostering a "safety-conscious corporate culture"
- [Environment and quality] Case of a leading company's environmental management and quality management
- [Public relations] Importance of public relations and risk communication

For more details, please see the Full Report version on our website. www.kubota.com/report/





Our products should not only be technically excellent, but also useful for the good of society.

———— Founder, Gonshiro Kubota

Kubota's Carrying on

Two plants celebrate their

Spirit, to the Future

100th anniversaries in 2017.

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
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.

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.

Two Plants Celebrating Their 100th Anniversaries

Hanshin Plant, Amagasaki Office

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



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)



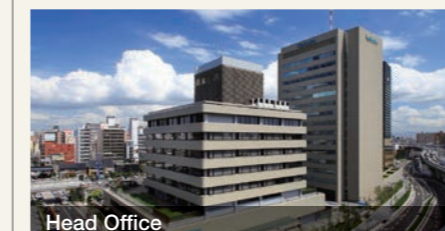
France
Production site (agricultural machinery)



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	Total number of shares issued: 1,234,024,216
Head Office: 1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka	Number of shareholders: 37,855
Established: 1890	Revenues (consolidated): ¥1,751.5 billion
Capital: ¥84.1 billion	Employees (consolidated): 39,410