For Earth, For Life

Kubota

KUBOTA REPORT 2015

Business and CSR Activities
<Full Report Version>

KUBOTA Corporation

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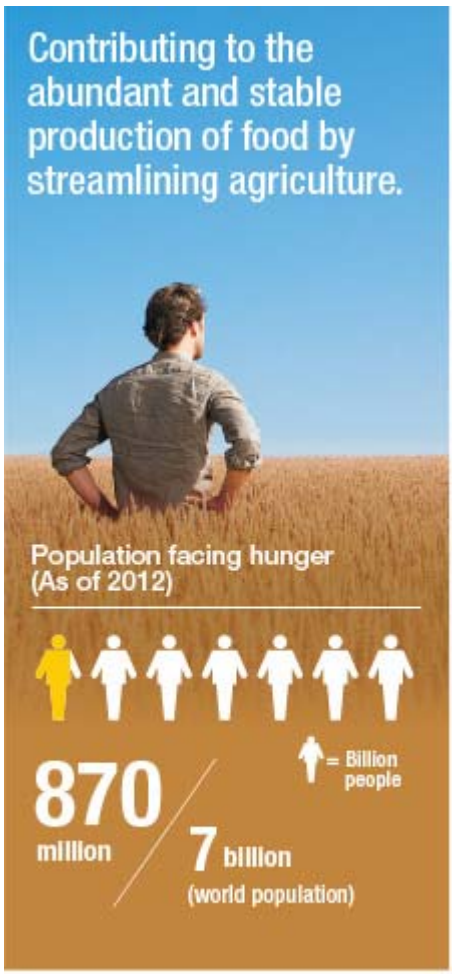
KUBOTA Group Mission



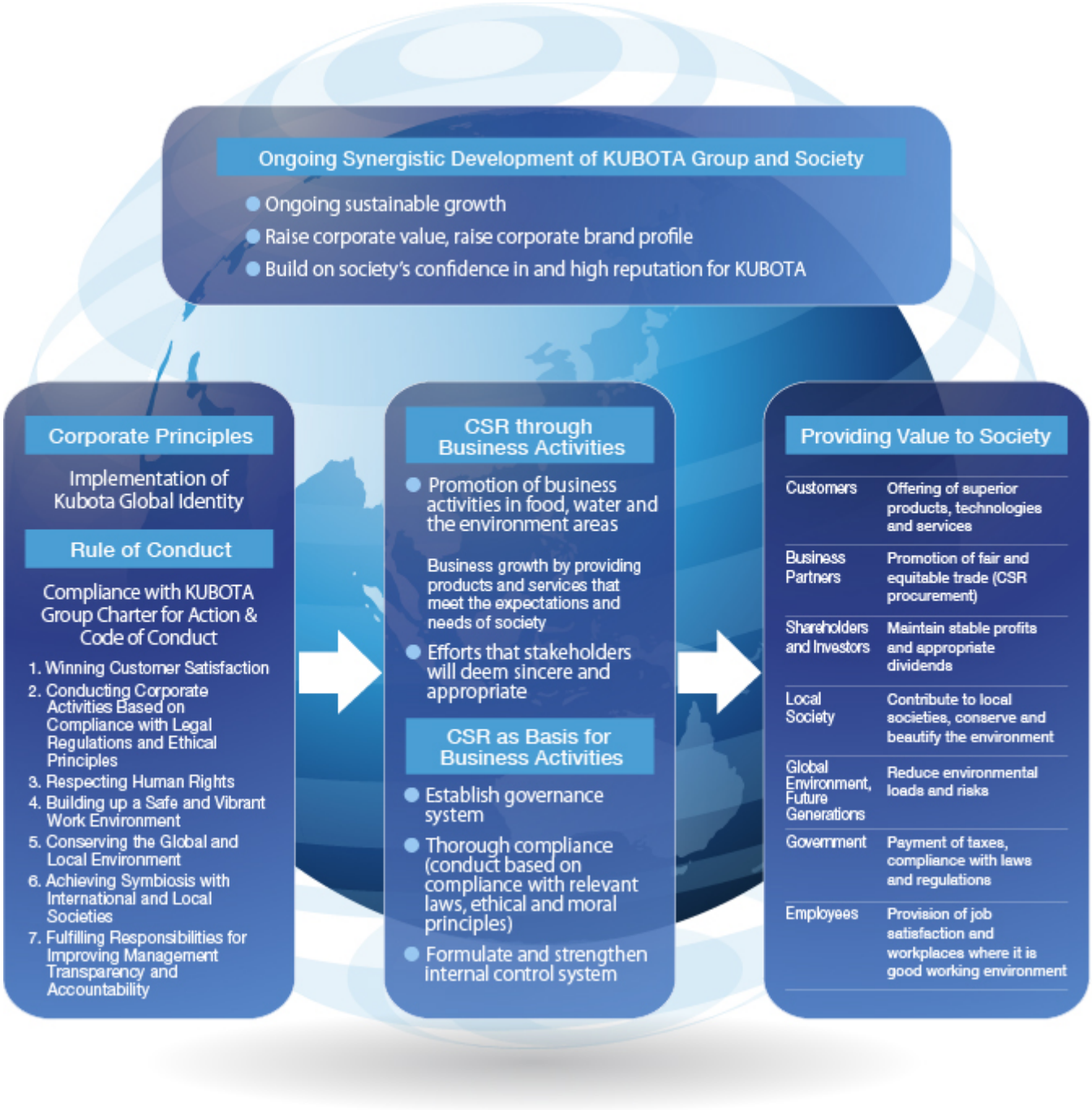
Sources: United Nations Food and Agriculture Organization (FAO) website, "World Statistics 2015," Japan Ministry of Internal Affairs and Communications Statistics 1 Bureau website

Source: "Response to International Water Resource Issues," Japan Ministry of Land, Infrastructure, Transport and Tourism website

Source: "Analysis of Current Status and Issues Relating to the International Development of Water & Sewage Fields," Ministry of Land, Infrastructure, Transport and Tourism

Basic Policy for CSR Management

All KUBOTA Group employees share the KUBOTA corporate principles of Kubota Global Identity and will contribute to our 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.



Editorial note

Focusing on exemplary efforts made by the KUBOTA Group in addressing global issues through its business activities, this report is easy to understand and will keep all stakeholders informed.

Relationship with the information provided on our website

The Digest Version of this report is concise and clear, focusing on the visual presentation of the Company's activities to make it easier to understand KUBOTA.

The Full Report Version is formatted to disclose corporate information, which is continuously reported, in fuller detail and provides a more in-depth view of the content covered in the Digest Version.

Additionally, the HTML format has been prepared from the fiscal 2015 version. PDF data is available for printing.

- Full Report Version
- Digest Version

Boundary of the KUBOTA REPORT 2015

The KUBOTA REPORT 2015 covers the entire KUBOTA Group, in principle.

Financial Report:

The Economic 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) Fiscal year 2015: 156 consolidated subsidiaries and 18 affiliated companies accounted for under the equity method.

Social Report:

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

Environmental Report

The Environmental Report contains the results of environmental activities carried out by KUBOTA Corporation as well, 156 consolidated subsidiaries and 12 affiliated companies accounted for under equity method (partial).

Period covered by this report

The content of this report focuses on activities during fiscal 2015 (April 2014 to March 2015, hereinafter FY2015. The Environmental Report presents domestic data from April 2014 to March 2015 and overseas data from January 2014 to December 2014. Some portions may include information on recent events.

Referenced guidelines

- Environmental Reporting Guidelines (Fiscal Year 2012 version), Ministry of the Environment (Government of Japan)
- Sustainability Reporting Guidelines Version 3.1, GRI

Questionnaire concerning KUBOTA REPORT 2015

We would very much appreciate hearing your impressions and opinions and thank you in advance for your cooperation.

http://www.kubota-global.net/csr/report/questionnaire.html

Strengths of the KUBOTA Group

Manufacturing Spirit of Market-leading KUBOTA Group – Answering User Trust

The technologies of the KUBOTA Group are contributing to resolving the problem facing society in Japan, and throughout the entire world

The KUBOTA Group has numerous products that are leading the market in both Japan (e.g., agricultural machinery, iron pipe, plastic pipe) and throughout the world (e.g., compact excavators, diesel engines, reformer tubes, etc.). This is solid proof that we are trusted by the market and our users. The KUBOTA Group will continue striving to maintain its position as a corporate group that pursues the trust and convenience of its users by offering products, technologies and services with unwavering quality and performance.

Agricultural machinery



Since the food shortage following World War 2, KUBOTA has contributed to the evolution of Japan's agricultural industry and produced agricultural machinery focused on rice cultivation that ensures customers' trust through solid technology and quality. As a leading company in the domestic agricultural machinery market—tractors, combine harvesters, rice transplanters—KUBOTA is the driving force behind streamlining and labor-savings in the agricultural industry. Moreover, in Asia, North America and Europe, our products are also used in numerous applications in addition to farming. From Japan to the world, from rice-growing to upland field farming, KUBOTA Group continues to advance in leaps and bounds.

Engines

Our engines satisfy the requirements of exhaust regulations in countries around the world. The KUBOTA Group holds the world's top share for industrial diesel engines with displacements of less than 100hp.

Construction machinery

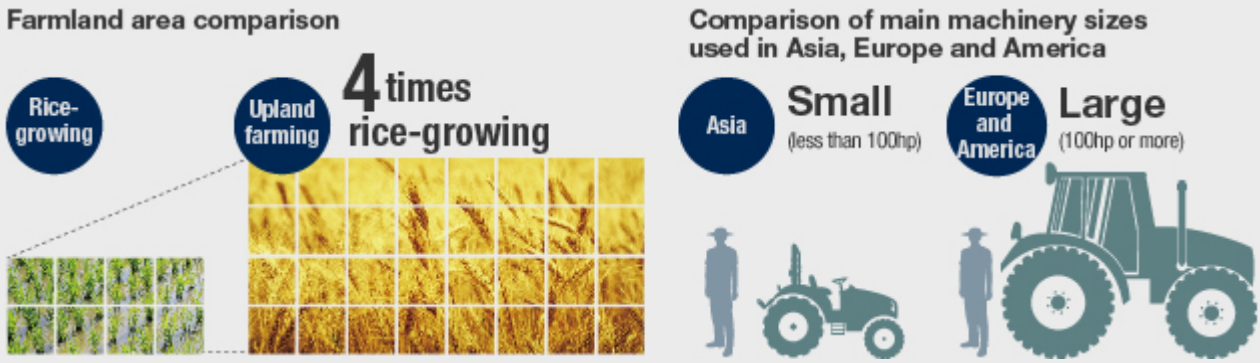
Our small construction machinery plays a major role in urban infrastructure development, etc. KUBOTA Group holds the world's top share in the compact excavators category (6t or less).

Pipe systems and water treatment facilities

Represented by the iron water pipes passed down from the founder as its core business, KUBOTA is a comprehensive manufacturer of water-related products, from the intake of water to its discharge, including major products such as pumps, valves and water treatment facilities. Within Japan, in addition to our flagship iron pipes, we have made several accomplishments as a top brand in the water treatment field.

Upland farming is said to occupy four times more land than rice-growing worldwide.

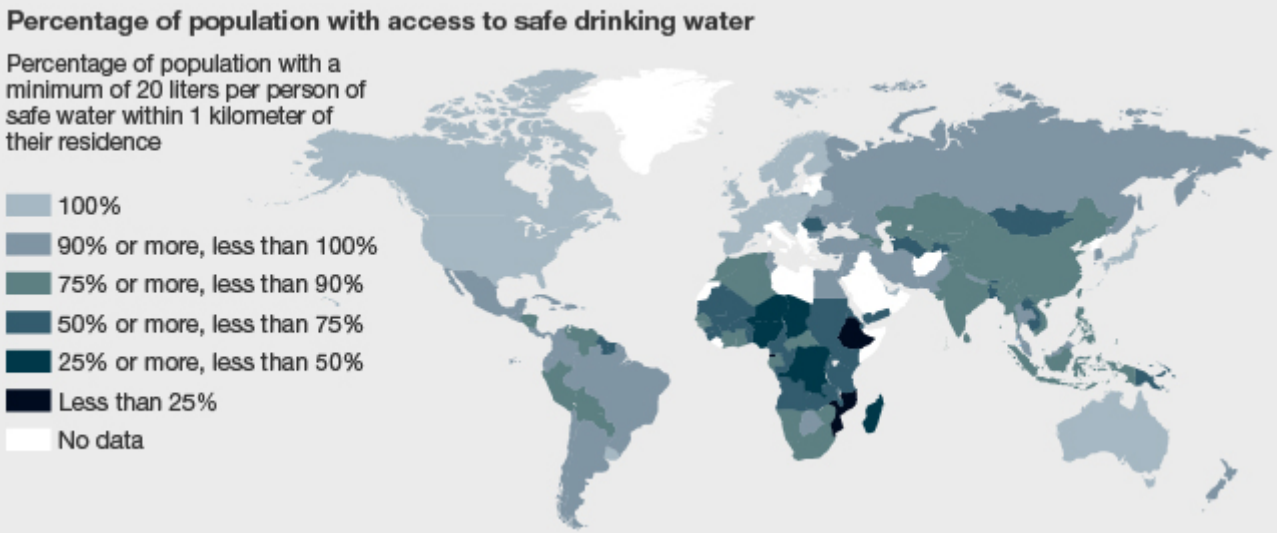
Rice-growing is the major focus in Asia; however, upland farming is practiced throughout the world and is said to occupy four times the amount of land as rice-growing. Furthermore, the market for large tractors used in upland farming is said to be worth four trillion yen worldwide; 80% of which is concentrated in Europe and America. The KUBOTA Group is rising to the challenge of entering the unknown territory of the large upland tractor market based on technologies accumulated through rice-growing in Asia.



Source: Food and Agriculture Organization of the United Nations (FAO)

Many regions are unable to access safe drinking water and this has become a global issue.

In developed nations, including Japan, practically all people are able to easily access good-quality water. However, looking at the world on a whole, many people are unable to secure safe drinking water and this has become a major issue. Moreover, approximately 70% of the world's fresh water is used by the agricultural industry. As a comprehensive manufacturer of water-related products, the KUBOTA Group is supporting water infrastructure in the Middle and Near East and countries throughout the world, thus contributing to the realization of an environment where people can access safe water.

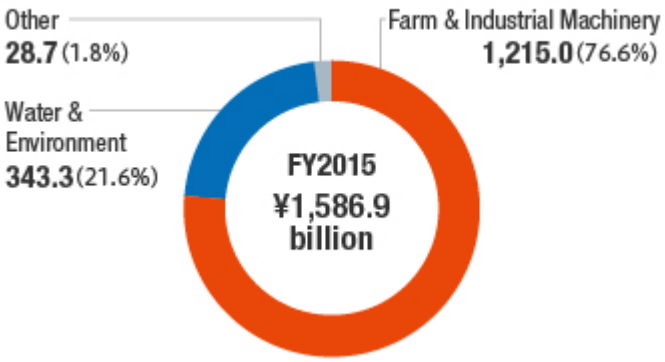


Source: "2006 Human Development Report", United Nations Development Programme (UNDP)

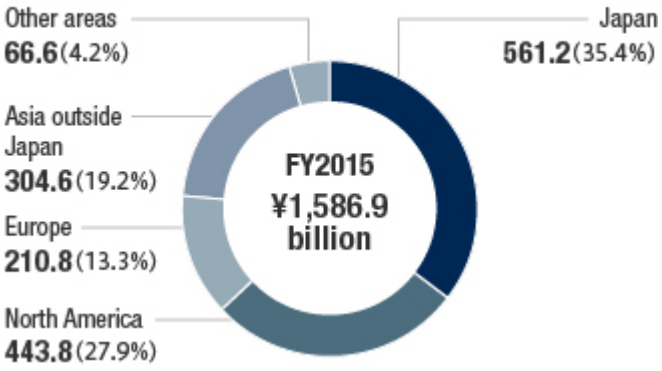
Corporate Data (As of March 31, 2015)

Corporate Name	KUBOTA Corporation
Head Office	2-47, Shikitsu-higashi 1-chome,Naniwa-ku, Osaka 556-8601 Japan
Established	1890
Capital	¥84.0 billion
Total number of shares issued	1,246,219,180
Number of shareholders	31,598
Revenues (Consolidated)	¥1,586.9 billion
Number of employees (Consolidated)	35,487

Revenues by reporting segment (billion yen)



Revenues by region (billion yen)



Financial and Non-financial Highlights

"Number of female managers and people who have completed foreign language training", showing the figures for KUBOTA Corporation only.
The remaining indicators are tallied for all organizations included in the consolidated financial statements.

3-year Summary of Key Financial Data

(in billions of yen)

(FY)	2013	2014	**2015**
Year ended March 31:			
Revenues	¥1,210.6	¥1,508.6	**¥ 1,586.9**
Operating income	121.4	202.4	**204.1**
Income before income taxes and equity in net income of affiliated companies	127.2	211.3	**211.3**
Net income attributable to KUBOTA Corporation	78.1	131.7	**140.0**
Capital investments	50.5	51.2	**50.7**
Depreciation and amortization	29.9	35.3	**38.2**
R&D expenses	32.0	35.6	**39.5**
Net cash provided by operating activities	49.3	83.3	**84.0**
Free cash flow*1	0.1	30.2	**37.3**
As of March 31:			
Total assets	¥1,846.6	¥2,104.7	**¥2,476.8**
Shareholders' equity	793.3	934.8	**1,101.0**
Interest-bearing debt	510.0	586.9	**767.6**

Per share data:

Earnings per share (EPS)*2 (Yen)	62.15	104.94	**112.07**
Book-value per share (BPS)*3 (Yen)	631.64	748.00	**883.84**
Annual cash dividends (Yen)	17	28	**28**

Financial indicators (%):

Operating margin	10.0%	13.4%	**12.9%**
Return on assets (ROA)*4	7.5%	10.7%	**9.2%**
Return on equity (ROE)*5	10.6%	15.2%	**13.8%**
Shareholders' equity to total assets	42.9%	44.4%	**44.4%**
Debt equity ratio (times)*6	0.64	0.63	**0.70**

*1.Free cash flow = Net cash provided by operating activities - Purchases of fixed assets

*2.Earnings per share (EPS) = Net income attributable to KUBOTA Corporation ÷ Weighted average number of common shares outstanding

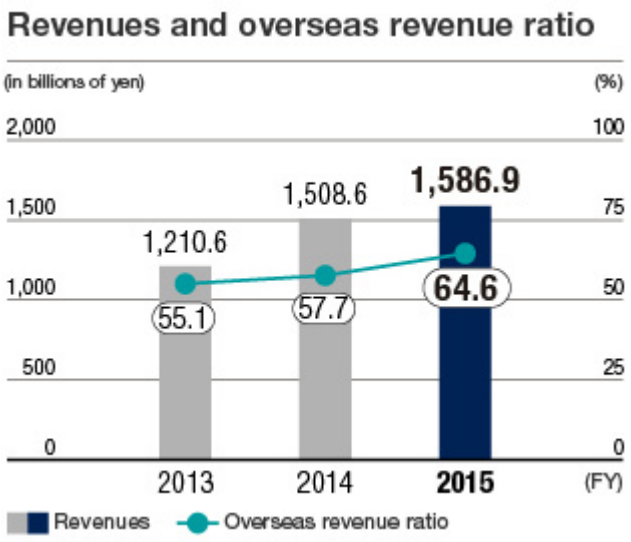
*3.Book-value per share (BPS) = Shareholders' equity ÷ Number of common shares outstanding as of each balance sheet date

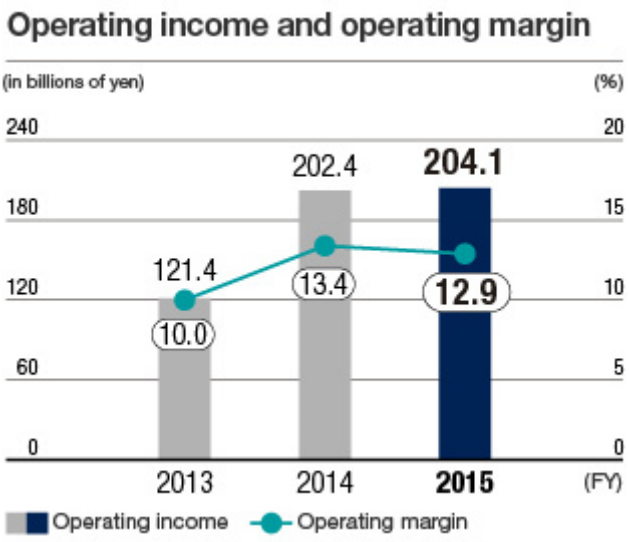
*4.Return on assets (ROA) = Income before income taxes ÷ Total assets (average of beginning and end of fiscal year)

*5.Return on equity (ROE) = Net income attributable to KUBOTA Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)

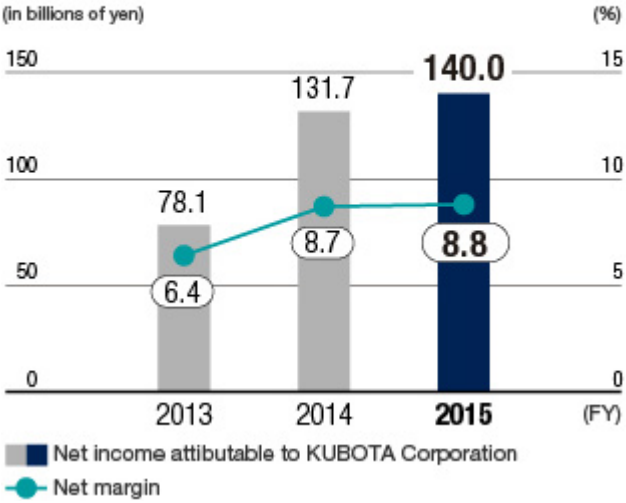
*6.Debt equity ratio = Interest-bearing debt ÷ Shareholders' equity

Please refer to the Annual Securities Report for the detailed financial information.
(http://www.kubota-global.net/ir/financial/yuho/index.html)

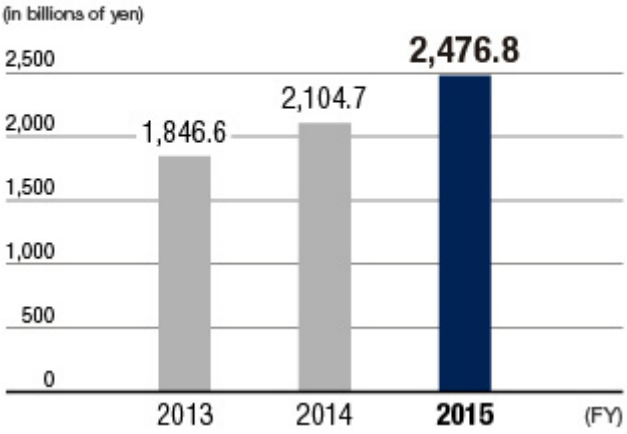




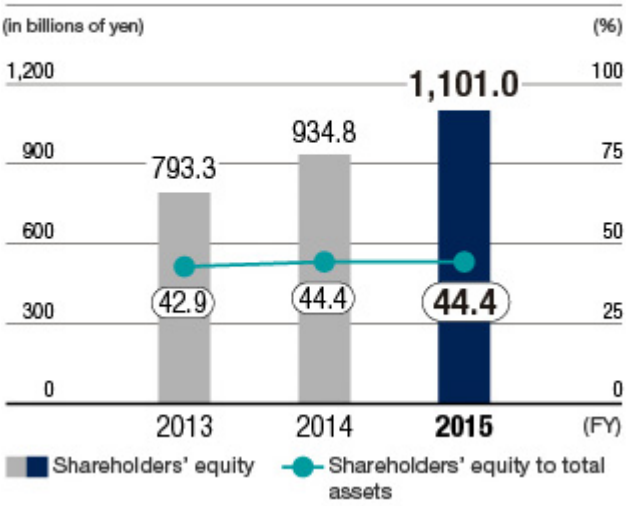
Net income attributable to KUBOTA Corporation and net margin



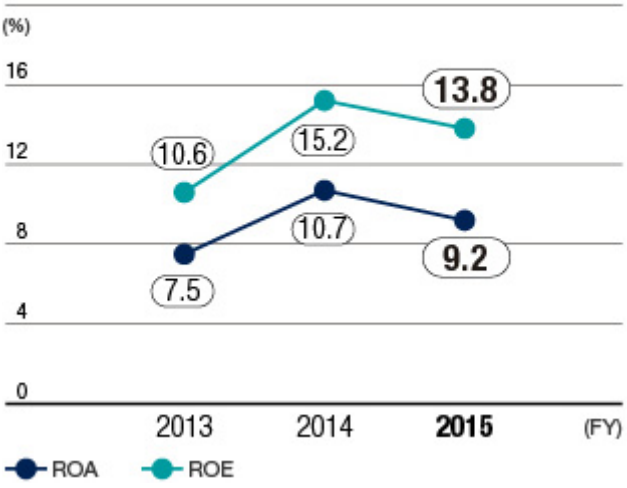
Total assets



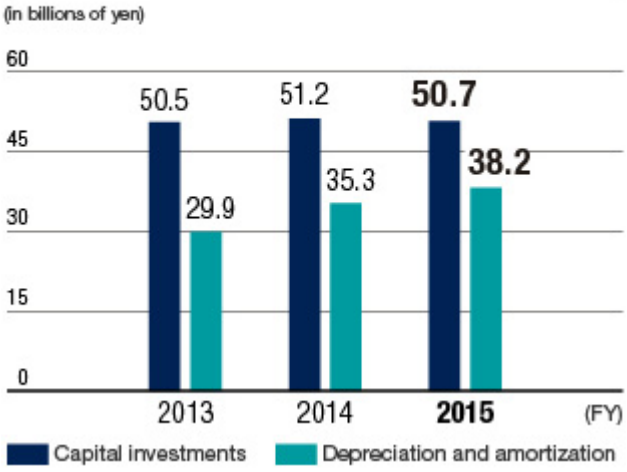
Shareholders' equity and shareholders' equity to total assets



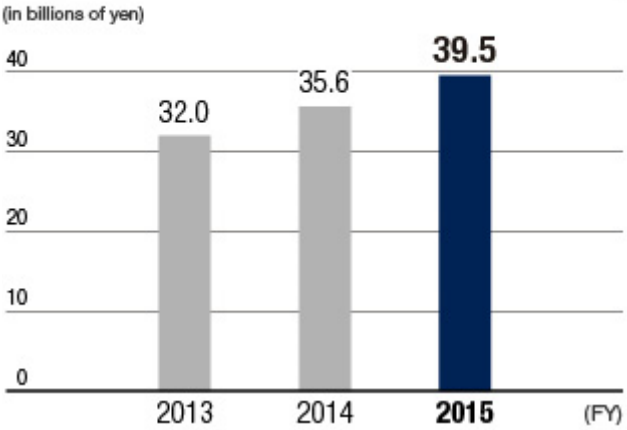
ROA*4・ROE*5



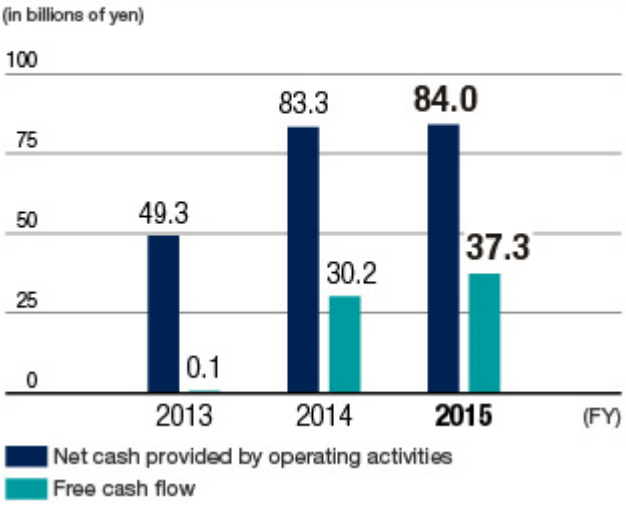
Capital investments, depreciation and amortization



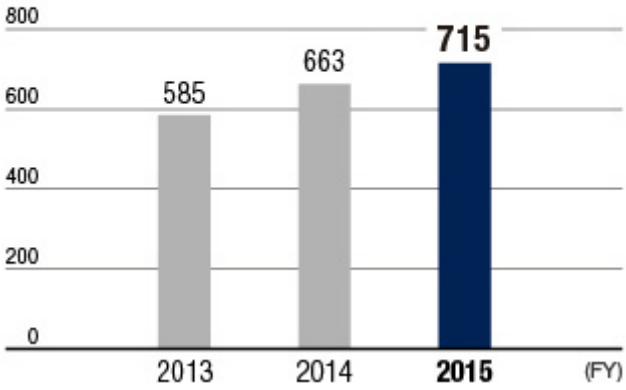
R&D expenses



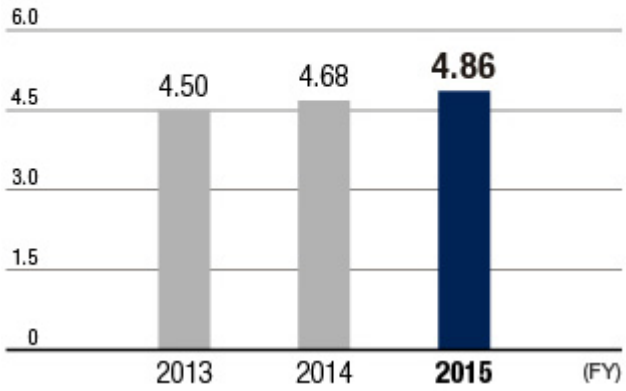
Net cash provided by operating activities and free cash flow*1



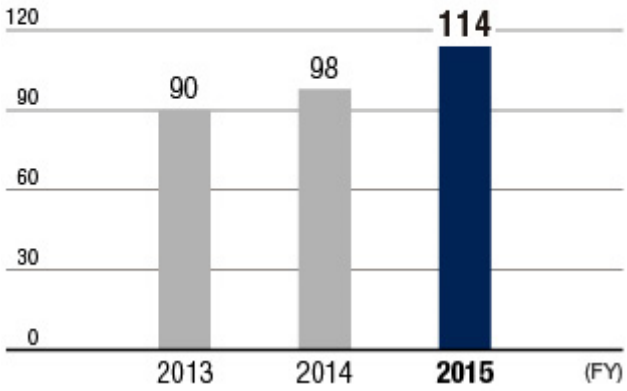
CO_2 emissions



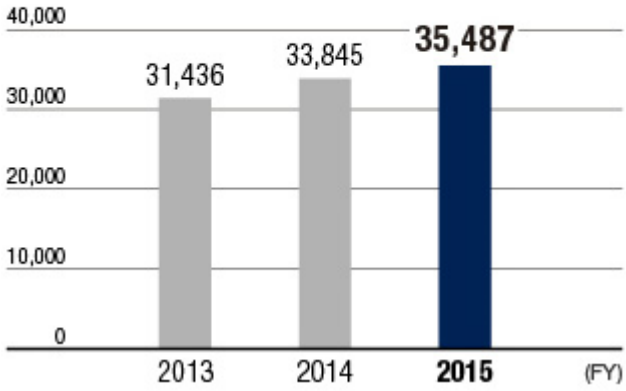
Total water consumption



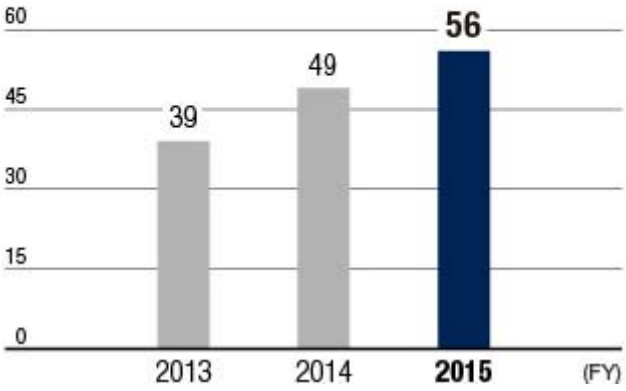
Waste discharge



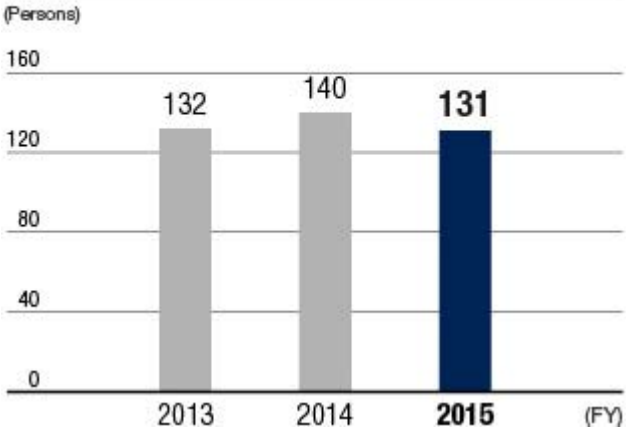
No. of employees



No. of female managers (KUBOTA Corp.)

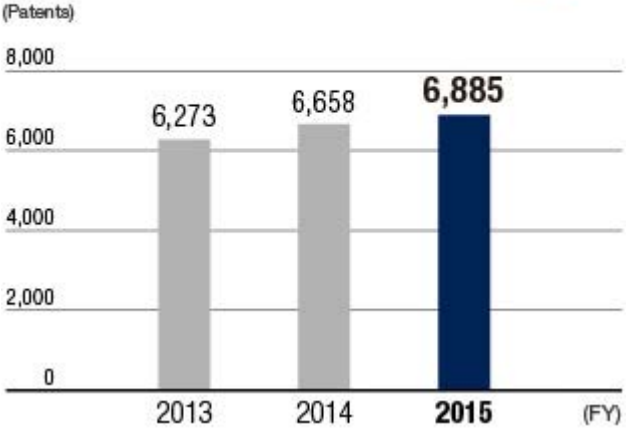


No. of employees who have completed foreign language training (KUBOTA Corp.)



No. of participants in the skills competition

No. of patents and utility model



Status of entry in the SRI Index

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

MS-SRI
(As of January 5, 2015)

ETHIBEL

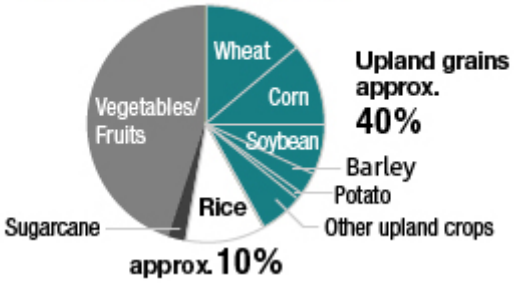
MSCI
2015 Constituent
MSCI Global
Sustainability Indexes

Topics 1

With the world's population predicted to continue rising, the demand for highly-efficient food production continues to grow; in particular, the low-cost, precision farming of upland crops that occupy a high percentage of arable land.

Towards achieving this objective, KUBOTA launched the M7001 Series—a large 170hp-class tractor—in September 2014. KUBOTA is the only Japanese manufacturer with a presence in this class of the agricultural machinery market. Moving forward, the plan is to popularize large upland agricultural machinery that achieves low-cost, precision farming in the large-scale upland crop production regions of Europe, the United States and other regions, thus contributing to the global issue of increasing food production.

Distribution of world arable land
- Mainstream upland crops -



Source: Produced by KUBOTA based on data from the United Nations Food and Agriculture Organization (FAO)

Responding to the Need for Low-Cost, Precise, Large-Scale Upland Farming

To date, the KUBOTA Group had expanded its agricultural machinery business with a focus on rice-growing markets in the Asian region, which required small, lightweight machinery. However, looking at food production from a worldwide perspective, it is apparent that the area of arable land used for upland crops such as wheat, corn and soybean is roughly four times that used for growing rice. Upland farming is particularly mainstream in Europe and the United States, and large, high-horsepower agricultural machinery is required. Moreover, there is a growing demand for precision farming, which improves yield and quality at a lower cost and reduces the burden on the environment by utilizing innovations such as information technology.

In order to meet such needs, in May 2012, KUBOTA acquired the Kverneland Group—a Norwegian manufacturer of farming implements (e.g., devices equipped on tractors such as planters and sprayers)—making it a wholly-owned subsidiary. Then, in December 2013, KUBOTA established Kubota Farm Machinery Europe S.A.S.—a large-scale tractor manufacturing company—in northern France, which is Europe's primary upland farming region. Following this, the company completed preparations for full-scale entry into the upland agricultural machinery market.

Optimizing Multiple Functions with Simple Operations, Conserving Materials and Fuel

In September 2014, development of the M7001 Series*1 upland tractor to be manufactured by the French company was completed. It is anticipated that the introduction of this new series—consisting of three types ranging from 130-170hp*1—will enhance the synergies created by acquiring the Kverneland Group.

The emergence of precision farming has resulted in more complicated machinery operations, and the M7001 Series is designed to provide simplified and improved operation by displaying information related to the tractor and its various implements on a single screen. Additionally, through optimal control that integrates the tractor's engine, transmission and hydraulic functions together with any implements being used, work efficiency is significantly improved; conserving materials such as seeds, fertilizer/chemicals and fuel, thus amounting to a tractor that realizes low-cost, precision farming. Moreover, a wide cabin and centralized operation within hands-reach make it possible to work for long hours without tiring as easily.

*1 Models sold differ depending on country and region.

Kubota + kverneland group

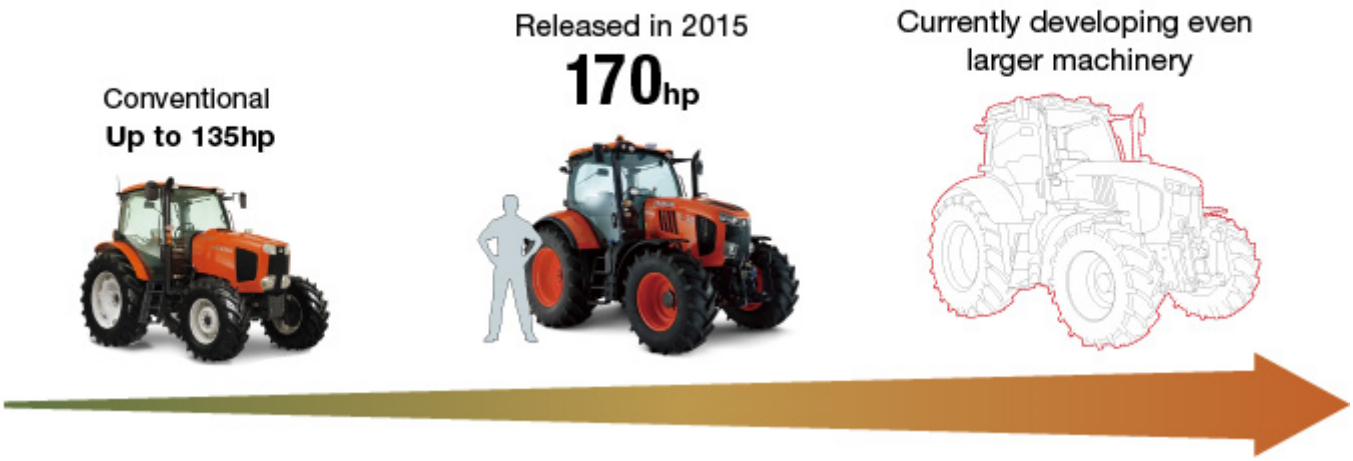
Integrating the technologies of KUBOTA and Kverneland in pursuit of the perfect match between tractor and implements

Contributing to Solving World Food Problems while Expanding Product Lineup

Production of the M7001 Series began in the spring of 2015, and tractors are gradually being introduced to various markets such as Western Europe, North America, Australia and Japan. They are receiving high evaluations from regional dealers in Europe and the United States, and orders exceeding the planned production number for the first year have already been secured. Even in Japan, the scale of farming operations is growing, and as such, sales are being promoted with a focus on large-scale upland and dairy farming in areas such as Hokkaido, where there is an increasing demand for high-horsepower tractors.

In order to respond to this growing demand in regions around the world, KUBOTA plans to expand its lineup further, developing and introducing even larger-class machines to the market; thereby contributing further to solving world food problems.

Evolution of High-horsepower Kubota Tractors



Selected for *Machine of the Year 2015* at Europe's Large-Scale Agricultural Machinery Show

The Paris International Agri Business Show (SIMA) was held in February 2015, attracting approximately 250,000 visitors to view exhibits by approximately 1,700 companies from 42 countries. At this show, Machine of the Year 2015 for 17 categories was selected by votes from agricultural trade journals and magazines, and announced. KUBOTA's M7001 Series upland tractor and Kverneland's Vicon Fast Bale were both awarded Machine of the Year 2015 in the 120-180hp tractor for agricultural use and baler*2 categories, respectively.

*2 An agricultural machine which compresses and packages cut and gathered hay, etc.

M7001Series

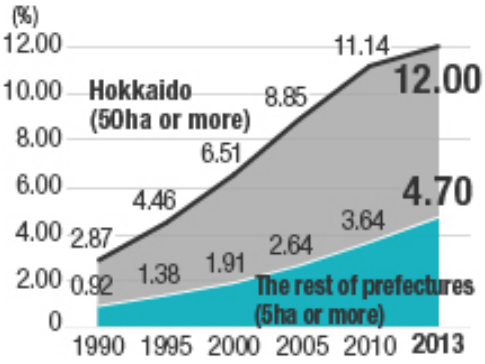
Vicon Fast Bale

Topics 2

In Japan, the total number of farmers continues to decline year after year, yet at the same time, the number of farmers who own large-scale farms is increasing.

In order to support these large-scaled farmers, KUBOTA developed the KUBOTA Smart Agri System (KSAS), which is a fusion of agricultural machinery and information and communication technologies (ICT). This service commenced in June 2014, and is now supporting the production of high-yield, high-quality crops and efficient farm management through the expansion of farming operations.

Percentage of farmers who own large-scaled farm (Japan)



Source: Produced by KUBOTA based on "The 2010 Census of Agriculture and Forestry" and "The Agricultural Structure Dynamics Survey" of the Japan Ministry of Agriculture, Forestry and Fisheries

KSAS integrating and linking agricultural machinery and ICT

The scale of agriculture continues to increase, and the number of farmlands being managed is growing along with the variety of crops being produced. Amidst this, a major issue for Japan's large-scaled farmers is how to manage productivity and cost, as well as efficiently grow safe, reassuring and good-tasting farm produce. In response to these needs, KUBOTA leveraged its strengths as a manufacturer of agricultural machinery to develop the KSAS farm management support system.

By integrating agricultural machinery and ICT, this new service aims to achieve the visualization of information relating to crops and work, and use this information to produce high-yield, high-quality crops as well as support efficient farm management.

Farmer using a computer

Simultaneous Market Launch of KSAS-compatible Agricultural Machinery

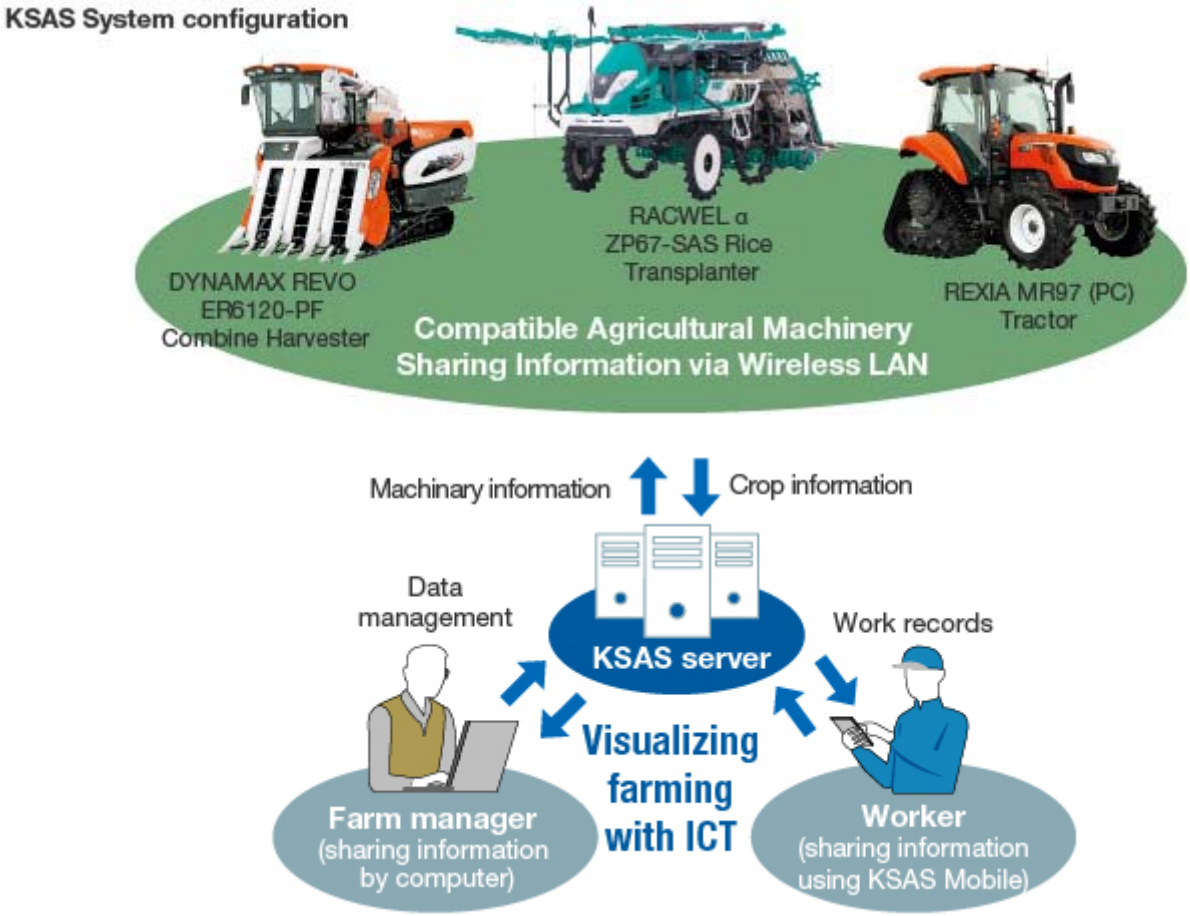
In parallel with beginning this service in June 2014, KUBOTA introduced new-model combine harvesters, rice transplanters and tractors compatible with KSAS to the market. These machines come with a wireless LAN function as standard equipment. Information on machine operations and other data is stored on a cloud server through an information terminal called KSAS Mobile.

Additionally, agricultural information—the data stored for each piece of machinery used by the customer—is provided automatically, making it possible to carry out appropriate maintenance and prevent machinery breakdown before it happens.

Know-how and Traceability -Visualizing Farm Management

KSAS-compatible combine harvesters are equipped with a sensor to measure taste and yield, This is done by detecting the yield and water content ratio—which influence taste—at the time of harvesting. Rice transplanters are equipped with a function to electronically adjust the amount of fertilizer applied. For example, it is possible to plan the optimal amount of fertilizer to be applied to a field based on data gathered from the taste-yield sensor. By sending the information to the rice transplanter, the optimal amount of fertilizer can be applied; not only improving yield and quality, but also reducing cost. Moreover, the work information recorded can be used as cultivation history information, helping to pass on know-how and securing traceability. In other words, KSAS visualizes farm management.

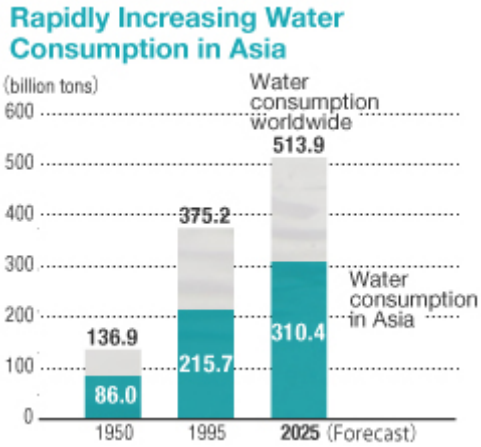
KUBOTA will continue to develop systems and agricultural machinery that support efficient farming and contribute to expanding the business of large-scaled farmers.



Topics 3

The dawn of Japan's modern waterworks began in 1893 and KUBOTA was there, involved in development of the water infrastructure. In the 125 years that have passed since then, it is not an overstatement to say we have advanced together with "water". KUBOTA also has a long history of involvement in overseas water infrastructure, being the first Japanese company to implement a water works project overseas in Cambodia during the 1950s.

Leveraging our technologies and achievement accumulated in Japan, we are currently promoting the overseas expansion of our water-related business with a focus on Asia and the Middle East. This section introduces specific examples.



Source: "Response to International Water Resource Issues," Japan Ministry of Land, Infrastructure, Transport and Tourism website

Description of photo:
Water Security Mega Reservoirs Project construction site in Qatar. The ductile iron pipe has excellent durability, and is corrosion-resistant and earthquake-resistant, earning it an excellent reputation in many countries, particularly Middle Eastern countries where water resources are scarce.

Contributing to Securing Domestic Water in the Desert Country of Qatar

Triggered by factors such as the rapid population growth and economic development in emerging nations, the demand for water continues to rise worldwide. Meanwhile, the issue of water pollution is growing increasingly severe and there is an urgent need to secure a sufficient amount of reliable and safe water.

Securing domestic water is one of the most pressing social issues, particularly in Middle Eastern countries located in desert regions. Since the 1970s, KUBOTA has contributed to waterworks infrastructure projects in Middle Eastern countries and our achievements, technological and product strengths, and overall strength in water-related fields have been highly regarded. As a result, we successfully obtained an order for a 290km-long—approximately 200,000t—section of a 570km pipeline for the Water Security Mega Reservoirs Project being promoted by Qatar General Electricity & Water Corporation. Once complete, this water pipeline will be able to provide the 1.3 million residents of Doha with domestic water for seven days.

KUBOTA will continue to promote sales activities of waterworks-related products such as piping, pumps and valves as a means of contributing to the resolution of the world's water issues.

Contributing to Southeast Asia Water Infrastructures

In Vietnam, Indonesia, Myanmar and other emerging countries in Southeast Asia, the development of industrial parks is proceeding at a rapid pace in line with economic growth. In the construction of industrial parks, the water infrastructure often emerges as an issue. KUBOTA possesses high technological capability in this field, and is leveraging its strengths that enable it to make wide-ranging proposals, from infrastructure products such as iron pipe and pumps to the construction of water purification and sewage treatment plants. As a result, we have received orders to provide water supply systems using our ductile iron pipe, and construct water purification and sewage wastewater treatment plant in the Thilawa Special Economic Zone, Myanmar. The facilities have been in operation since August 2015. Moreover, KUBOTA is currently constructing a wastewater treatment plant in the Phong Ke Industrial Park, Vietnam, where approximately 200 paper recycling factories are located.

Moving forward, KUBOTA will maximize the Southeast Asian base network of the Group company, KUBOTA KASUI Corporation, and technologies relating to wastewater and exhaust gas treatment for private factories to expand its water and environment plant business in Southeast Asia.

Thilawa Special Economic Zone, Myanmar

Thilawa Special Economic Zone signboard

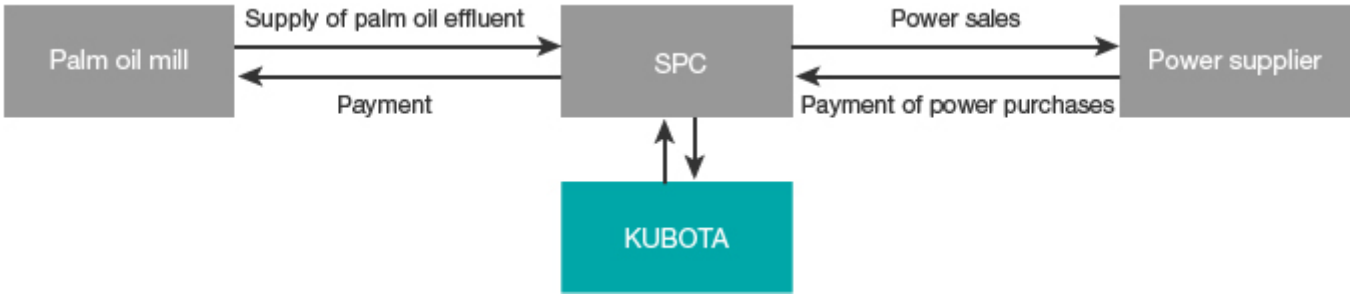
Expanding Biogas Business in Malaysia and Indonesia

Palm oil is a major export of Malaysia and Indonesia, and the effluent discharged from the mills that manufacture it is often treated in open lagoons. This creates problems such as the release of methane gas (i.e., a contributor to global warming) into the atmosphere and water pollution.

In recent years, amidst the pursuit of environmental countermeasures, KUBOTA is helping to resolve such problems by selling biogas plants and wastewater treatment plants to palm oil mills. Meanwhile, small- to medium-sized palm oil mills are struggling with the burden of equipment investment. KUBOTA has devised a scheme to generate power from the methane gas collected from effluent, thereby making it possible to retrieve the investment made in wastewater treatment equipment by generating income through selling electricity.

KUBOTA is also operating a specific-purpose corporation (SPC) together with Malaysian palm oil mills and other companies as a power-generation business; the sales of electricity from which is scheduled to begin from the summer of 2016. KUBOTA will continue to expand its biogas business, and contribute further to the prevention of environmental pollution and the utilization of renewable energy in the future.

SPC Power Generation Scheme



Biogas retrieval equipment for Malaysia (for BBC Biogas Sdn. Bhd.)

Top Message

KUBOTA Tokyo Head Office [KUBOTA Gallery]

The KUBOTA Group Business Activities

The KUBOTA Group products, technologies and services are contributing to solving global issues.

Ever-increasing business opportunities and social responsibility

The KUBOTA Group positions its corporate philosophy—the Kubota Global Identity—as the foundation of corporate management. On the basis of this philosophy, we wish to be a corporative group in which each and every employee fosters awareness as to whether or not the KUBOTA Group activities are helping to resolve issues in the fields of food, water and environment, and contributing to society.

Various regions of the world face surmountable issues concerning food, water and the environment, and amidst such an era, KUBOTA's business opportunities and social responsibility continue to grow.

Review of the year ended March 31, 2015 and Prospects for the Future

Maintaining growth after five consecutive years of increasingly larger revenues and profits

Developing business in strategic fields globally and revitalizing the agricultural machinery business in Japan

For the year ending March 31, 2015, consolidated revenues of KUBOTA and its subsidiaries increased by 78.3 billion yen (5.2%) from the prior year, to 1,586.9 billion yen, and consolidated operating income

increased by 1.7 billion yen (0.8%) to 204.1 billion yen. This marked a record five years of consecutive growth in consolidated revenues and profits.

As for domestic revenues, sales of agricultural machinery decreased significantly. As for overseas revenues, sales of tractors, construction machinery and engines rose significantly in North America and Europe. Furthermore sales of agricultural machinery also increased in Southeast Asia and India. Revenues in Water & environment expanded in the Middle East.

In order to realize further growth, KUBOTA will engage in activities aimed at the steady development of business in the strategic fields of agricultural machinery business for upland farming use, construction machinery business in North America and Water & Environment business Overseas, as well as work to revitalize the agricultural machinery business in Japan.

As for agricultural machinery business, we will position the expansion of our presence in the agricultural machinery market for upland farming as the core of our growth strategy. In 2015, we began producing large-scale upland farming tractors with engines of 130-170hp at our manufacturing company in France, marking a major milestone towards the expansion of our presence in the agricultural machinery market for upland farming in North America and Europe. We are also accelerating the development of agricultural machinery for upland farming in the emerging markets. In India, we will launch multi-purpose tractor with high towing performance to suit local needs. In China, we will launch high horsepower tractor for upland farming and enhance our lineup of wheel drive combine harvesters used to harvest crops such as corn, wheat and soybean. Additionally, we will strengthen our local development of implements of agricultural machinery suited to local crops in Thailand and other Southeast Asian regions.

See here for details

The demand for small-scale construction machinery has been increasing largely due to the economic recovery and a strong housing market in North America. In addition to the existing compact excavators, compact tractor loader and wheel loader, we are adding a new skid-steer loader product to the lineup. This will complete the full product lineup of small-scale construction machinery in the plan to expand our business in North America further as a general manufacturer of small construction machinery.

As for the Water & Environment business overseas, we will place emphasis primarily on the markets in Asia and the Middle East. In 2014, we were involved in a large-scale water supply project in Qatar and obtained a large-volume order for ductile iron pipe. However, to achieve business growth, we must move beyond initiatives for individual products. We must utilize the entire Water & Environment business and the entire Farm & Industrial Machinery business, combining the comprehensive strengths of the entire Group to achieve synergistic effects. With the strength of abundant Group resources such as a broad range of products and technologies, we will contribute to improving and solving global water and environment issues.

See here for details

As for revitalization of the agricultural machinery business in Japan, we are promoting measures in response to a tough market environment and structural changes. By implementing challenging and concentrated activities, we will forcefully exert our enegies to revitalizing the agricultural machinery business in Japan, which is the base business of the KUBOTA Group. We not only sell the agricultural machinery, but also offer the KUBOTA Smart Agri System (KSAS), which proposes a new farming

management method combining agricultural machinery and ICT. Furthermore we will strengthen our service response capability and support sixth sector industrialization, which focuses on all stages up to the processing and sale of agricultural produce. We will comprehensively contribute to agriculture in Japan.

See here for details

Long-Term Management Objectives and Basic Concept

To be recognized as a global major brand

Designating "Priority Onsite" and "Customer First Principle" as the most critical directives of business activities and steadily implementing a growth strategy with a mid-to-long-term perspective.

The long-term goal of these initiatives will be to establish KUBOTA as a global major brand and aim to continue being an organization with a strong presence that is truly needed throughout the world. In order to realize these objectives, we have formulated a growth strategy based on a mid- to long-term perspective and are steadily fulfilling this strategy one step at a time.

We have also established the principles of "Priority Onsite" and "Customer-First Principle" as the most critical directives of our business activities, and ensure that all employees abide by these principles. The "Priority Onsite" principle refers to placing the greatest emphasis on the field in all aspects of business, such as R&D, production and sales. Each time we face issues head on, we seek fundamental solutions that are always approached from the perspective of the field itself. The "Customer-First Principle" refers to deliver products and services that exceed customers' need and deliver with the speed that exceeds customer's expectations. KUBOTA believes, by achieving this, the Group will leave a lasting impression on its customers, bringing them shear happiness and optimal satisfaction.

Mid-Term Management Policies and Directives

Towards early achievement of 2 trillion yen in revenues based on our mid-term target

Pursuing synergies between divisions and businesses, and globalization of management as a whole.

To achieve long-term objectives, KUBOTA set forth a mid-term target to clarify the actions required to achieve its mid-term objectives in three to five years' time and clarify the road map and strategy. By drawing on the overall strengths of the Group, our aim is to steadily fulfill the various policies of the mid-term target and achieve consolidated net sales of 2 trillion yen in FY2018 and 2.5 trillion yen in FY2020. The aforementioned growth strategies of each business area are the pillars of this mid-term target. But we will also seek to maximize Group synergies and globalize management as a whole.

Strengthening R&D

In order to conduct high-quality, timely development activities, we are rebuilding our R&D resources from a global perspective. Clarifying the respective roles of its various domestic and overseas R&D bases, the

KUBOTA Group is reinforcing its primary domestic bases while foster overseas facilities, that lead community-based R&D highly sensitive to local needs—an essential element for future business growth.

Establishing KUBOTA Production Method

In order to support the enhancement of overseas production based on the fundamental policy of local production for local consumption, our domestic mother plant is promoting the early establishment and global deployment of Kubota Production Method, which enables to realize drastic cost reductions by complete elimination of all wastes. We have also introduced a optimal procurement system, have begun information sharing between overseas bases and are pursuing a globally optimal procurement system from the long-term perspective. Through such initiatives, we intend to realize the highest level of standards of "Made by Kubota" in terms of quality, cost, and delivery at our plants worldwide.

Improving management efficiency

The KUBOTA Group has aligned the financial statement closing dates of all Group companies in order to strengthen consolidated management, as well as synchronize and streamline business operations. In addition to promoting the consolidation of management in the parent company and subsidiaries, we will continue to improve cash flow and our financial status by strengthening our asset management and other business operations.

CSR Management

As a corporate group trusted by society

Building business based on compliance and other policies to sincerely and appropriately respond to stakeholders' expectations.

In order to become a major global brand, the KUBOTA Group must be a company trusted not only in Japan, but at the global level. Compliance is the basic premise for achieving this. In order to strengthen measures against compliance risk, we have transferred authority of the Company-wide Risk Management Committee from the director in charge to the vice president. We will enforce compliance in accordance with the basic principle that "no business activities that could result in the violation of laws or regulations exist in the KUBOTA Group."

The same applies to safety. Human life is irreplaceable. As such, "no business activities that could result in the sacrifice of human life exist in the KUBOTA Group." We enforce "Safety First" in accordance with the basic principle that all persons involved in business activities act with safety as their first priority.

From the environmental management aspect, the KUBOTA Group has formed an Environmental Management Strategy Committee whose purpose is to reduce environmental load and environmental risk. Our management team will lead the Group's environmental conservation activities based on multifaceted, high-dimensional studies and evaluations. We will focus on resource recycling, Eco-Products (environment-friendly products), and global warming countermeasures among others in our attempt to achieve sustainable management that realizes both environmental conservation and improves corporate value.

Additionally, regarding the human resources required to sustain corporate growth, supporting diversity management, we will strive to provide environments where diverse human resources can work together regardless of gender, nationality or age.

To Our Stakeholders

Ongoing support for the future of the Earth and humanity – This is the KUBOTA mission

Through superior products, technologies and services, it is the mission of the KUBOTA Group to contribute to abundant and stable food production, secure water supply and recycling, and create a comfortable living environment for all, thus continuing to support the future of the Earth and humanity.

We will continue our proactive business activities with the goal of maintaining our reputation as a corporate group trusted by all and constantly reflecting on from the perspective of the corporate philosophy, the Kubota Global Identity.

We look forward to the ongoing understanding and support of you, our stakeholders.

September 2015

President and Representative Director

Farm & Industrial Machinery Division

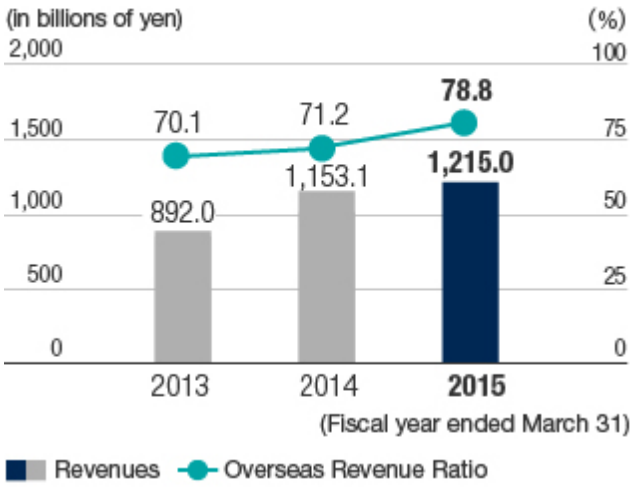
Results this Fiscal Year

Revenues increased by 5.4% from the prior year, to ¥1,215.0 billion, and accounted for 76.6% of consolidated revenues.

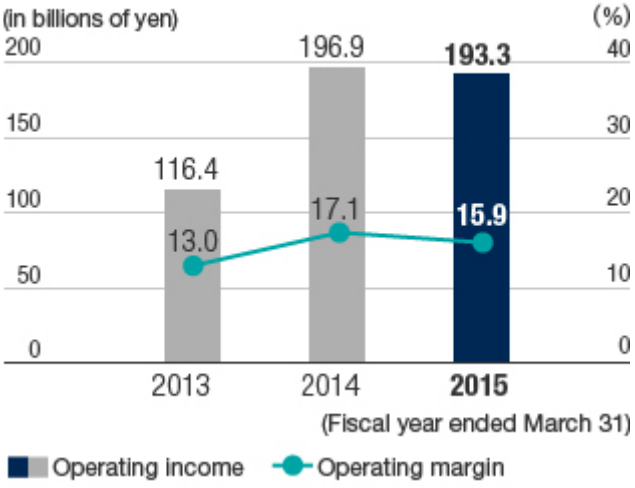
Domestic revenues decreased by 22.6%, to ¥257.6 billion. Overseas revenues increased by 16.7%, to ¥957.4 billion.

Operating income decreased by 1.8%, to ¥193.3 billion.

Revenues and overseas revenue ratio



Operating income and operating margin



Tractor with Excellent Towing Performance and High Durability Developed for India

India boasts the largest tractor market in the world, with an annual demand of approximately 600,000 units; more than ten times the scale of the market in Japan. Tractors are used year-round in India, not only for agricultural work, but also for towing farm produce and construction materials as a means of transportation. KUBOTA has developed a tractor model specially designed to meet the unique needs of the Indian market. It is heavier than our conventional tractors, and demonstrates excellent towing performance and high durability. This model will be produced in Thailand for the immediate future, and is scheduled to be launched in the Indian market sometime in 2015. Because of the competition with local Indian

manufacturers, 60% of the tractor components are procured within India itself, thereby minimizing cost. At the same time, depending on sales performance, the construction of a plant in India may be considered in the future.

Through this new tractor tailored to the Indian market, KUBOTA is responding to a diversity of needs covering not only rice paddies, but also upland farming, trailer towing and other tasks, thus proactively opening up the Indian market and participating in the Asian upland farming market.

Existing product (agricultural work in orchard)

Specific demand in India (trailer heavy-towing work)

Skid Steer Loader Launched in North American Market

In recent years, the North American economy has been supported by the recovery of housing construction and a good overall economic environment, leading to growing sales for compact construction equipment.

In 2015, KUBOTA began selling the Skid Steer Loader (SSL), a newly developed product for the compact construction equipment sector. The SSL has been added to a list of KUBOTA products already available in North America; namely, the compact excavator, Wheel Loader and Compact Truck Loader (CTL), completing the main lineup of compact construction equipment .

SSL is designed to be used not only at construction sites, but also for a broad range of applications including farms. As such, KUBOTA's unique characteristic of being a manufacturer of both agricultural and construction equipment has been maximized, with the intention of also offering the SSL to farmers together with large tractors for upland farming.

The SSL is currently manufactured in Japan and exported; however, depending on sales performance, a local production site in the United States may be considered in the future.

Small Industrial Diesel Engine Lineup Compliant with Emissions Regulation Expanded

With the growing global awareness of the need for environmental conservation, engine emission regulations are becoming increasingly stringent in every country. As a leading manufacturer of small industrial diesel engines, the KUBOTA Group has always developed engines that meet the latest emission regulations. The engine designs have focused on agricultural machinery, construction machinery and other industrial machinery in Japan, the United States and Europe. Our new engine models have acquired the certifications required by various countries and have been successfully launched in regional markets.

In a climate where all industrial machinery manufacturers are required to respond rapidly to emission control measures, KUBOTA has enhanced its lineup of engines to meet these emission controls in order to satisfy the diversified needs of its customers. In January 2015, we began selling engines (19-56kW output) that comply with emission regulations using a DOC* as the only exhaust after-treatment device instead using a DPF*. Furthermore, we developed the WG3800 (3.8L exhaust) water-cooled gasoline/gas engine, which has the same industrial footprint as our V3800 diesel engine. Mass production began in February 2015. As an engine manufacturer, KUBOTA takes pride in offering customers a broad range of choices.

WG3800 water-cooled industrial gasoline/gas engine

*Diesel Oxidation Catalyst: Post-exhaust treatment device that dissolves the organic solvent contained in airborne particles and reduces components through an oxidation catalytic reaction.

*Diesel Particulate Filter: Post-exhaust treatment device (filter) that collects the particles contained in diesel engine exhaust.

Supporting the Vitalization of Japan's Agricultural Industry

For many years, the KUBOTA Group has maintained a close relationship with farmers through the mechanization of agriculture and has walked alongside Japan's agricultural industry. Today, with the farming population not only aging, but also decreasing in number, Japan's agricultural industry faces grave issues. Amid this situation, the KUBOTA Group is leveraging its collective strength and engaging in various initiatives to support the future of Japan's farmers.

For small-scale farmers who are growing older, we sell a small, compact tractor that is easy to operate and can be used anxiety-free. For fruit growers, we have developed the Raku Vest, a suit which helps to alleviate burden when picking grapes, pears and other fruits by supporting the arms. Another major issue for Japan's agricultural industry is the expansion of agricultural produce exports. KUBOTA established Kubota Rice Industry PTE Ltd. in Hong Kong and Singapore as a company to import, polish and sell rice grown in Japan, thus contributing to the expansion of Japanese-grown rice exports overseas.

The KUBOTA Group will continue to support the vitalization of Japan's agricultural industry through proposing a diversity of products and solutions.

Small tractor

Raku Vest

Established sales company for Japanese rice in Singapore

Water & Environment Division

Results this Fiscal Year

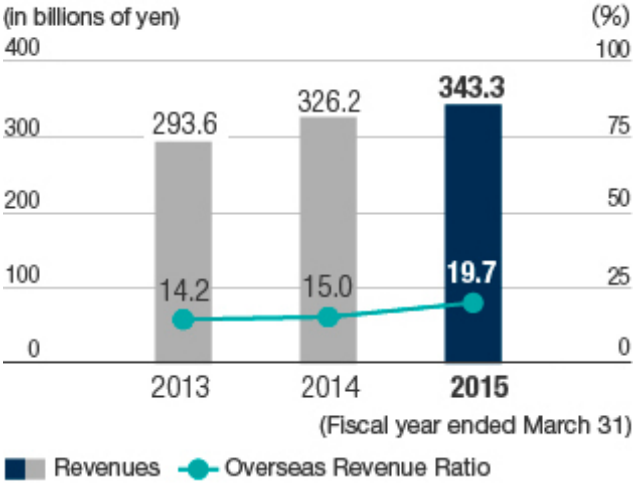
Revenues increased by 5.2% from the prior year, to ¥343.3 billion, and accounted for 21.6% of consolidated revenues.

Domestic revenues decreased by 0.6%, to ¥275.7 billion. Overseas revenues increased by 38.1%, to ¥67.6 billion.

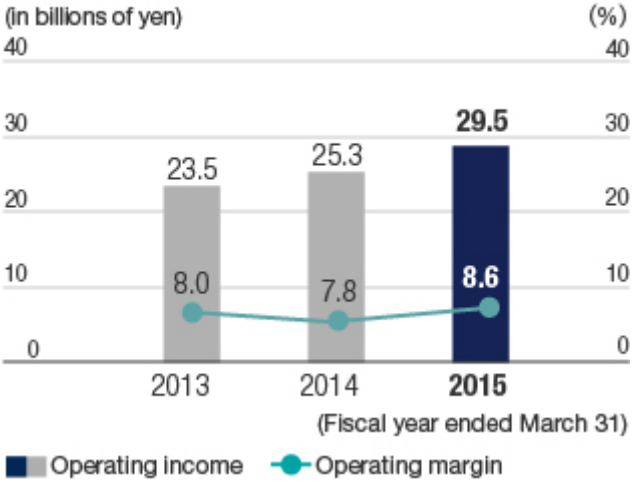
Operating income increased by 16.5%, to ¥29.5 billion.

* Beginning with the current consolidated fiscal year, the amounts related to "construction" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Other" segment, in conformity with the change in the business reporting structure of the Company. The segment information for the prior fiscal year has been retrospectively adjusted to conform to the current year's presentation.

Revenues and overseas revenue ratio



Operating income and operating margin



Contributing to Building of Infrastructure Strong Against Disasters through Earthquake-resistant Water Pipelines

In order to avoid disconnected water supplies due to earthquakes, which occurs frequently around the world, making water pipelines earthquake-resistant is a key issue. In 1974, KUBOTA developed the first earthquake-resistant ductile iron pipe. This pipe has been recognized for its effectiveness after not being damaged, even by the large-scale Great Hanshin and Great East Japan earthquakes.

Moreover, KUBOTA has proposed an earthquake-resistant water storage tank as a measure to quickly provide drinking in situations where the water supply has been cut off. In fiscal 2015, these tanks were newly installed in 23 locations across Japan, including Gonohe, Aomori Prefecture, Shiogama, Miyagi Prefecture and Kagamiishi, Fukushima Prefecture, which were all affected by the Great East Japan Earthquake.

The performance of KUBOTA's earthquake-resistant pipes has even been highly regarded overseas in earthquake-prone regions on America's west coast such as Los Angeles and San Francisco, and field tests are ongoing.

KUBOTA will continue contributing to building infrastructure strong against natural disasters in order to secure the stable supply of drinking water, which is the source of life.

An earthquake-resistant water storage tank

GENEX field test, North America

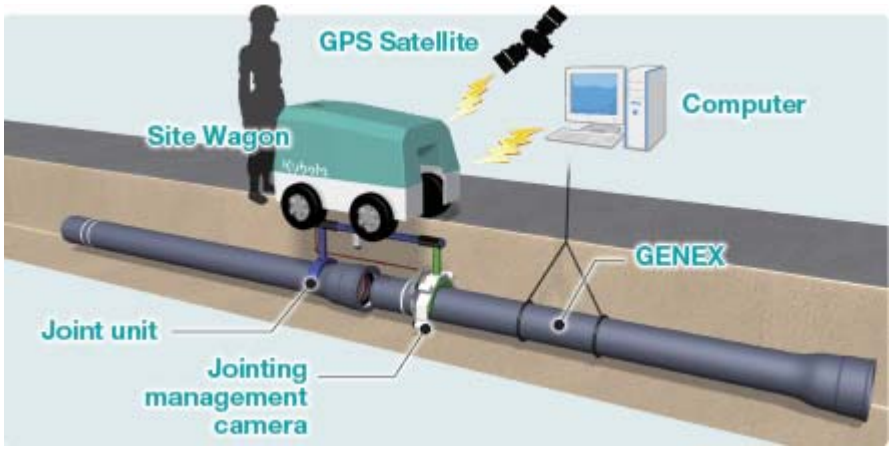
Efficient Updating of Water Pipeline Networks Utilizing Newly Developed Installation Technology and ICT

Currently, aging water pipelines in Japan are being proactively updated and made earthquake-resistant. To promote pipeline replacement and earthquake-resistant, secured construction management and quick installation work are required. Amidst this situation, KUBOTA is focusing on developing Site innovation, a system that integrates new installation technologies such as mechanical connection and installation information/management support technologies utilizing ICT.

Site wagons will play a central role in this initiative. The wagon is not only capable of conducting connection work done manually until now, but also does inspections, records installation information, acquires pipe location information and other tasks. As such, the wagon is anticipated to make work more efficient and shorten overall installation time.

KUBOTA is currently engaged in trial installations in regions throughout Japan, and is aiming for practical application.

Site innovation mechanism



Pipe laying using side wagon

Installing Pump Equipment in Higashimatsushima City, Miyagi Prefecture for Drainage in the Event of Torrential Rain, Etc.

The Great East Japan Earthquake that struck in March 2011 extensively damaged the infrastructure that supports the daily lives of people living in the affected areas. In Higashimatsushima City, Miyagi Prefecture, the pumping stations in the affected areas of Oomagari, Gomikura and Minami-ku needed to be restored swiftly. Restoration was required so that, not only drainage could begin immediately for regular water in rice fields, but also in order to prevent residential areas from being waterlogged in the case of flooding.

Moreover, in order to reduce construction costs and consider adjacent installation with a horizontal shaft-type pump (for regular drainage) the Tohoku Regional Agricultural Administration Office of the Ministry of Agriculture, Forestry and Fisheries planned an onboard reduction gear enabling both the equipment and the building in which it was installed to be downsized due to a simplified pumping equipment configuration. KUBOTA proposed an efficient system aimed at reducing operating costs and completed installation at all pumping stations last fiscal year.

KUBOTA will continue developing new products that reflect the needs of the era and contributing to building cities strong against disasters.

Oomagari drainage pumping station

Restored pump equipment

Contributing to the Implementation of New Power Generation Technology through the Development and Installation of a Highly Functional Valve

In the wake of the Great East Japan Earthquake, there has been a rise in the importance of coal-fired power generation, and the various power companies engaged in the development of Integrated Gasification Combined Cycle (IGCC) as a new technology anticipated to significantly improve power generation efficiency.

The coal gasification equipment in IGCC plants uses special valves able to withstand high pressure and wear. Since installing valves to an experimental plant for IGCC development in 2000, KUBOTA has collected data and confirmed the quality of its product during operations and continued to accumulate technology.

Recently, KUBOTA installed a newly developed valve in an IGCC experimental plant being built by Osaki CoolGen Corporation. This plant is scheduled to commence operations in March 2017.

From now on, KUBOTA will continue to support the development of next-generation clean power generation methods through maintenance, doing so in conjunction with initiatives for improving its technological strength to contribute to stable power supply such as extending the life of valves.

Newly-developed valves for power stations

Corporate Governance

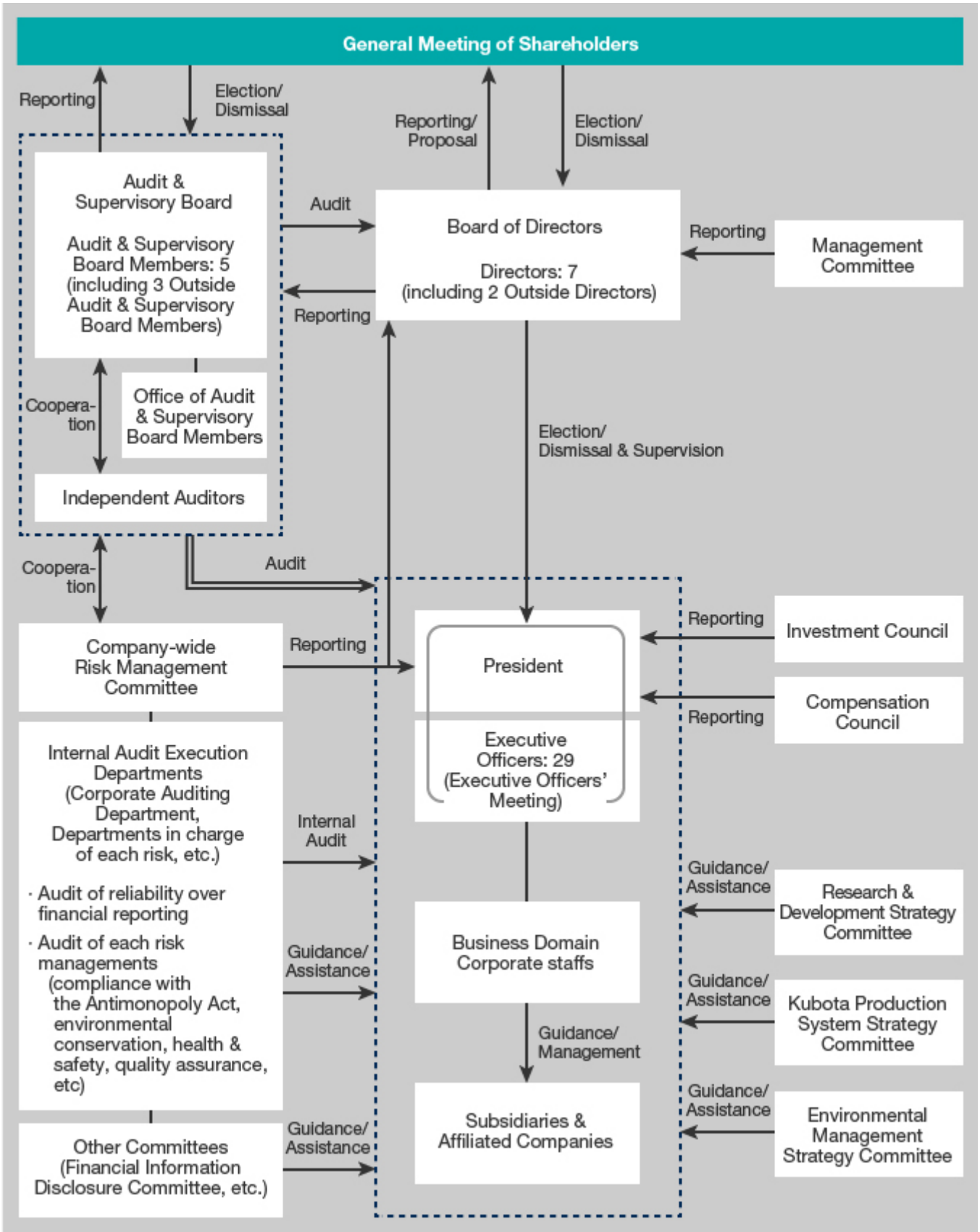
In order to speed up its response to management conditions and achieve enhanced transparency in management, KUBOTA Corporation has adopted the following its corporate governance structure. Moreover, by building an internal control system and implementing steady improvements continuously during its business activities, KUBOTA not only enforces the observance of laws and regulations, but also reduces risk.

Corporate Governance Structure

Ensuring Quick Response to the Management Environment and Improving Management Transparency

In order to speed up its response to management conditions and achieve enhanced transparency in management, etc., KUBOTA Corporation has adopted the following corporate governance structure.

Corporate Governance Structure (as of June 19 , 2015)



Board of Directors

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

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 in regards to the organization and operation of the management system for key risks identified by KUBOTA Corporation.

Audit & Supervisory Board

KUBOTA Corporation is a company with an Audit & Supervisory Board that oversees and audits the execution of duties by the Directors. It consists of five Audit & Supervisory Board Members (three of whom are Outside Audit & Supervisory Board Members).

In addition to 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 Corporation has adopted the Executive Officer System. The Executive Officers' Meeting consists of the President and Representative Director (referred to below as "the President") and the 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

The Management Committee meets to deliberate important management matters such as investments and loans, and mid-term management plans before they are discussed by the Board of Directors. Two of the full-time Audit & Supervisory Board Members participate in the committee as observers. 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 on special matters. The council does not include the President, and one of the full-time Audit & Supervisory Board Members participates in it as an observer.

Policy for Appointing Outside Directors and Outside Audit & Supervisory Board Members

For selecting candidates for the positions of the Outside Directors and the Outside Audit & Supervisory Board Members, KUBOTA Corporation considers their experiences 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 Corporation does not establish detailed policies or standards as to criteria for independency in electing them; however, KUBOTA Corporation 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 Corporation elects Yuzuru Matsuda as an Outside Director since KUBOTA Corporation 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 Corporation has no business relationship with Kyowa Hakko Kirin Co., Ltd., which he 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 Corporation elects Koichi Ina as an Outside Director since KUBOTA Corporation 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, chairman, and plant and manufacturing manager in the motor vehicle industry. KUBOTA Corporation has no business relationship with Daihatsu Motor Co., Ltd. and TOYOTA Motor Corporation which he currently serves and used to serve 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.

Reasons for Appointing Outside Audit & Supervisory Board Members (Independent Executives)

KUBOTA Corporation elects Masaharu Kawachi as an Outside Audit & Supervisory Board Member since KUBOTA Corporation wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a professional in business planning and control. KUBOTA Corporation has a business relationship with Sumitomo Chemical Company, Limited where he initially started his career, but the amount arising from the above transactions for the year ended March 31, 2015 was less than 1% of the total consolidated revenues of the Company. 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 Corporation elects Akira Morita as an Outside Audit & Supervisory Board member since KUBOTA Corporation 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 Doshisya University and Miyake & Partners Law Firm which he currently 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 Corporation elects Teruo Suzuki as an Outside Audit & Supervisory Board Member since KUBOTA Corporation 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 Corporation has no business relationship with KPMG AZSA LLC where he initially started his career as a CPA. 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.

System Supporting for Audit & Supervisory Board Members

KUBOTA Corporation establishes Office of Audit & Supervisory Board Members and assigns five employees to exclusively support the Audit & Supervisory Board Members in performing their duties.

Internal audit departments and Independent Auditors of KUBOTA Corporation report audit plans and the results of audits to the Audit & Supervisory Board periodically.

Remuneration of Director and Audit & Supervisory Board Members

The remuneration for the Directors is determined at the Meetings of the Board of Directors based on the rerpot from the Compensation Council within the range of the maximum aggregate amounts of remunerations approved at the General Meeting of Shareholders in consideration of operating results of the Company, compensation levels of other companies, and the wage level of employees of KUBOTA Corporation. The Compensation Council is composed of Representative Directors, excluding the President, and Executive Officers in charge of indirect departments. The report of the Compensation Council is submitted to the Meetings of the Board of Directors after approval by the President.

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

Director and Auditor Remuneration

Position	Number of persons	Total amount of compensation (¥ in millions)	Total amount by type (¥ in millions)	
			Remunerations	Bonuses
Directors (excluding Outside Directors)	8	479	307	172
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	4	62	62	-
Outside Directors/Outside Audit & Supervisory Board Members	7	74	74	-

Directors, Audit & Supervisory Board Members and Executive Officers

Front row starting on left: Masatoshi Kimata, President and Representative Director; Toshihiro Kubo, Representative Director and Executive Vice President

Back row starting on left: Yuzuru Matsuda, Outside Director; Kenshiro Ogawa, Director and Senior Managing Executive Officer; Shigeru Kimura, Director and Senior Managing Executive Officer; Yuichi Kitao, Director and Senior Managing Executive Officer; Koichi Ina, Outside Director

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

Outside Director
Yuzuru Matsuda
Koichi Ina

Audit & Supervisory Board Members

Satoru Sakamoto
Toshikazu Fukuyama
Masaharu Kawachi (Outside Audit & Supervisory Board member)
Akira Morita (Outside Audit & Supervisory Board member)
Teruo Suzuki (Outside Audit & Supervisory Board member)

Executive Officers

Senior Managing Executive Officers
Satoshi Iida
Shinji Sasaki

Managing Executive Officers
Yujiro Kimura
Hiroshi Matsuki
Kunio Suwa
Toshihiko Kurosawa
Hiroshi Kawakami
Yoshiyuki Fujita
Hironobu Kubota
Masato Yoshikawa

Executive Officers
Taichi Ito
Kaoru Hamada
Junji Ogawa
Yasuo Nakata
Kazuhiro Kimura
Dai Watanabe
Haruyuki Yoshida
Takao Shomura
Yuji Tomiyama
Kazunari Shimokawa
Mutsuo Uchida
Nobuyuki Ishii
Kazuhiro Shinabe
Ryuichi Minami
Yoshimitsu Ishibashi

Internal Control

Internal Control System

Based on the awareness that risk management is the foundation of business activities, KUBOTA Corporation identifies risks common to the entire company, such as those relating to reliability of financial reporting, and exerts efforts to manage risks appropriately through continuous steady improvement to "immediately correct any inadequacies."

In FY2015, we identified the risks unique to each business division in order to achieve more detailed risk management than previously utilized. Moreover, we have reinforced rules and promoted early risk assessment and appropriate response measures in order to swiftly relay information in case of suspicion of compliance violation.

No. of Audits and Contents of Risk Management

Risk management item		Risk to be avoided	Number of audited tems(total)*1 for FY2015
Internal control over financial reporting	Financial reporting	• Risk on reliability of financial reporting	2,888
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	113
	Environmental conservation	• Non-compliance with laws and regulations • Environmental accidents • Past environmental debt	10,794
	Health and safety	• Occurrence of serious accidents • Occupational illnesses • Administrative disposition and litigations	1,418
	Quality assurance	• Occurrence of quality problems detrimental to the Kubota brand, etc.	1,701

Risk management item		Risk to be avoided	Number of audited tems(total)*1 for FY2015
Internal control over the basic functions of the company	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	5,159
	Information security	• Computer virus infection • Information leakage • Information system failure	1,701
	Intellectual property	• Infringement of other companies' intellectual property	599
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	600
	Earthquake and other disaster response management	• Important managerial losses including danger of human lives due to earthquake and other disasters, damage to equipment, destruction of the information system, and operation halt	156
	Compliance with the Construction Business Law	• Non-compliance with Construction Business Law	852
	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	136

Risk management item		Risk to be avoided	Number of audited tems(total)*1 for FY2015
Internal control over compliance	Safe driving management	• Accidents arising from non-compliance with traffic laws and regulations and violating acts	136
	Prevention of illegal payments	• Trading with antisocial forces • Non-compliance with the Political Funds Control Act • Making inappropriate payments to overseas public servants	572
	Confidential information management	• The flow out of classified information including plans for development and sales of new products Protection of personal information	557
	Protection of personal information	• Leakage and loss of personal information related to customers, employees, etc. • Improper use of personal information	163
	Import and export control	• Non-compliance with laws and regulations including Customs Act, Foreign Exchange and Foreign Trade Control Law, Basel Convention, and laws related to chemical substances Compliance in Logistics	208
	Compliance in Logistics	• Non-compliance with laws and regulations of three major road laws, including the Road Traffic Act and those related to distribution, including the Labor Standards Act, etc.	422

*1 No. of audited items (total) is the 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, releasing information, and tracking survey results.

Internal Control System Operations

Amid the increasing speed of global business development, we are very much aware that risk management activities based on internal control mechanisms are a management foundation for business survival and work to make improvements, including at our overseas affiliates.

KUBOTA Hotline (whistle blowing system)

As a framework to support risk management, KUBOTA Corporation operates an whistle blowing system, which has both internal and external consultation services, the CSR Planning and Human Rights Advancement departments and lawyers, respectively. This system aims to prevent, or quickly detect and correct, any illegal and unethical acts as well as develop an open corporate culture.

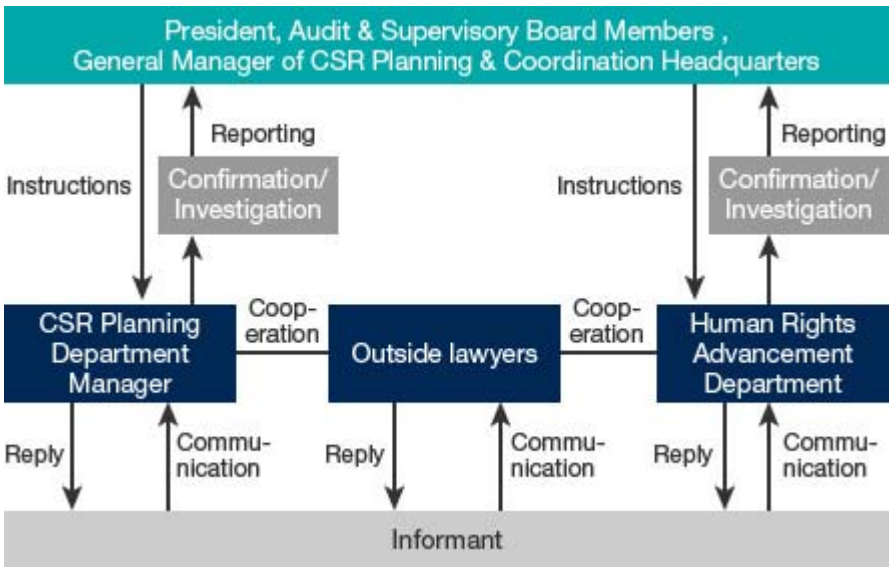
The CSR Planning Department handles reporting on compliance matters other than human rights issues, and the Human Rights Advancement Department handles the reporting of human rights issues. The external consultation service handles reporting on all compliance matters including human rights issues. These services are available to all full-time, part-time and temporary employees of KUBOTA and its domestic group companies. Each of our overseas locations handles reporting individually and notifies the head office in the event of regarding any major issues. Regarding the protection of informants, our Whistle Blowing System Operation Rules clearly state that "the informer shall not be disadvantaged as a result of reporting an issue" and "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." It is also possible to anonymously report issues to the CSR Planning Department or Human Rights Advancement Department.

We also use creative ways to alleviate uneasiness about the system—which is often the result of lack of understanding—such as featuring the trends of issues reported and explaining about the system using a Q&A format in the company newsletter. In FY2015, we created a guide on how to use the KUBOTA Hotline, describing the processes, etc., and thus successfully promoting a better understanding of the reporting system.

As a result of these awareness activities, awareness and level of understanding regarding the system have been improved, as shown by the Employee CSR Awareness Survey. In FY2013, FY2014 and FY2015 respectively, a total of 44, 55 and 48 cases were reported—including enquiries and matters that were found out to be not problematic following investigation.

In regards to human rights issues, a Human Rights Advancement Consultation Office has been established at each company and business site so that people can more easily seek consultation.

Flowchart of the KUBOTA Hotline



Securing Reliability of Financial Reporting

Our Corporate Auditing Department and the auditing divisions of our subsidiaries conduct regular internal audits in order to confirm the reliability of financial reporting for the entire KUBOTA Group, including our overseas subsidiaries.

The Corporate Auditing Department has also created a system for evaluating the effectiveness of internal controls on a consolidated basis as a group. 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)

After KUBOTA-AGRI-SERVICE was subjected to an on-the-spot inspection by the Fair Trade Commission in November 2013, our President delivered a message to all Directors and employees, "Under no circumstances shall a member of the KUBOTA Group seek sales or profit at the expense of violating compliance (sacrificing the dignity of the entire Group)." This reaffirms KUBOTA Corporation's stance on complying with the Anti-Monopoly Act (Competition Law).

In November 2013, Kubota Agri Service Corporation was subjected to an on-the-spot inspection by the Fair Trade Commission for its suspected role in bid-rigging regarding agricultural facilities such as grain elevators. Consequently, on March 26, 2015, the Fair Trade Commission ordered KUBOTA Corporation to pay a fine and Kubota Agri Service Corporation received a cease-and-desist order and a fine.

As a result of this administrative punishment, KUBOTA Corporation will revise its rules regarding compliance to the Anti-Monopoly Act and its auditing system, establish measures to prevent reoccurrence—such as strengthening the Anti-Monopoly Act Compliance Committee and conducting Anti-Monopoly Act training throughout the company—and strengthen and implement initiatives aimed at compliance to the Anti-Monopoly Act. This shall be extended to all companies in the KUBOTA Group.

Training and Awareness Activities

KUBOTA Corporation exerts efforts to enforce compliance to the Anti-Monopoly Act (Competition Law) throughout the entire Group, such as conducting employee training at each sales base, including domestic and overseas locations and Group companies.

Auditing and Risk Management Surveys

In addition to conducting an audit targeting the domestic Water and Environmental Division regarding its compliance to the Anti-Monopoly Act, we are also carrying out risk management surveys specifically related to the Anti-Monopoly Act (Competition Law) for KUBOTA Group companies, both domestic and foreign. These initiatives are effective for preventing violations and promoting communication regarding risk management with business divisions and group companies.

Establishment of a Consultation System

KUBOTA Corporation has established a system where a business division and group company that is at risk of being recognized by authorities as non-compliant can consult with KUBOTA's Legal Department or, where necessary, external experts either within Japan or overseas.

Creation of Guidelines relating to Information Exchange with Competitors

Under the supervision of external experts, KUBOTA Corporation has created "Guidelines relating to Information Exchange with Competitors" in Japanese, English and Chinese, and distributed the publication to domestic and overseas bases.

These guidelines enable KUBOTA Group employees to clearly comprehend the difference between appropriate information exchange—legitimate joint R&D, trade association activities and so on—and illegal information exchange such as exchanging information on prices, quantities, and desire to obtain orders through cartel-like behavior. In turn, this helps to prevent violations.

Compliance with Act against Delay in Payment to Subcontractors

KUBOTA Corporation holds regular fundamental training and hands-on consultancy sessions for its domestic manufacturing divisions and other departments to promote understanding of the Act against Delay in Payment to Subcontractors. We have also established a risk management system that makes it possible to receive consultation from business divisions and other sources.

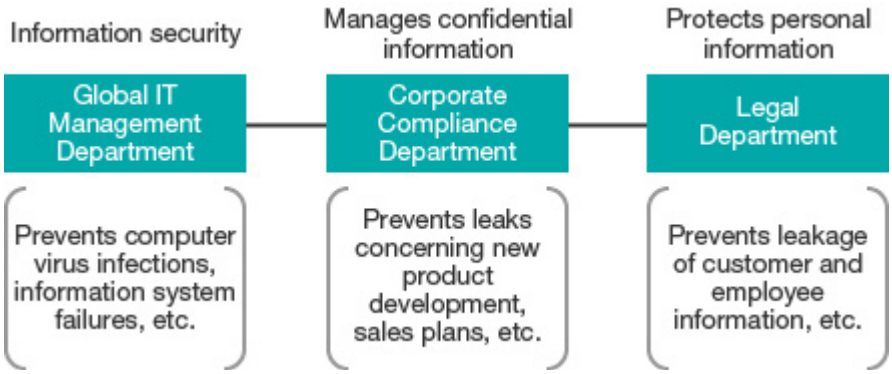
Information Management

KUBOTA Corporation is aware that the appropriate protection and management of its customers and other stakeholders' confidential and personal information is an important social responsibility. Moreover, we are devoted to preventing the leakage of information such as technological information, in order to secure our competitiveness.

Depending on the type of information, KUBOTA Corporation 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. Risk is managed by liaising with such divisions where necessary.

Please visit our website for information on our policy regarding the protection of personal information

Information Management System



Prevention of Illegal Payments

KUBOTA Corporation has established Rules for Preventing Illegal Payments and a Prevention of Illegal Payments Committee to investigate whether or not preventative frameworks are in place and sufficiently functioning, as well as whether or not there have been any illegal payments.

Furthermore, the KUBOTA Group Anti-Bribery Policy and KUBOTA Group Anti-Bribery Procedures have been created in a special effort to prevent bribery related to illegal payment issues. This initiatives deliver a clear message from KUBOTA top management that bribery will not be tolerated under any circumstances. Additionally, in July 2014, the priority commitment of the new president was to encourage caution regarding the risk of illegal payments to government agencies and such organizations in line with expanding KUBOTA's overseas business. He also ordered that risk be reduced. In an effort to educate its directors and employees, KUBOTA Corporation created the KUBOTA Group Handbook for Anti-Bribery and is raising the awareness of laws and rules related to preventing bribery as well as appropriate responses to bribery. We have created Japanese, English, and Chinese editions of the handbook, and have taken action to prevent the payment of bribes to foreign public officials, which has been a problem, especially in recent years. We also hold training for divisions more likely to be exposed to the risk of bribery.

In FY2015, KUBOTA Corporation conducted written surveys at 67 overseas bases as a part of its Group-wide risk assessment. The surveys revealed that, although there was a high awareness regarding the respective countries' anti-bribery laws, there is a need to further enhance awareness-raising activities aimed at anti-bribery. Moving forward, we will investigate how best to improve and enhance awareness-raising activities based on the results of these surveys.

KUBOTA Group Handbook for Anti-Bribery

Targets and Results Concerning Social Aspects

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

- Summary of the Fiscal 2014 Social Report, Priority Issues for Fiscal 2015 and Medium-Term Targets (417KB)

Summary of the Fiscal 2015 Social Report, Priority Issues for Fiscal 2016 and Medium-Term Targets

○Target exceeded ○Target reached △Portion of target not reached ×Target not reached

Main focus of activity	Plan: Priority Issues for FY2015	Do: FY2015 Activity Results	Applicable scope shown to the left	Check: Self-Assessment	Action: Priority Issues for FY2016	Plan: Medium-Term Targets
Customers — Quality and Procurement to Improve Customer Satisfaction	• Strengthen leadership response for market-in approach	• While supporting leaders, conducted model renewals for general farmers and provided advice to new farmers	All domestic group companies	○	• Enhance and improve the Frequently Asked Questions section of customer support for Kubota Cyber Farm Machinery Square	• Improve operations to better reflect the customers' voice
	• Disseminate information reflected in product development and marketing	• Constantly monitored market information and swiftly communicated important information to all related divisions			• Aim to improve convenience of customer service so that issues can be resolved without telephone enquiries	• Strengthen response to customers' needs, including inspections and maintenance
	• Reduce quality risks and improve risk management structure through quality audits	• Conducted quality audits both domestically and overseas as planned	All group companies, including overseas	○	• Reduce quality risks and improve risk management structure through quality audits	• Establish operations quality assurance framework
	• Improve quality by introducing and using scientific methods	• Deployed quality engineering and design review [DRBFM] throughout the company	KUBOTA Corporation only		• Improve quality by using scientific methods	• Strengthen prevention of quality issues
	• Educate personnel through training and reviews of Curriculum	• Reviewed training curriculum, conducted training	All domestic group companies		• Educate personnel through training and reviewing training curriculum	• Further enhance quality control and product safety training
Suppliers — Building Mutually Beneficial Relationships with Suppliers — Legal compliance and social responsibility	• Bolster competitiveness by helping suppliers enhance manufacturing, increase skills of procurement managers	• Promoted improvement activities by uniting procurement managers and suppliers, globally developed activities to improve one another's manufacturing	KUBOTA Corporation (Farm & Industrial Machinery domain), overseas group companies	○	• Further expand the global development of manufacturing improvement activities and promote optimal global procurement	• Promote practicing guidelines at suppliers of each KUBOTA Group company and spread CSR procurement
	• Make efforts to follow legal compliance, ensure a safe work environment and protect the global environment according to the KUBOTA Group CSR Procurement Guidelines.	• Promoted supplier awareness activities at the meetings of various liaison groups, etc.	KUBOTA Corporation only		• Continue awareness-raising activities for existing suppliers and introduce an award system for suppliers as a part of efforts towards protecting the global environment	
	• Continue to seek understanding of suppliers regarding 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	KUBOTA Corporation only		• Continue to seek understanding of suppliers regarding conflicting minerals and request their cooperation in surveys conducted by the KUBOTA Group	
Shareholders, etc. — Timely and Appropriate Release of Information	• Making continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trust relationship with them by disclosing timely and fair corporate information.	• Disclosed information in a timely and appropriate manner to obtain further understanding of business from shareholders and investors, proactively responded to the meeting requests	All group companies, including overseas	○	• Make continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trusting relationship with them by disclosing timely, fair and accurate corporate information, enhancing the information disclosed and proactively conducting the meetings with them	• Hold ongoing dialogue, which contributes 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
	• Further improvements in General Meetings of Shareholders (Holding easy-to-understand General Meetings of Shareholders)	• Communicated the achievements of business activities at General Meeting of Shareholders in an easy-to-understand way (exhibited main products, featured video on large screens, etc.)	KUBOTA Corporation only		• Further improve General Meeting of Shareholders (hold easy-to-understand General Meeting of Shareholders)	• Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
	• Enhance communications by creating and expanding websites for each country in tune with local needs	• By preparing new sites for Europe, Asia, Middle East, Central and South Americas and Africa and improving existing ones, enhanced the business content of each region	All group companies, including overseas	○	• Further enhancing communication through websites for each country/region responding to the needs of each region and review/preparation of corporate information	• Promote corporate branding, including overseas
	• Strengthen corporate branding by unifying design of KUBOTA Group websites					
Employees — Creating a Safe Workplace for All Employees	• Deploy Basic Guidelines for Human Safety	• Deployed Basic Guidelines for Human Safety	All domestic group companies, 6 overseas group companies	○	• Strengthen of human resource development which supports safety	• Aim for all KUBOTA Group employees to position safety as the top priority in all tasks and achieve "zero lost work time incidents"
	• Transition from KYT (training) to KY activities (actions)	• Developed KYT instructors and continuously carried out KYT training	13 domestic group companies, 2 overseas group companies		• Eliminate major incidents	
	• Identify sources of risks that lead to serious injuries and implement countermeasures	• Identified sources of risks that could lead to major incidents and implemented countermeasures	KUBOTA Corporation only		• Promote safer equipment	
Creating a Physically and Mentally Healthy Work Environment	• Continue to share information with labor-management committees	• Continued to share information with labor-management committees	KUBOTA Corporation only	○	• Continue to share information with labor-management committees	• Aim to create a vibrant workplace environment in which all KUBOTA Group employees can be healthy both physically and mentally
	• Promoting specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group	• Promoted specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group	All domestic group companies		• Promote specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group	
	• Continue to promote second phase of Health KUBOTA 21	• As a part of the second phase of Health KUBOTA 21, carried out walking and quit-smoking campaigns	All domestic group companies		• Continue to promote the second phase of Health KUBOTA 21	
Respecting Human Rights and Promoting Diversity	• Prevention of harassment as well as maintenance and improvement of the capacity to resolve harassment in Japan	• Strengthened awareness-raising activities for the prevention and resolution of harassment within Japan, including distributors	All domestic group companies	○	• Prevent harassment as well as maintain and improve the capacity to resolve harassment in Japan	• Spread activities to raise awareness of human rights across the entire KUBOTA Group, including overseas bases
	• Grasp human rights conditions at overseas bases and consider human rights measures in accordance with international standards for human rights	• Grasped human rights conditions at overseas bases and considered human rights measures in accordance with international standards for human rights	All overseas group companies		• Assess the human rights condition at overseas sites and continue considering human rights activities with an understanding of international standards relating to human rights	
	• Assist women in career advancement while enhancing support for women in managerial positions	• Held training for women in managerial positions	KUBOTA Corporation only	○	• Support female employee participation through ongoing training for female managers and follow-up training for personnel who completed training the previous year	• 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.]
		• Held training for women who have recently assumed general managerial positions	KUBOTA Corporation only		• Help to further improve motivation of female employees through ongoing training to develop the ability of women who have recently assumed general managerial positions	
Personnel Policies in Tune with Globalization	• Aim to advance personnel measures needed to build a management structure in tune with business globalization	• Enhanced overseas training programs (overseas exchanges, training to improve Tagalog training skills, overseas internships, etc.)	KUBOTA Corporation only	○	• 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"
		• Held training in Japan for Thai managers of our Thailand local affiliates	All group companies, including overseas			
		• Strengthen crisis management to handle risk towards the life and safety of KUBOTA Group employees	All group companies, including overseas			
	• Understand corporate philosophy based on widespread corporate philosophy activities established in the 2nd term	• Understand corporate philosophy based on widespread corporate philosophy activities established in the 2nd term	All group companies, including overseas	○	• Implement the corporate philosophy as the 3rd fiscal year of entrenching the corporate philosophy	• Foster CSR and compliance-minded employees based on our corporate philosophy and Code of Conduct
Communities — Contributions to International Society and Local Communities	• Aim to share our social contribution policies Group-wide, and advance measures to grow with communities	• Continued considering policies aimed at social contribution. Each base engaged in activities to contribute and build relationships with their respective local communities	KUBOTA Corporation only	△	• Complete social contribution policy which can be shared throughout the entire group and promote grassroots initiatives	• Expand overseas initiatives • Promote ties with NGOs, NPOs and other organizations
	• Strengthen ties with overseas bases and enhance activities together	• Activities at each overseas base were carried out but ties not yet established	All group companies, including overseas		• Effectively exchange information with overseas sites and support local activities	
Rehabilitation and Reconstruction of Areas Affected by Natural Disasters	• Continue to help with reconstruction while being responsive to needs	• Continuously supported reconstruction after the Great East Japan Earthquake [supported practical training at vocational high schools, participated in volunteer activities, rehabilitation of farmland and agriculture]	All domestic group companies	○	• Continuously promote reconstruction support activities true to KUBOTA's style	

Note 1: Issues related to internal control are detailed in "Corporate Governance," and environment-related topics are covered in the "Environmental Report."
Note 2: Fundamental and long-term issues such as policies relating to personnel are not included in the above-listed table.
Note 3: Items mentioned above are all based on the KUBOTA Group Charter for Action & Code of Conduct, which is common throughout KUBOTA bases worldwide.

Summary of the Fiscal 2015 Social Report, Priority Issues for Fiscal 2016 and Medium-Term Targets

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

Major items		Main focus of activity	Plan: Priority Issues for FY2015	Do: FY2015 Activity Results	Do: Applicable scope shown to the left	Check: Self-Assessment	Action: Priority Issues for FY2016	Plan: Medium-Term Targets
Customers	Customer satisfaction	Quality and Procurement to Improve Customer Satisfaction	• Strengthen leadership response for market-in approach	• While supporting leaders, conducted model renewals for general farmers and provided advice to new farmers	All domestic group companies	○	• Enhance and improve the Frequently Asked Questions section of customer support for Kubota Cyber Farm Machinery Square	• Improve operations to better reflect the customers' voice
			• Disseminate information reflected in product development and marketing	• Constantly monitored market information and swiftly communicated important information to all related divisions			• Aim to improve convenience of customer service so that issues can be resolved without telephone enquiries	• Strengthen response to customers' needs, including inspections and maintenance
			• Reduce quality risks and improve risk management structure through quality audits	• Conducted quality audits both domestically and overseas as planned	All group companies, including overseas	○	• Reduce quality risks and improve risk management structure through quality audits	• Establish operations quality assurance framework
			• Improve quality by introducing and using scientific methods	• Deployed quality engineering and design review (DRBFM) throughout the company	KUBOTA Corporation only		• Improve quality by using scientific methods	• Strengthen prevention of quality issues
			• Educate personnel through training and reviews of Curriculum	• Reviewed training curriculum, conducted training	All domestic group companies		• Educate personnel through training and reviewing training curriculum	• Further enhance quality control and product safety training
Suppliers	Building fair and transparent relationships	Legal compliance and social responsibility	• Bolster competitiveness by helping suppliers enhance manufacturing, increase skills of procurement managers	• Promoted improvement activities by uniting procurement managers and suppliers, globally developed activities to improve one another's manufacturing	KUBOTA Corporation (Farm & Industrial Machinery domain), overseas group companies	○	• Further expand the global development of manufacturing improvement activities and promote optimal global procurement	• Promote practicing guidelines at suppliers of each KUBOTA Group company and spread CSR procurement
			• Make efforts to follow legal compliance, ensure a safe work environment and protect the global environment according to the KUBOTA Group CSR Procurement Guidelines.	• Promoted supplier awareness activities at the meetings of various liaison groups, etc.	KUBOTA Corporation only		• Continue awareness-raising activities for existing suppliers and introduce an award system for suppliers as a part of efforts towards protecting the global environment	
			• Continue to seek understanding of suppliers regarding conflict minerals and request their cooperation in surveys conducted by the KUBOTA Group	• Sought understanding of initiative polices by suppliers and requested their cooperation with surveys conducted by the KUBOTA Group	KUBOTA Corporation only		• Continue to seek understanding of suppliers regarding conflicting 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	• Making continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trust relationship with them by disclosing timely and fair corporate information.	• Disclosed information in a timely and appropriate manner to obtain further understanding of business from shareholders and investors, proactively responded to the meeting requests	All group companies, including overseas	○	• Make continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trusting relationship with them by disclosing timely, fair and accurate corporate information, enhancing the information disclosed and proactively conducting the meetings with them	• Hold ongoing dialogue, which contributes 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
			• Further improvements in General Meetings of Shareholders (Holding easy-to-understand General Meetings of Shareholders)	• Communicated the achievements of business activities at General Meeting of Shareholders in an easy-to-understand way (exhibited main products, featured video on large screens, etc.)	KUBOTA Corporation only		• Further improve General Meeting of Shareholders (hold easy-to-understand General Meeting of Shareholders)	• Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
			• Enhance communications by creating and expanding websites for each country in tune with local needs	• By preparing new sites for Europe, Asia, Middle East, Central and South Americas and Africa and improving existing ones, enhanced the business content of each region	All group companies, including overseas	○	• Further enhancing communication through websites for each country/region responding to the needs of each region and review/preparation of corporate information	• Promote corporate branding, including overseas
			• Strengthen corporate branding by unifying design of KUBOTA Group websites					
Employees	Creating rewarding and lively workplaces	Creating a Safe Workplace for All Employees	• Deploy Basic Guidelines for Human Safety	• Deployed Basic Guidelines for Human Safety	All domestic group companies, 9 overseas group companies	○	• Strengthen of human resource development which supports safety	• Aim for all KUBOTA Group employees to position safety as the top priority in all tasks and achieve "zero lost work time incidents"
			• Transition from KYT (training) to KY activities (actions)	• Developed KYT instructors and continuously carried out KYT training	13 domestic group companies, 3 overseas group companies		• Eliminate major incidents	
			• Identify sources of risks that lead to serious injuries and implement countermeasures	• Identified sources of risks that could lead to major incidents and implemented countermeasures	KUBOTA Corporation only		• Promote safer equipment	
		Creating a Physically and Mentally Healthy Work Environment	• Continue to share information with labor-management committees	• Continued to share information with labor-management committees	KUBOTA Corporation only	○	• Continue to share information with labor-management committees	• Aim to create a vibrant workplace environment in which all KUBOTA Group employees can be healthy both physically and mentally
			• Promoting specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group	• Promoted specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group	All domestic group companies		• Promote specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group	
			• Continue to promote second phase of Health KUBOTA 21	• As a part of the second phase of Health KUBOTA 21, carried out walking and quit-smoking campaigns	All domestic group companies		• Continue to promote the second phase of Health KUBOTA 21	
		Respecting Human Rights and Promoting Diversity	• Prevention of harassment as well as maintenance and improvement of the capacity to resolve harassment in Japan	• Strengthened awareness-raising activities for the prevention and resolution of harassment within Japan, including distributors	All domestic group companies	○	• Prevent harassment as well as maintain and improve the capacity to resolve harassment in Japan	• Spread activities to raise awareness of human rights across the entire KUBOTA Group, including overseas bases
			• Grasp human rights conditions at overseas bases and consider human rights measures in accordance with international standards for human rights	• Grasped human rights conditions at overseas bases and considered human rights measures in accordance with international standards for human rights	All overseas group companies		• Assess the human rights condition at overseas sites and continue considering human rights activities with an understanding of international standards relating to human rights	
			• Assist women in career advancement while enhancing support for women in managerial positions	• Held training for women in managerial positions	KUBOTA Corporation only	○	• Support female employee participation through ongoing training for female managers and follow-up training for personnel who completed training the previous year	• 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.)
				• Held training for women who have recently assumed general managerial positions	KUBOTA Corporation only		• Help to further improve motivation of female employees through ongoing training to develop the ability of women who have recently assumed general managerial positions	
		Personnel Policies in Tune with Globalization	• Aim to advance personnel measures needed to build a management structure in tune with business globalization	• Enhanced overseas training programs (overseas exchanges, training to improve Tagalog training skills, overseas internships, etc.)	KUBOTA Corporation only	○	• 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"
				• Held training in Japan for Thai managers of our Thailand local affiliates	All group companies, including overseas			
				• Strengthen crisis management to handle risk towards the life and safety of KUBOTA Group employees	All group companies, including overseas			
			• Understand corporate philosophy based on widespread corporate philosophy activities established in the 2nd term	• Understand corporate philosophy based on widespread corporate philosophy activities established in the 2nd term	All group companies, including overseas	○	• Implement the corporate philosophy as the 3rd fiscal year of entrenching the corporate philosophy	• Foster CSR and compliance-minded employees based on our corporate philosophy and Code of Conduct
Communities	Social Contribution Activities	Contributions to International Society and Local Communities	• Aim to share our social contribution policies Group-wide, and advance measures to grow with communities	• Continued considering policies aimed at social contribution. Each base engaged in activities to contribute and build relationships with their respective local communities	KUBOTA Corporation only	△	• Complete social contribution policy which can be shared throughout the entire group and promote grassroots initiatives	• Expand overseas initiatives • Promote ties with NGOs, NPOs and other organizations
			• Strengthen ties with overseas bases and enhance activities together	• Activities at each overseas base were carried out but ties not yet established	All group companies, including overseas		• Effectively exchange information with overseas sites and support local activities	
		Rejuvenation and Reconstruction of Areas Affected by Natural Disasters	• Continue to help with reconstruction while being responsive to needs	• Continuously supported reconstruction after the Great East Japan Earthquake (supported practical training at vocational high schools, participated in volunteer activities, rehabilitation of farmland and agriculture)	All domestic group companies	○	• Continuously promote reconstruction support activities true to KUBOTA's style	

Note 1) Issues related to internal control are detailed in "Corporate Governance," and environment-related topics are covered in the "Environmental Report."
Note 2) Fundamental and long-term issues such as policies relating to personnel are not included in the above overall table.
Note 3) Items mentioned above are set based on the KUBOTA Group Charter for Action & Code of Conduct, which is common throughout KUBOTA bases worldwide.

Relationship with Our Customers

Based on the principle "The Customer Comes First," KUBOTA aims to offer superior products and services to its customers, doing so at a speed that exceeds customer expectations. We place top priority on what has to be done to maximize customer satisfaction and exert our utmost efforts in all aspects of business activities including development, production and sales.

R&D for Total Customer Satisfaction

Our R&D Concept

In order to achieve successful globalization of our business, development appropriate for the actual circumstances of the relevant region is becoming increasingly important. For this reason, KUBOTA is strengthening its R&D system by clarifying the roles of its development bases both in Japan and overseas.

In December 2014, a Design Center was established in Japan to carry out company-wide product design and strengthen our brand strategy.

Additionally, in April 2015, we established a state-of-the-art Farm & Industrial Machinery Advanced Technology R&D Center. At this center, our aim is to create new value and challenge ourselves to develop industry-best and world-best technologies. Overseas, we promote the hiring and training of skilled personnel locally, and are strengthening our pool of human resources both qualitatively and quantitatively.

Regional Marketing and Product Development

When KUBOTA began developing its business overseas, products developed and manufactured in Japan were initially launched in the local markets, and then local production was introduced. However, in order to grow into a truly global company, it is necessary to accurately understand customers' needs and rapidly develop new products. For this reason, at the same time as establishing a global development system, in order to speed up development, KUBOTA is promoting joint research with external companies and avoiding a closed-door policy.

Decision to Establish New Bases for Responding to Local Needs of Major Asian Countries

Until now, KUBOTA Group's Thailand subsidiary has developed and produced machinery such as small- to medium-sized tractors and combine harvesters.

Currently, plans are to establish a new base in FY2017 and significantly strengthen our development function in the country. This base will also accelerate the development of agricultural machinery that meets the local needs of major Asian countries, including India.

Creating Value by Integrating Core Products and Information Communications Technologies

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 added-value service.

Integrating Agricultural Machinery and ICT

In Japan, the agricultural sector is characterized by a depleting and aging population of farmers and an increasing amount of neglected arable land. Meanwhile, 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, the amount of arable land per farmer in Japan has been comparatively small compared to other countries. In addition, increasing the scale of a farm increases the burden involved in the management of scattered crops. Therefore, productivity is low and 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), 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 the data on operational status of the harvesting machinery.

For details on the KUBOTA Smart Agri System (KSAS), click here.

Remote Monitoring Service for Pumping Equipment

In Japan, due to the financial difficulties of local governments and a reduction in the number of workers, many of the infrastructure facilities for small-scale sewerage operations are unmanned and operate automatically. For this reason, there are times it is difficult to promptly respond when pumps or other equipment breakdown.

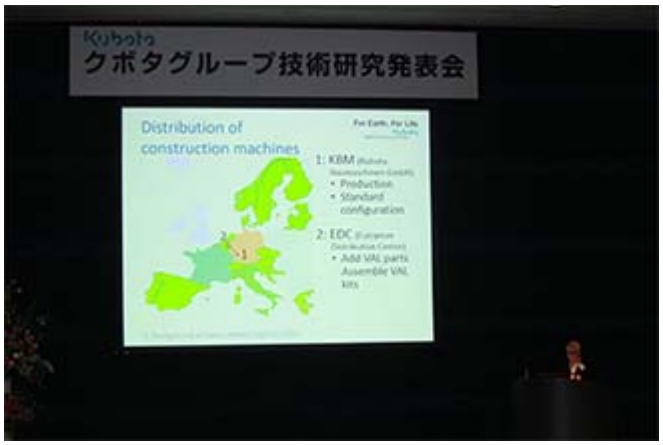
KUBOTA offers an Internet-based remote monitoring service for the consolidated management of information on manhole pumps* scattered across many regions as a way of contributing to stable operations.

* A type of pumping equipment that collects sewage from households and delivers it to sewage treatment facilities.

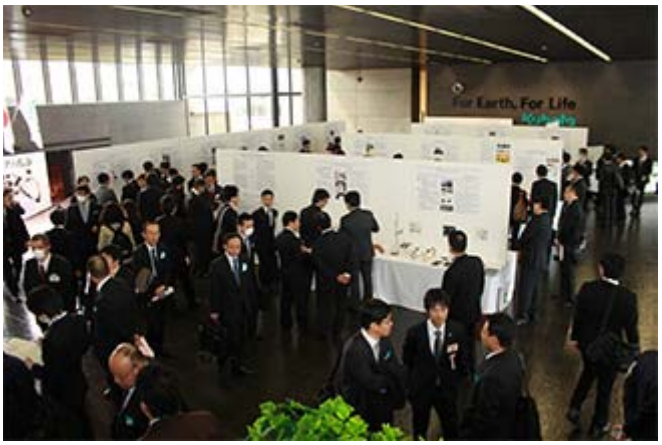
Sharing Technical Information Across Departments

As a result of its commitment to continuously pursuing the means to meet the expectations of society over the years, the KUBOTA Group's technologies span a variety of fields. To contribute globally, it is important for us to conduct development that crosses conventional company department boundaries.

In light of this, every year the KUBOTA group holds "The KUBOTA Group R&D Conference" at which time it announces the R&D achievements of each department. Over 1,000 engineers assemble at this event and share information.



Presentation at Kubota Baumaschinen GmbH (Germany)



At an exhibition

Ensuring Skills to Maintain Customer Satisfaction

Holding KUBOTA Group Technical Skills Contest

KUBOTA holds the KUBOTA Group Technical Skills Contest with the aim of fostering a sense of unity and improving technical skills throughout all companies in the Group. During the contest held in FY2016, a total of 228 contestants from seven countries (26 bases) put their technical skills to the test in 15 categories, including lathing, welding and machine maintenance.

This contest provides the opportunity to evaluate the skill levels of each base and motivate the contestants to hone their skills even further. The contest also improves the manufacturing capabilities of each base and contributes to spreading skills throughout the entire Group.

Manufacturing Education for New Employees (Trainees)

Based on the policy "Manufacturing is not possible without first fostering people," KUBOTA is committed to educating the new employees who will work in manufacturing at production sites. For approximately one year, new employees undergo training at residential training facilities located in Sakai and Hirakata, both in Osaka Prefecture.

The training curriculum is mainly comprised of "skill and technical training," "practical training on the production line" and "character development training." Throughout the training period, participants not only learn skills and technologies, but also the basics as members of society and as employees of KUBOTA. This training system has received high evaluations from high school faculty and other people who tour the training facilities.

Trainees in a training session (lathe work)

Trainees in a training session (finishing work)

Strengthening Local Production Systems through Education

As a part of its efforts to strengthen local production systems at overseas affiliates, KUBOTA established the "5-Gen Dojo" to disseminate "Made by Kubota" of manufacturing primarily to employees involved in production at overseas bases. The 5-Gen encompasses a philosophy based on Genba (actual site), Genbutsu (actual things), Genjitsu (actual facts), Genri (principles) and Gensoku (basic rules). The word "Dojo" is reference to a training facility; thus, it is a place for fostering employees who will implement improvements aimed at closing the gap that may arise between the "actual" and the "ideal." Approximately 440 people attended this training program in FY2015.

Upon returning to their local bases, those who participated become promoters of eliminating waste hidden in the production lines and leaders for suggesting ongoing improvements on a daily basis in order to achieve ideal manufacturing. We will continue to introduce the 5-Gen Dojo at our major bases, doing so with the goals of localizing human resource development and spreading the 5-Gen philosophy.

Employees of Chinese companies in the Group training at the 5-Gen Dojo

5-Gen Dojo History

- FY2003 Established 5-Gen Dojo at Sakai plant, Japan
- FY2006 Began receiving overseas employees at the 5-Gen Dojo
- FY2015 Established 5-Gen Dojo at Kubota Manufacturing of America Corporation

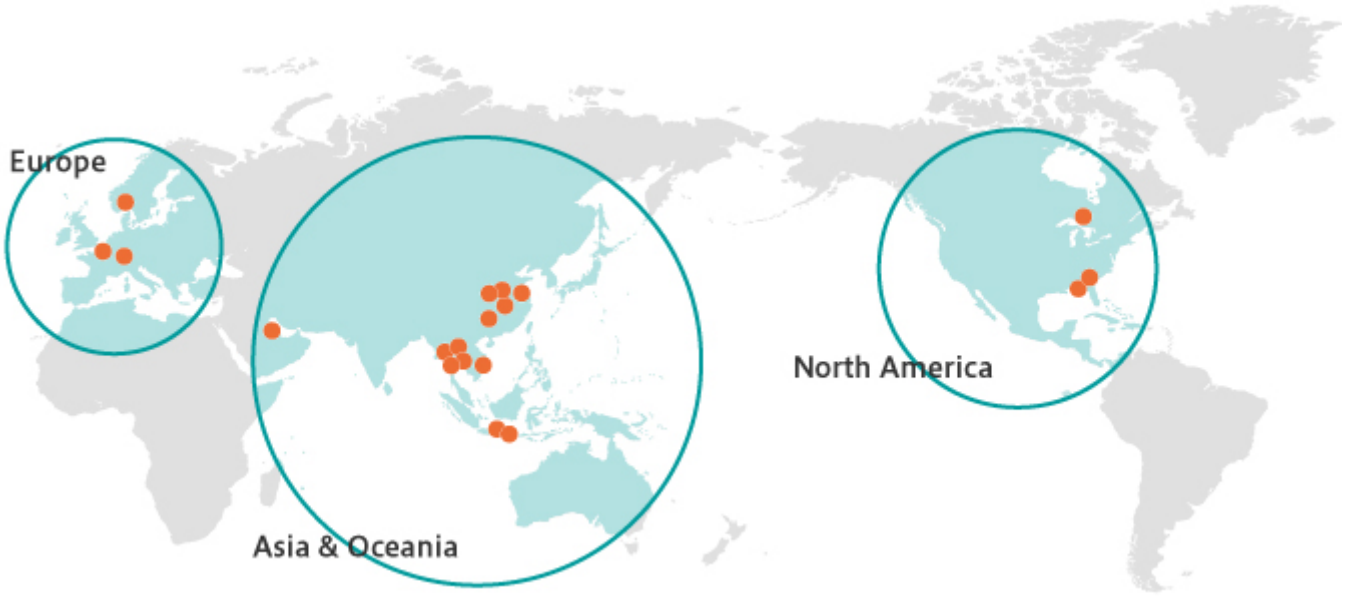
Improving Quality and Service for Customer Satisfaction

Strengthening Production Systems

Building a Global Production System

As a fundamental manufacturing concept, KUBOTA aims to manufacture products close to its markets, and as such has established manufacturing bases in countries around the world. Additionally, the mother plant provides support to ensure consistent quality is maintained regardless of where products are made, spreading "Made by Kubota" globally.

In December 2012, Kubota Construction Machinery (WUXI) Co., Ltd. was established for the purpose of supplying diesel engines to China and other regions in Asia. Then, in December 2013, in response to the high demand for large upland farm machinery in the European and U.S. markets, Kubota Farm Machinery Europe S.A.S was established in France.



Kubota Engine (WUXI) Co., Ltd.
(production started April 2014)

Kubota Farm Machinery Europe S.A.S (production started April 2015)

Manufacturing of Large Upland Farm Machinery Begins in France

In April 2015, Kubota Farm Machinery Europe S.A.S—KUBOTA's French manufacturing base—began manufacturing the M7001 Series as a large upland farming tractor with engines in the range of 130-170hp.

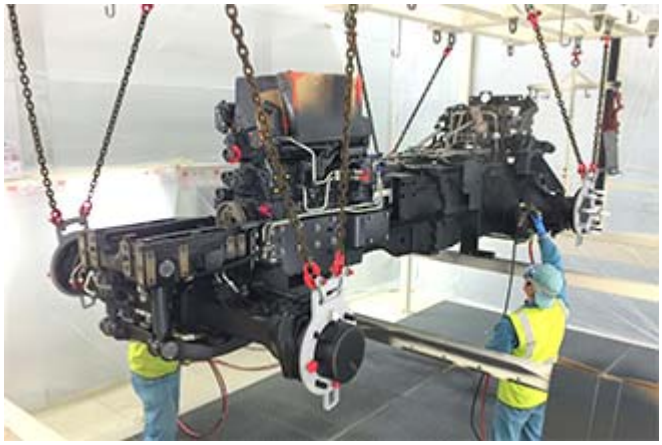
The KUBOTA quality accumulated to date in Japan will be maintained in France, and our aim is to ensure manufacturing that will further improve customer confidence in KUBOTA products.

Overview of the New French Plant

Company name:	Kubota Farm Machinery Europe S.A.S
Location:	Bierne, Nord Department, France (Dunkirk Precinct)
Site area:	115,000 m^2
Plant area:	37,000 m^2
Model produced:	M7001 Series upland tractors, 130-170hp
Production capacity:	3,000 units/year

Policy to Realize "Made by Kubota" in France

(1) Install production equipment and inspection equipment with the same specifications as Japan
(2) Introduce the same manufacturing and quality control concepts as Japan
(3) Prepare a coaching environment where Japanese instructors can provide French employees the same training utilizing the same equipment and methods used in Japan



Chassis painting process

Tractor rigging line

Maintaining and Improving Quality

Quality Control in Design and Development

Amidst developing business at the global level, KUBOTA utilizes scientific quality control (QC) methods beginning from the design and development stages. This enables us to ensure product quality—functions, performance and reliability—under diverse operating environments around the world.

Our main QC methods are Design Review Based on Failure Mode (DRBFM)*1 and quality engineering*2. We are committed to increasing customer satisfaction through the evolution and further development of these methods.

*1 Method of preventing potential problems from arising by focusing on changes in designs and development.
*2 Method of efficiently defining design requirements through experimentation to ensure uniform quality under different operating environments.

Small Group Improvement Activities

KUBOTA conducts small group activities that lead to enhancing personnel training and workplace vitality. Every year, representative circles gather and a committee presents Small Group Activity Awards. In FY2015, Group companies and overseas affiliates also participated.

The winning circle describes its results at presentations held inside and outside of Japan. In FY2015, KUBOTA won the Gold Award at the International Convention on QC Circles held in Colombo, Sri Lanka. We will continue to encourage small group activities and train personnel to equip themselves with the skills and technologies that will earn the trust of our customers.

Design review using actual parts

Gold Award received at the International Convention on QC Circles

Raising Awareness of Quality

In FY2015, KUBOTA held a Quality Forum led by a visiting lecturer as an awareness-raising activity for improving quality.

The lecturer spoke about the importance of preventing quality problems based on the theme of "early detection, swift response". Around 150 people attended including management, and attendees renewed their awareness regarding the importance of responding swiftly to customer feedback.

Recent Recall Status

- KL-Z tractor recall: Total 7,447 units (began July 24, 2014)
- KL-Z tractor recall: Total 11,587 units (began January 14, 2015)
- M Series tractor recall: Total 529 units (began January 14, 2015)
- Free parts replacement for ES400 Rakuta Smile electric wheelchair: Total 608 units (began January 30, 2015)
- ER combine harvester recall: Total 3,579 units (began March 27, 2015)
- MG/SMZ tractor recall: Total 302 units (began April 25, 2015)
- KT and T240D tractor recall: Total 4,271 units (began July 8, 2015)
- SL tractor recall: Total 117 units (began July 8, 2015)

For details please see: http://www.kubota.co.jp/important/index.html (Japanese only)

ISO09001 Certification Status

KUBOTA Corporation Departments and Offices

Departments/Offices				Main products	Date of certification	Certifying body
Farm & Industrial Machinery	Engines, tractors, farm machinery, construction machinery		Sakai Rinkai	Engines, tractors, farm machinery, construction machinery	1994.06	LRQA
			Tsukuba	Engines, tractors	1994.06	LRQA
			Utsunomiya	Farm machinery	1997.02	LRQA
			Hirakata	Construction machinery	1996.04	LRQA
	Electronic equipped machinery	Vending machines	Ryugasaki	Vending machines for cigarettes, and paper-carton and canned beverages	2008.09	DNV
		Precision machinery	Kyuhoji	Electronic weighing equipment and load cells	1994.08	DNV
Water & Environment	Pipe systems	Iron pipes	Hanshin Keiyo	Ductile iron pipes, fittings, accessories, other Ductile iron products and related products	1999.01	JCQA
		Valves	Hirakata	Valves, gates	1994.09	LRQA
		Pumps	Hirakata	Pumps, pump stations, sewage treatment and water purification plants	1997.10	LRQA

Departments/Offices				Main products	Date of certification	Certifying body
Water & Environment	Water treatment	Water treatment	Tokyo	Sewage and sludge treatment, water purification and wastewater treatment	1997.10	LRQA
		Membrane systems	Hanshin Office	Membrane modules and anaerobic MBR technology	1997.10	LRQA
		Purification tanks	Shiga	Plastic water purification tanks	2003.04	JUSE
	Materials	Materials (Steel castings, rolls, new materials)	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 pipe	Keiyo	Spiral welded steel	1998.07	JICQA

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

Affiliates in Japan

Group companies	Scope of certification	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-C.I Co.,Ltd.	Design, develop and manufacture plastic pipe, joints and accessories	1998.04	JUSE
Nippon Plastic Industry Co., Ltd.	• Design, develop and manufacture vinyl pipe 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.	• Design, construct and construction management of various pipelines • Investigate and diagnosis pipelines • 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 date-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

Group companies	Scope of certification	Date of certification	Certifying body
Kubota Air Conditioner Co., 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
BSJ-SAR: The Building Center of Japan
JQA: Japan Quality Assurance Organization
BSI-J: BSI Group Japan K.K.
JICQA: JIC Quality Assurance Ltd.

Improving Services Related to Customer Satisfaction

Service Technologies and Leader's Proposal Contests

In December 2014, KUBOTA held its first Service Technologies Contest targeting Group companies in Asia. Ten teams from eight countries including China and Thailand took part, demonstrating their respective technologies for the purpose of quickly, accurately and safely identifying the cause of breakdowns, and then finding a solution. In FY2016, it is planned to expand the contest to Europe, North America and Australia, and then hold a World Cup in FY2019.

Domestically, in FY2015, a Leader's Proposal Contest—a modified version of the previous Sales Technology Contest—was held. Representatives from 13 dealers took part in the contest, pitching their abilities to accurately assess customer needs as well as support and propose farm operation activities in a clear and concise way.

KUBOTA will continue improving its service technologies and proposal-making skills even further through these contests, thereby reinforcing customer trust and ensuring their peace-of-mind.

Improving Parts Supply Capabilities

In August 2014, KUBOTA established and began operating a new parts supply base in Thailand. This marked the foundation for improving our parts supply capabilities in the Southeast Asian region.

Additionally, in the summer of 2015, we plan to construct the largest parts supply base of the KUBOTA Group in Kansas, U.S.A. In addition to strengthening our ability to deliver parts to upland farm machinery markets, it will also significantly improve our storage capacity and shipping capabilities, thus expanding the areas to which we can offer next-day parts delivery.

Customer Satisfaction Survey

KUBOTA conducts a survey to obtain feedback from the customers of its dealers as well as monitor customer satisfaction towards its products. We share the feedback and survey scores received by respondents with dealers and related departments, and utilize the information to improve our sales and service activities, as well as our products.

In FY2015, the main indicator of customer satisfaction, "Overall satisfaction with store where purchased," had improved over the previous year, rising from 58.8 to 59.4.

Maintaining an Excellent Relationship with Business Partners

Procurement Policy

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

Basic idea for materials procurement

- Providing fair opportunities
  We will provide the opportunities for competition for all of our business partners in a fair and equitable manner.
- Economical rationality
  When selecting our business partner, we make a full evaluation on the material quality, reliability, delivery timing, price, technology and development capability, proposal ability, and the business stability, etc. of that partner and then select the best business partner based on an adequate set of criteria.
- Mutual trust
  We establish relationship of trust with our business partners and also aim for mutual development.
- Social trust
  We are committed to ensure all relevant laws and regulations for when making procurement deals. We will also make sure to maintain the confidentiality of our business partners' which we have gained through our procurement deals.
- CSR Procurement
  We promote CSR procurement, while paying close attention to compliance with laws and regulations, occupational health and safety, human rights, environmental conservation, symbiosis with international and local societies, and management transparency and accountability.

Promoting Optimal Regional Procurement and Supplier Quality/Productivity

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

At KUBOTA Group, our aim is to achieve optimal procurement in every region, doing so through the establishment of a global supply system. Moreover, we unite with major suppliers globally to promote systematic improvement activities for the purpose of strengthening competitiveness by improving quality and productivity.

In FY2015, we began holding the Improvement World Cup, where suppliers selected from various regions present their company's improvement success stories as they vie for the status of World Champion. Utilizing such initiatives, our aim is to enhance the skill sets of procurement managers at KUBOTA bases. Throughout the entire supply chain, we will continue efforts to make the KUBOTA brand worthy of the trust placed in us by our customers around the world.

A veteran giving guidance to a supplier in Thailand

Kubota supplier Improvement World Cup

Promoting CSR Procurement Based on Established Guidelines

Customers are becoming increasingly critical of the entire supply chain that generates products and services.

For this reason, KUBOTA established the KUBOTA Group CSR Procurement Guidelines, as we believe it is necessary to have a common understanding of CSR with our 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 initiatives that target safe work practices, respect for human rights and other important factors required for success in global markets.

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

For CSR Procurement Guidelines, click here (44k)

Enforcing Ban on the Use of Conflict Minerals

Conflict minerals are a global social problem, and KUBOTA addresses them as a part of its CSR initiatives. Of the tantalum, tin, tungsten and gold produced in the Democratic Republic of the Congo and neighboring countries, conflict minerals are those that are utilized as a source of funds for armed insurgents—many of whom have repeatedly committed inhumane acts of violence.

KUBOTA prohibits the procurement and use of conflict minerals. If it is discovered that conflict minerals are being used, we will promptly takes steps to discontinue said use. We seek mutual understanding regarding this issue with our business partners, which are a part of the supply chain, and request their cooperation in surveys and audits conducted by Group companies.

Relationship with Employees

KUBOTA aims to create vibrant workplaces where employees can work safely and securely and feel motivated. We engage in a wide range of initiatives in order to promote safety and hygiene, mental health care, work-life balance, respect for human rights, diversity, globalization and so on.

Creating a Safer 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 for all employees. Based on these policies, we are enforcing that all people involved in the business behave based on the philosophy that "Safety is Our First Priority."

The 9th KUBOTA Group Long-term Industrial Accident Reduction Plan of FY2015 aimed to eliminate accidents that result in lost work time as one of its goals. To realize this goal, KUBOTA promoted investment in equipment and safety measures based on its Equipment Safety Improvement Guidelines. We have also incorporated the Basic Guidelines for Human Safety into our personnel training program.

Moving forward, we will add the Basic Guidelines for Human Safety (Introductory Edition) to strengthen the training of new employees—who have a higher tendency to be involved in accidents—and achieve personnel training relating to the safety of the entire KUBOTA Group from the bottom up.

KUBOTA Group Basic Policies on Safety and Health

"In the KUBOTA Group, there is no work to be carried out without serious consideration for 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.'

Priority Actions for Safety and Health

Common Actions

(Actions common to offices, plants, construction departments, branches, etc.)

1. Reinforcing human resource development to support safety (Human resource development to achieve KUBOTA Group safety)
2. Eliminating serious incidents
3. Continuously improving the Safety and Health Management System
4. Promoting maintenance of and improvement in health measures
5. Promoting mental health care
6. Promoting measures to prevent industrial traffic accidents
7. Responding to globalization

Offices and Plants

(Targeting production sites)

1. Reinforcing human resource development to support safety (Human resource development to achieve KUBOTA Group safety)
2. Eliminating serious incidents
3. Making equipment safer
4. Promoting measures to improve the work environment, and maintain and improve health
5. Responding to globalization

Construction Departments

(Targeting construction sites and maintenance management sites)

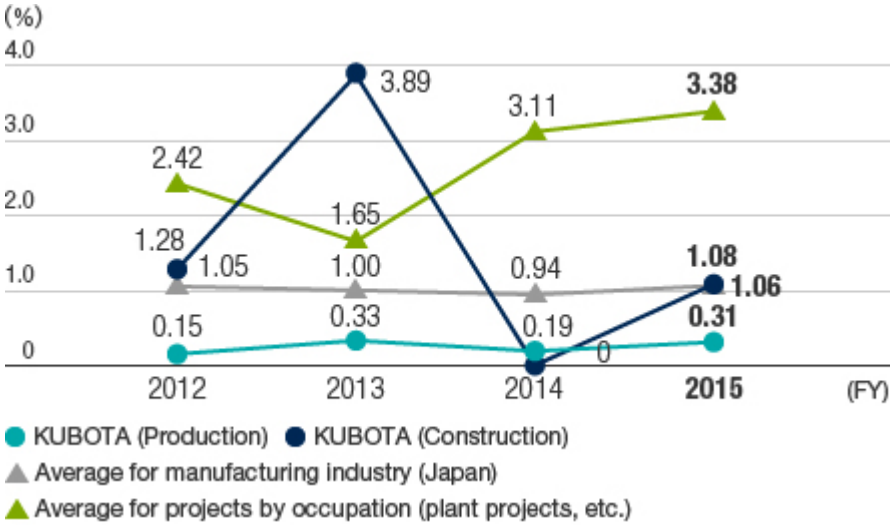
1. Improving safety awareness and disseminating related technologies
2. Expanding coordinated health and safety management
3. Promoting accident prevention measures
4. Ensuring strict adherence to accident prevention measures
5. Conducting thorough health management
6. Ensuring strict environmental management

Making Equipment Safer

In FY2015, KUBOTA continued on from the previous year's initiatives, implementing measures that covered six categories of risk: serious injury involving the melting process, contact with heavy objects, falling from high places, contact with vehicles, wedging in presses, and harmful substances.

Moreover, new risks were added to cover wedging and entanglement in machinery (other than presses), flying and falling objects, electrocution and electrical burns, and fire and explosions. KUBOTA is promoting investment in equipment and safety measures with emphasis on eliminating these risks.

Trend in Frequency of Accidents Resulting in Lost Work Time (KUBOTA Corporation)



Promoting Personnel Training Based on KUBOTA Group Safety-Conscious Employees

In FY2015, we defined the type of person who is a safe person: someone that behaves in ways that always protects him/herself and others. We also produced the Basic Guidelines for Human Safety as a set of fundamental rules and manners for safety. Based on these activities, we have focused on improving awareness of safety and fostering a safety culture. KUBOTA will continue to educate and assign instructors so that they can recognize possible dangers and rely on their KYT (how to sense danger) training to improve the ability to avoid possibly dangerous situations.

In FY2016, we plan to produce the Basic Guidelines for Human Safety (Introductory Edition) to strengthen training for new employees, as well as hold a Safety and Health Convention to practice KYT exercises and present case studies.

KYT training session

Respecting Human Rights

Raising Awareness of Human Rights

Based on the KUBOTA Group Code of Conduct, activities are carried to raise the awareness of human rights in Japan and overseas.

Having established the Human Rights Advancement Planning & Coordination Committee in Japan, we are creating a system where all employees receive human rights training based on the action guidelines of the committee, with the ultimate aim of fostering a corporate culture that values people. We have also set up the KUBOTA Hotline—a reporting system that includes the use of outside lawyers—and a consultation system that is available at all of our bases, to provide prompt response for victims of human rights violations. Managers involved in the consultation services in Japan undergo training once a year to improve their counseling skills and prevent secondary damage.

In addition, KUBOTA reviews background verification such as credit checks once a year to look for any improper practices from the standpoint of respecting human rights and protecting privacy.

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 whatsoever.
- We do not permit forced labor or child labor, and also request our business partners for compliance in this regard.

Human rights training for directors and managers (instructor: Professor IL PARK, Osaka City University Graduate School)

Number of Employees Who Joined Human Rights Training Sessions in FY2015

Target Audience	In-house training	Outside training	Total	Attendance rate
19,107	21,875	603	22,478	118%

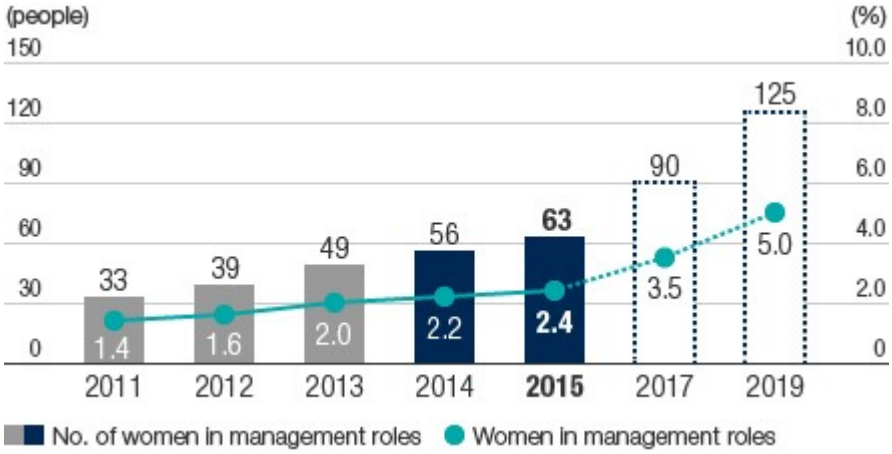
Target: Directors from the president down, employees, re-hired employees, temporary employees, assigned employees, etc. (excluding employees on leave, employees assigned from external company, etc.)

Supporting 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.

In FY2015, we consolidated the previously-divided occupational roles of general manager, assistant manager and administration worker into "general managerial roles," and began allocating responsibilities to suit ambition and skills rather than limiting work. This system revision now enables individuals to challenge themselves to broaden their work scope. We also began holding training sessions for women in managerial positions.

Trend in number of women in management roles*1



*1 As of April each year

*2 2017/2019 figures are targets

Commencement of Training to Support Women in the Workplace

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 addition to this, from FY2015, we began holding training sessions for all employees who recently assumed a general managerial role, training for female managers and Kubota leadership training for those desiring to qualify for higher-level positions. We are steadily increasing the number of women in managerial roles by increasing the motivation of women who have such goals.

Training for women in managerial positions (joint session with supervisor)

Participating Forums

1. 11th Women's Networking Forum in OSAKA 2014
2. Young Women's Career Design Forum
3. 10th Women's Networking Forum in Tokyo

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.

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 our 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 to determine jobs compatible for people with disabilities and 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 on 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.

Creating a Physically and Mentally Healthy Work Environment

Maintenance and Enhancement of Mental Health

Based on the Safety and Health Guidelines of the KUBOTA Group, 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 regards to self-care, consultation services with medical staff are available to assist in analyzing work-related stress and learn more about taking care of oneself. This gives individuals the opportunity to recognize their own stress levels and learn how to deal with said stress. For line-care, we train managers and supervisors as an opportunity to learn how to care for the health of their subordinates.

Mental health training session

Securing a Work-Life Balance

In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, KUBOTA has established systems and support programs that enable employees to engage in both work and parenting. In recognition of these efforts, the company has been certified by Japan's Ministry of Health, Labor and Welfare as a company that supports next-generation parenting.

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

Training for Employees Returning from Childcare Leave

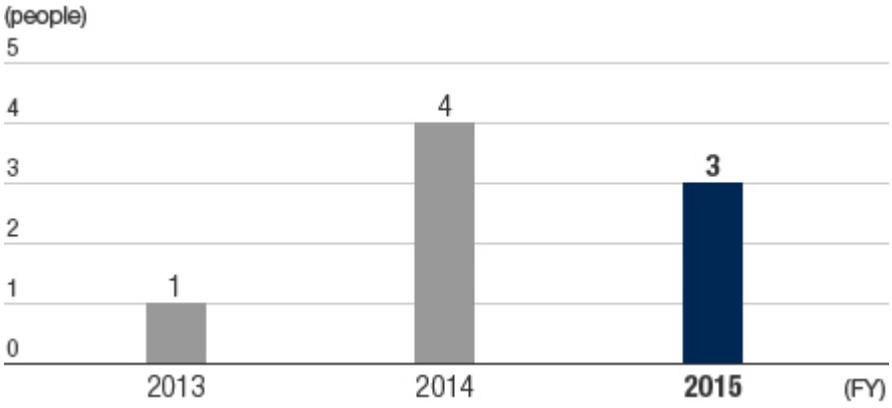
To dispel concerns regarding returning to the workplace after childcare leave, KUBOTA provides training for employees who have taken childcare leave and their supervisors can attend.

Training for employees returning from childcare leave

Re-entry

This program is targeted for employees who have left KUBOTA for childbirth, parenting, etc., giving them opportunity to re-enter the workplace.

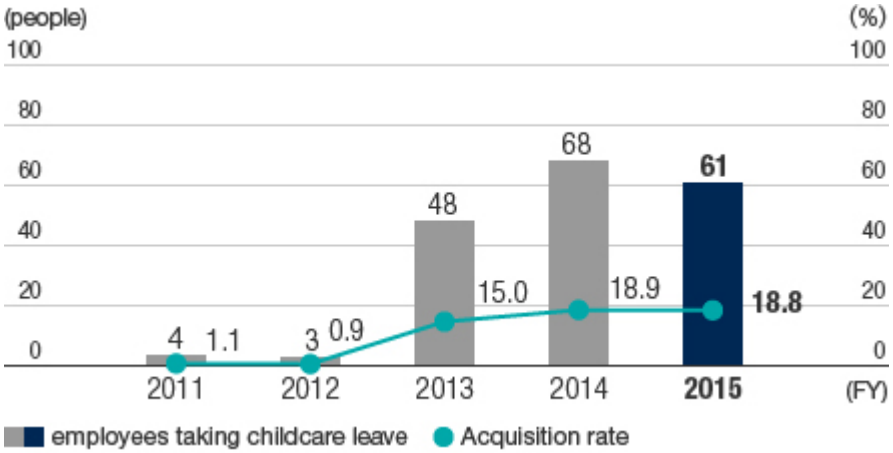
Participants in Re-entry Program



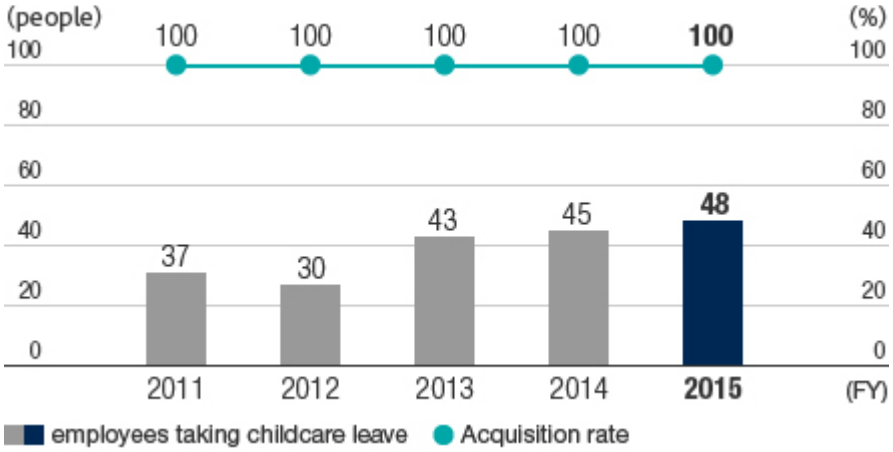
Encouraging Male Employees to Take Childcare Leave

KUBOTA proactively supports childcare leave for male employees through initiatives such as running campaigns for this purpose and distributing a Work-Life Balance Pamphlet to employees who have recently had children and their superiors. At KUBOTA, 100% of women who give birth take childcare leave.

No./Percentage Using Childcare Leave (male)



No./Percentage Using Childcare Leave(female)



Promoting Use of Annual Paid Leave

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

As part of the efforts to encourage use of annual paid leave, KUBOTA's president and the chairperson on the Central Executive Committee of the labor union delivered a joint message to all employees. In it, the overall company promotion policy and specific measures of encouragement were stipulated in collaboration with the trade union. In FY2015, the percentage of employees who took annual paid leave was 67.1%, a 27.3% increase over the previous year. In FY2016, the goal is to raise this by another 23%, to 82.5%.

Promotion Policy

1. Recommend 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, spread awareness and disseminate information about using paid leave
3. Discuss efficient ways to work, visualize work and create work manuals to promote communication about using paid leave

Maximizing Human Resource Measures in Support of Global Business Development

Further Strengthening Connections with Human Resource Departments of Overseas Group Companies

KUBOTA is working to further strengthen its connections with the human resource (HR) departments of overseas Group companies for the purpose of creating and implementing the necessary HR measures and systems. This is being done by utilizing the initiatives introduced to disseminate the Global Human Resource Management Policy* created in FY2015 and through meeting with the HR departments of overseas Group companies concerning related issues.

*A basic policy relating to HR management common throughout the KUBOTA Group based on KUBOTA's corporate philosophy, the KUBOTA Global Identity. It covers a total of five categories that are important in the management of personnel—hiring, training, evaluation, compensation and the type of person desired by the KUBOTA Group—and stipulates basic content and policies that are common globally.

Training Young Managers of Thailand Group Company

In August 2014, KUBOTA held a training session for the young managers of SIAM KUBOTA Corporation, Co., Ltd., its Group company in Thailand. The purpose of the session was to give them a deeper understanding of KUBOTA.

SIAM KUBOTA is engaged in activities related to establishing corporate culture, and the members who participated in the training are the leaders of this campaign. The training involved touring Japanese production bases and agricultural machinery dealers, studying about the challenges KUBOTA faces in the food, water and environment fields, and learning about the founder's ethos. Using this training as a basis, we will continue targeting the managers of overseas group companies and conducting their training in Japan.

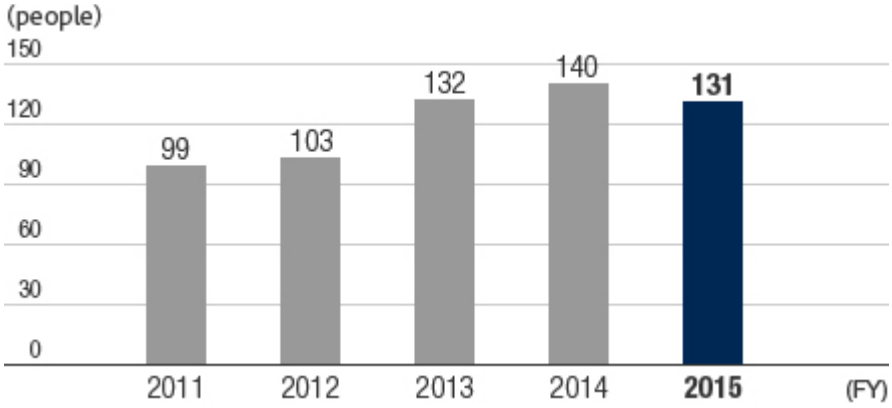
Training session

Training to Develop Global Human Resources

In effort to foster global human resources with the necessary language skills and the ability to adapt to different cultures, since FY2009 KUBOTA has been offering new employees the opportunity to participate in a one-month foreign language education program—comprised of language training and visiting overseas manufacturing bases.

Employees who have acquired basic language skills in Japan are granted the opportunity to study business English at a language school or participate in internship programs at overseas affiliates in order to obtain practical English skills.

Employees Dispatched for Language Training



Expanding the Overseas Trainee System

Since 1997, KUBOTA has dispatched a number of employees overseas each year for training purposes.

We plan to dispatch more employees overseas in FY2016 as part of our initiatives to foster global human resources.

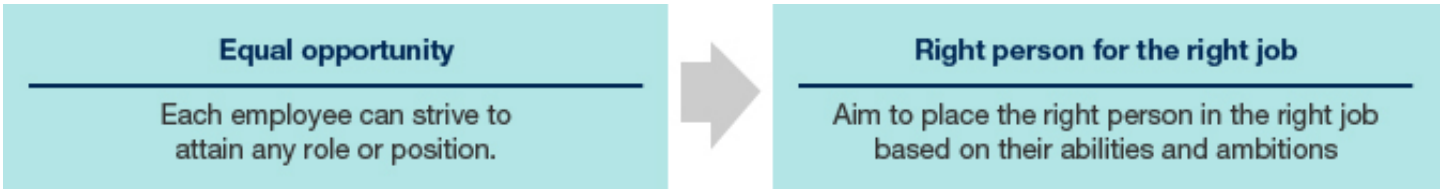
Human Resource Department trainees (P.T. Metec Semarang., Indonesia)

Personnel Policies and HR System (KUBOTA)

Basic Personnel Policy

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



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 separates personnel training, performance-based promotion and compensation for each of these career paths.

Employees can change career paths based on their abilities and ambitions.

Career	Expert positions (management class)	Staff positions (administrative and general class)	Technical positions (technical class)
Definition of personnel (main roles)	People that 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, and extensive experience and know-how	People that 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	• People that are in charge of work responsibilities, supervise and nurture subordinates, and achieve work objectives • People that improve work processes based on advanced skills, knowledge and experience, and can perform complicated work

Career	Expert positions (management class)	Staff positions (administrative and general class)	Technical positions (technical class)
Training and education	• Department and section head class: management training • Upcoming management assistants: selective training	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	Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the "5-Gen" principles
Evaluations	• 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 at the end of the year. • Bosses evaluate their subordinates, including process and work behavior.		Some evaluations also follow the framework on the left.
Rotation	The work responsibilities of each employee are reviewed periodically, while taking into consideration workplace needs and their preferences, to avoid having employees perform the same work for long periods.		-
Ranking*	• Five rankings • Moves up in the rankings based on contribution to performance	• Seven rankings • Moves up in the rankings based on contribution to performance (Some require testing)	• 11 rankings • Moves up in the rankings based on contribution to performance (Some require testing and technical qualifications)
Salaries	Monthly salaries are reviewed every year until the age of 58 (56 for expert positions). Each ranking has upper and lower limits to monthly salary.		
Bonuses	Bonuses are designed to reflect consolidated performance, affiliated business performance, and individual performance.	Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.	
Retirement benefits	Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.		

* Basis upon which compensation is determined

Focus

Activities for Instilling the Corporate Philosophy

Instilling a Mindset Capable of Resolving Social Issues

In order to instill "Kubota Global Identity" established as part of the corporate philosophy in October 2012, KUBOTA has been conducted training sessions at its bases around the world since FY2014.

In FY2015, the second year of this initiative, we set "deepening your understanding" as the goal—advancing one step further from the previous year's target of "awareness." We asked each participant to share their thoughts after viewing videos and listening to how their colleagues approach their work when battling daily challenges in a variety of workplaces around the world.

In FY2016, we will conduct training with the goal of "reflecting corporate philosophy in daily tasks." In doing so, we will continue our initiative to foster employees whose mindset is the desire to challenge themselves to work together with others in solving social issues in the future.

Training session in Thailand

Training session in Japan

Feedback from Participants

■ Participant training in Thailand

I really came to understand the corporate philosophy, "Kubota Global Identity", and my relationship with the unique company characteristics that KUBOTA has valued for many long years.

■ Participant training Japan (new employee)

I felt that perhaps the company philosophy was not very relevant to me, but I realized that it is, in fact, intrinsically related to every employee.

The enthusiasm inherited from our founder is something that I, too, wish to pass on to the next generation of KUBOTA employees.

CSR Forum for Management-level Employees

In December 2014, a CSR forum for management-level employees of KUBOTA was held. A total of 123 members attended. The forum was broadcast to 20 of the company's bases in Japan via a video-conferencing system. The guest speaker was Nobuo Gohara, an attorney and visiting professor at Kansai University. His presentation focused on adaptation to and compliance with environmental changes.

Mr. Gohara explained, "Corporate management and compliance work together as one. To use the analogy of a car: business activities are the engine and compliance—rather than acting as the brake—acts as the headlights and windshield wipers. In other words, compliance is not something which slows the system down, but a mechanism that is essential for driving safely." He also repeatedly stated, "A company must continue to respond to the changing demands of society." This forum provided an opportunity for members of KUBOTA management to reaffirm why compliance is necessary.

CSR Forum

Employee CSR Awareness Survey

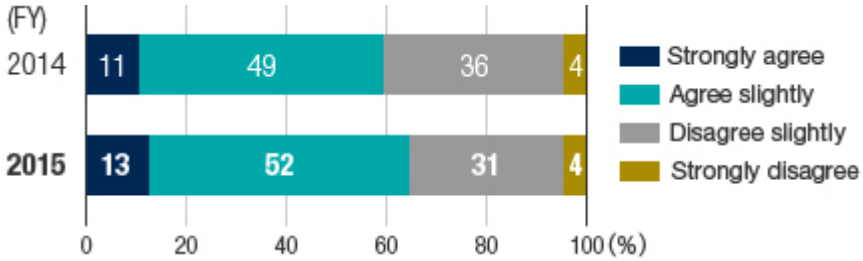
In July and August 2014, KUBOTA Group employees in Japan were surveyed regarding their awareness of CSR. Approximately 7,300 participants responded, roughly 1,000 more than the previous year. We were able to ascertain that employees are sufficiently aware of and understand KUBOTA's corporate philosophy, Code of Conduct, CSR management and compliance. The overall score for the 31 multiple choice questions asked revealed an increased awareness. Moreover, in the section to voice one's opinion freely, respondents provided many positive ideas about improving KUBOTA. These were communicated to the relevant divisions individually and feedback was provided to employees through the company Intranet and newsletter.

We plan to continue conducting the CSR survey every year to as a means of increasing employee awareness and identifying areas for continual improvement as a company.

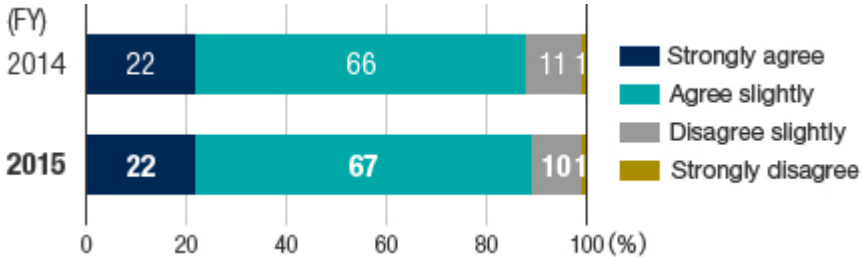
Compilation of Answers to Key Questions in Employee CSR Awareness Survey

Do you believe you have a good understanding of the significance and activities related to corporate social responsibility (CSR)?

Are you aware of the KUBOTA Hotline System?



Is communication in your workplace good, with people greeting each other every day?



Involvement with Regional Society

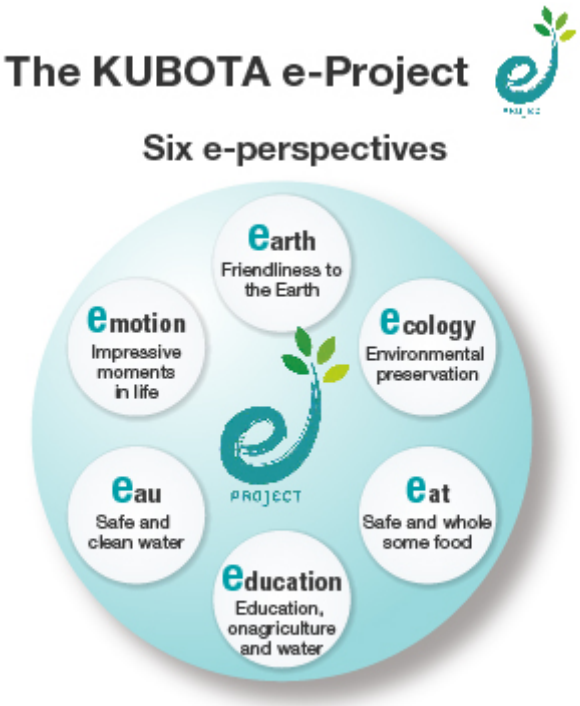
KUBOTA respects the culture and customers of the countries and regions around the world where it promotes business and exerts efforts to form relationships of trust with local communities. Moreover, we proactively engage in social contribution activities in order to fulfill our responsibilities as a 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, the KUBOTA Group commenced the KUBOTA e-Project in 2008.

The KUBOTA Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth. Through this promise to everyone, we seek the understanding and cooperation of stakeholders as we contribute to the creation of a sustainable society.



Support for the restoration of abandoned farmland

We support 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 provide educational opportunities through rice growing agricultural experiences such as rice transplanting and harvesting as well as tasting the harvested rice.

Developing regional brands and advertising farm fresh crops

We make every possible effort to expand opportunities to generate awareness of fresh and processed food products that are the pride of each region of Japan.

Improving global water environments

We make every possible effort to reduce the number of people who do not have access to safe water. To this end, we are supporting the construction of wells in India being undertaken by an NGO that has been active in Asia for many years.

KUBOTA e-Day Volunteer Program

KUBOTA employees volunteer in community beautification and cleanup activities throughout the region.

"UCHIMIZU" solution for heat island

KUBOTA employees are creating opportunities to draw attention to global warming through "UCHIMIZU" activities around KUBOTA business locations, which involves lowering outside temperatures by sprinkling water on the pavement.

KUBOTA "TERRA-KOYA" summer camp

We sponsor the KUBOTA "TERRA-KOYA" summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment.

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.

Water Cycle Education Program

This program provides opportunities to raise awareness among young people about water and environmental preservation.

Mainichi Earth Future Prize

KUBOTA sponsors Mainichi Earth Future Prize, a program that invites various specialist instructors to teach classes to junior and senior high school students who have an interest in science.

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.

Social Contribution Activities through Corporate Sporting Events

Managing a rugby league team, KUBOTA Spears, to teach rugby to children, etc.

KUBOTA is part of the Japan Rugby Top League and manages KUBOTA Spears, a rugby team based in Funabashi, Chiba.

Through teaching rugby, cleanup and beautification activities, and traffic safety activities among others, the team aims to foster the adoration of the community.

Visits to neighboring elementary schools in liaison with educational committees (teaching touch rugby)

Rugby Festival at the home grounds (rugby experience, instruction)

Cleanup and beautification activities around the home grounds

Anti-drunk driving campaign held in cooperation with the Chuo Police Station

Overseas Social Contribution Activities

Supporting well construction in India

We make every possible effort to reduce the number of people who do not have access to safe water. To this end, we are supporting the construction of wells in India being undertaken by the Japan Asian Association and Asian Friendship Society, an NGO that has been active in Asia for many years.

Contributing to 11 schools through communication with local communities

SIAM KUBOTA Metal Technology Co., Ltd. (Thailand), highly values communication with the local community. One example of this is the donation of scholarships to 11 schools in the proximity of their plant on Thailand's National Children's Day (2nd Saturday of January).

Donating shoes to developing countries

Kubota Tractor Corporation Southeast Division (US) in Suwanee, Georgia, has carried out a shoe recycling activity in the workplace. They have sent five boxes of shoes to developing countries.

Donating a generator to environmental education facility, Science Barge

"Science" Barge is a ship that appears on the Hudson River in Yonkers, New York every summer. It serves as an environmental education center and uses renewable energy to operate a greenhouse and hydroponic farming. Kubota Engine America Corporation (US), supports Science Barge, which shares an affinity with the KUBOTA Group's corporate philosophy of "For Earth, For Life" and donated a diesel engine generator to the organization.

Holding charity event for a children's research hospital

Kubota Engine America Corporation (US) held "KubotaFest", a summer event to raise money for St. Jude Children's Research Hospital, involving raffles and charity games using the items donated by employees as prizes.

Additionally, a tournament game was held, which the fee for participating was used as a donation, employees' put in personal donations and the company matched these amounts, resulting in a total donation of over US$3,000 to the St. Jude Children's Research Hospital.

Support for Revitalization and Reconstruction of Areas Affected by Natural Disasters

Focus

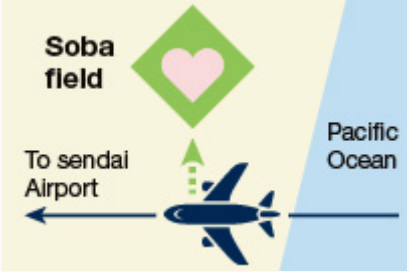
Heart-shaped geoglyph in a disaster-stricken field!

Supporting Miyagi Agricultural High School's "SUN! SUN! Soba (buckwheat) Project"

In FY2015, the KUBOTA Group supported the SUN! SUN! Soba Project of Miyagi Agricultural High School, which suffered severe damage in the earthquake and tsunami of March 11, 2011. This project involved making a geoglyph using soba flowers in a field near the Sendai Airport—damaged during the disaster—as a symbol of reconstruction and a tourist attraction.

The KUBOTA group provided farming machinery and employees helped by sowing seeds. As a result, people can now enjoy viewing the brilliant-colored flowers arranged in the shape of a heart from the air. We also supported an event distributing handmade soba noodles to the residents of temporary housing.

Heart created with soba flowers in a disaster-stricken field



Distributing soba noodles harvested in the SUN! SUN! Soba Project to the residents of temporary housing

An event was held at the temporary housing in Miyagi prefecture where residents made and enjoyed eating soba noodles harvested in the SUN! SUN! Soba Project.

Residents also enjoyed pizza, imoni—vegetable soup famous in the region—and other dishes made from various local produce gathered by Miyagi Agricultural High School. The participating KUBOTA employees and local members of the community shared the joyful experience of the harvest.

Maintaining a community garden in Kamaishi, Iwate (for use by temporary housing residents)

As an employee development initiative, KUBOTA carries out ongoing volunteer activities through reconstruction support to the areas affected by the Great East Japan Earthquake. These activities provide new employees who volunteer with a chance to learn and grow by talking to the people from the disaster-stricken areas, learning about the current conditions of such areas, and becoming involved in the community.

Holding special classes for high schools in Miyagi and Fukushima prefectures to support the next-generation of farmers

The KUBOTA Group has continued to offer special classes on the direct sowing of iron-coated seeds to the students of Miyagi Agricultural High School in Miyagi Prefecture and Iwaki Agricultural High School in Fukushima Prefecture, which were greatly damaged by the tsunami and earthquake.

In FY2015, we added to the contents of these classes holding middle management tasks, soil-preparation classes, etc. Through rice growing technology that replaces rice transplanting techniques, we support these young students as leaders of the reconstruction of agriculture in the Tohoku region.

Forming circles of support through community gardens

Amid prolonged residencies in temporary housing, the KUBOTA Group is cooperating with local governments, NPOs and other companies to plan and build community gardens for the purpose of creating a space for residents to have fun and get to know each other better.

In FY2015, as a part of new employee volunteer activities, KUBOTA assisted with community garden building in Kamaishi, in the Hakozaki district, and donated a mini power tillers..

Restoring abandoned agricultural areas in Rikuzentakata

KUBOTA assisted with restoring abandoned agricultural areas in Rikuzentakata City, Iwate Prefecture, in answer to a call by local residents. The city is aiming to reconstruct and revitalize the region through farming, which is one of the region's major industries.

The land, restored by new employees of farming machinery subsidiary, Michinoku-KUBOTA and KUBOTA, is now being used to grow fruit trees among other things.

Holding a special manufacturing class at Kesennuma Koyo High School

KUBOTA held a special manufacturing class at Kesennuma Koyo High School, Miyagi Prefecture, which suffered severe damage in the earthquake and tsunami of March 11, 2011.

Six employees, including employees who were graduates from the school, veteran employees, with many years' experience on the frontline, and participants in the National Skills Competition,* were dispatched to give lessons on engine assembly and practical finishing work. It was an opportunity for students to learn about the joy and difficulty of creating things.

*A national skills competition for young people to compete for recognition of holding the highest level of skill in Japan

Support for disaster-affected areas by eating and drinking regional specialties

Under the concept of "supporting disaster-affected areas by eating and drinking," KUBOTA sold local produce from disaster-affected areas it has connected with through its reconstruction support, at company events, and in the communication spaces at the Head Office and Tokyo Head Office.

A portion of the sales will be used as donations to support reconstruction in disaster-affected areas.

KUBOTA group's products playing a part in reconstruction support

Various KUBOTA group's products are being used in the restoration, recovery and urban development of disaster-stricken areas. Examples include the restoration of water supply and sewage lines, construction of pipelines and treatment of effluent for temporary housing, and the restoration of agricultural water.

Iron pipes
This is used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines.

Plastic pipes
This is used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines.

Pumps
This is used for emergency drainage as a countermeasure for flooding caused by heavy rainfall and spring tides.

Valves
This is 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
This is used to purify waste water, including residential and industrial sewage.

Waste water treatment tanks
This facility processes wastewater from temporary housing in regions with insufficient sewage lines.

Spiral welded steel pipes
This is 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

Truck cargo, such as debris, is weighed.

Manhole pumps (for pneumatic transportation of sewage)

Response to Asbestos Issues

The fact that some of the residents and employees living in the proximity of the former Kanzaki Plant have developed asbestos-related diseases is taken very seriously by KUBOTA. 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: http://www.kubota.co.jp/kanren/index.html (Japanese only)

Regarding the residents living nearby, without being particular regarding 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, by even a fraction, the hardship and mental burden of the people receiving treatment and their families.

Environmental Management Basic Policy

In line with its brand statement, "For Earth, For Life," while protecting the beauty of the global environment, the KUBOTA Group is committed to the continued support of people's affluent lifestyles. Through business, the Group contributes to building a sustainable society.

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 the 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

The mission of the KUBOTA Group is to continuously support the future of the Earth and people under the slogan "For Earth, For Life" and contribute to the conservation of the global environment through "Made by Kubota" manufacturing activities. The Environmental Management Strategy Committee was established in FY2015 for the purpose of raising the Group's level of environmental conservation efforts, such as accelerating environmental management, expanding KUBOTA's lineup of eco-conscious products, and reducing environmental load and environmental risk.

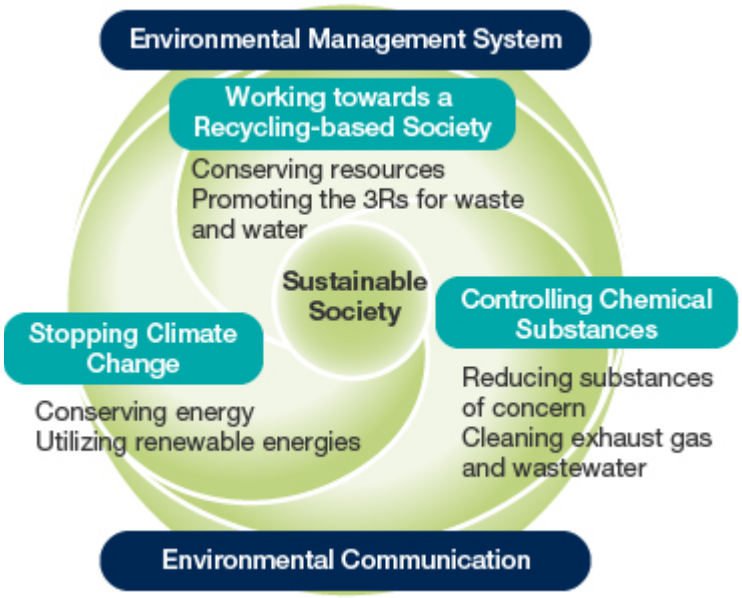
This fiscal year was the last year of the Medium-term Environmental Conservation Targets for FY2016. Therefore, we are currently preparing new targets for the next medium-term period. In preparation for the next stage, we are proactively taking on new challenges and vitalizing our activities. We will continue working towards building a sustainable society and promoting environmental management.

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

Basic Direction of Corporate Environmental Management / Key measures

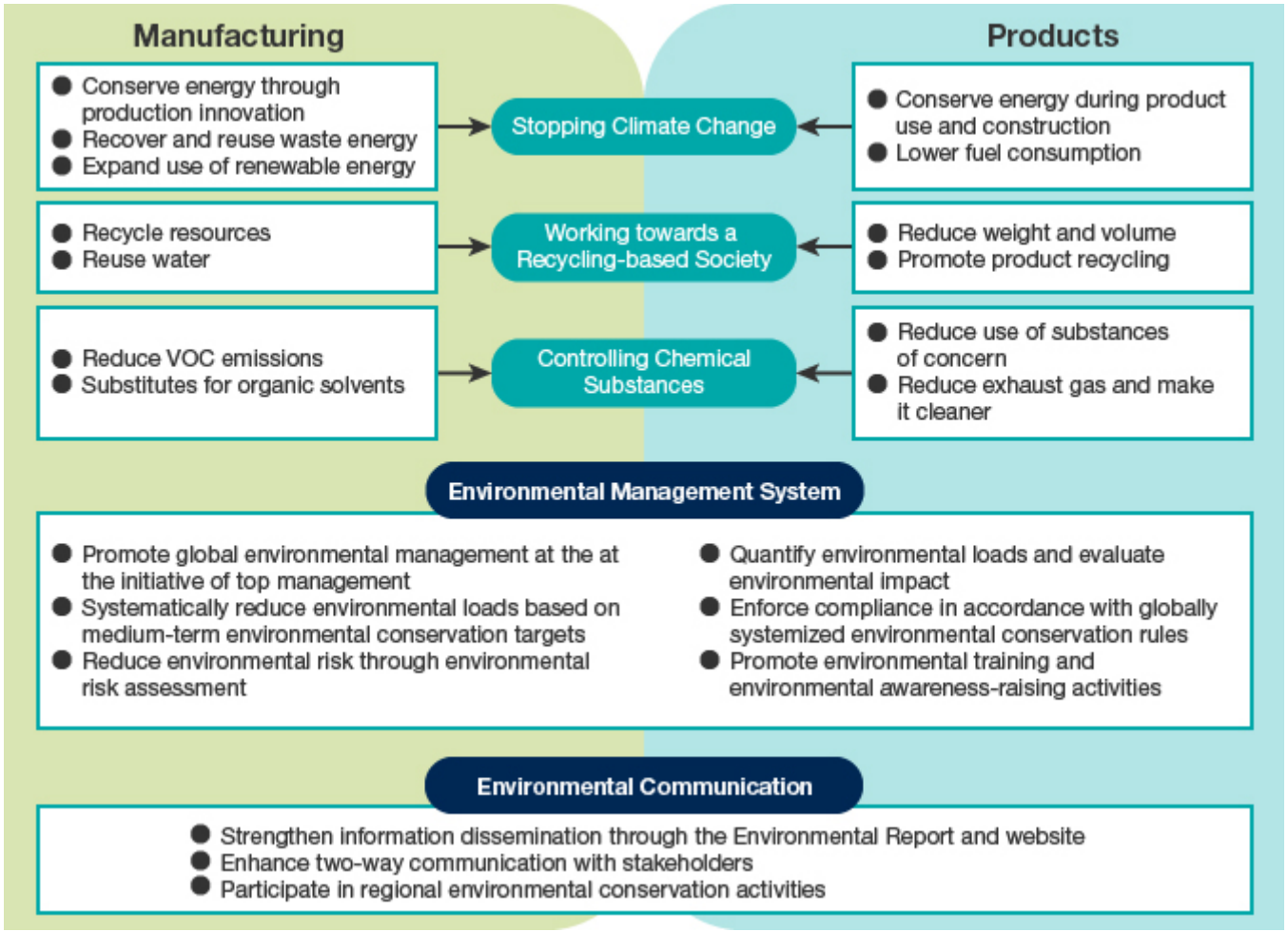
Basic Direction of Corporate Environmental Management

As stipulated in the Basic Direction of Corporate Environmental Management prepared for the KUBOTA Group, three initiatives have been established: "Stopping Climate Change," "Working towards a Recycling-based Society" and "Controlling Chemical Substances."



Key Measures

Based on the Basic Direction of Corporate Environmental Management, the KUBOTA Group engages in environmental management with key measures focused on manufacturing and products.

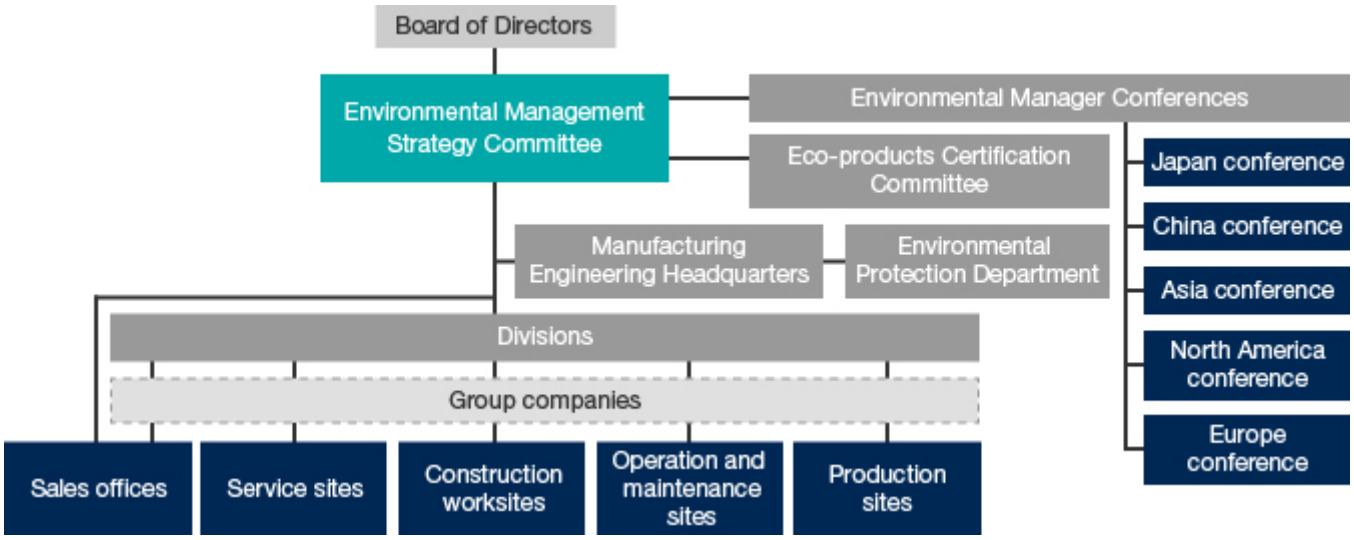


Environmental Management Promotion System

In FY2015, 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 in China, Asia, North America and Europe to globally advance environmental management across the KUBOTA Group.

Organization structure



Environmental Management Strategy Committee

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 direction of the KUBOTA Group's environmental management for the medium- and long-term. It determines issues such as items and plans that should be carried out in order to reduce environmental impact and risk, and what products to add to extend the lineup of environmentally-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 Manager Conferences

In FY2015, KUBOTA held Environmental Manager Conferences for the Chinese, Asian and Japanese regions. Environmental managers from eight companies with business sites in China and seven companies with production sites in East Asian countries other than China and Japan attended the Environmental Manager Conferences held for the Chinese and Asian regions, respectively. Environmental managers from Japan's mother plant also attended.

Each company presented case studies, and group debate was held on the theme of environmental management, thus providing an opportunity to reaffirm the KUBOTA Group policy and share excellent case studies. In order to strengthen the environmental management of the entire KUBOTA Group, we will continue raising the level of environmental conservation activities at each site through gatherings such as these.

Environmental Manager Conferences held for Chinese regions Kubota Agricultural Machinery (SUZHOU) Co., Ltd.

Environmental Manager Conferences held for Asian regions SIAM KUBOTA Corporation Co., Ltd.

Medium-Term Environmental Conservation Targets and Results

To properly execute the Basic Direction of Corporate Environmental Management and systematically promote environmental conservation activities in the production and product development stages, KUBOTA established the FY2016 Mid-term Environmental Conservation Targets. As the following table shows, we practically achieved the targets for FY2016 in FY2015.

Issues	Actions	Management Indicators[*2]	Scope	Base FY	Target for FY2016[*6]	Results of FY2015[*6]	Self-evaluation[*7]	Achievement Status
Stopping climate change	Reduce CO_2	CO_2 emissions per unit of production[*3]	Global production	2009	▲14%	▲26.0%	◎	We are making progress on energy conservation in production facilities, air handling systems and lighting, etc.
	Energy conservation	Energy use per unit of production	Global production	2009	▲14%	▲23.4%	◎	
Working towards a recycling-based society	Reduce waste	Waste discharge per unit of production	Global production	2009	▲14%	▲30.6%	◎	We are making progress on waste separation and introduction of returnable containers.
		Resource recycling ratio[*4]	Production sites in Japan	-	99.5% or more	99.8%	○	We are maintaining a resource recycling ratio above the target.
			Overseas production sites	-	90.0% or more	89.8%	△	Landfill disposal was reduced as the result of changing contractor consignment. We are now very close to achieving our target.

Issues	Actions	Management Indicators*2	Scope	Base FY	Target of FY2016 Results*6	FY2015*6	Self-evaluation*7	Achievement Status
Working towards a recycling-based society	Conserve water resources	Water consumption per unit of production	Global production	2009	▲21%	▲39.1%	◎	We are making progress on water conservation by the installation of waste water recycling facilities.
Controlling chemical substances	Reduction of VOCs*1	VOC emissions per unit of production	Global production	2009	▲21%	▲29.4%	◎	We are making progress on VOC reduction by improving coating efficiency and use of non-VOC paints
Improve environmental performance of products	Expand line of Eco-Products	Sales ratio of Eco-Products*5	Global	-	40%	36.6%	△	In FY2015, we certified 43 products as Eco-Products.

*1 VOCs comprise the six VOCs that are most prevalent in emissions from the KUBOTA Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.

*2 The figures per unit of production represent the intensity of the environmental load per unit of production money amount. The exchange rate of the base fiscal year is used when translating the production value of overseas sites into yen.

*3 CO_2 emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electricity of the base fiscal year in our calculation of CO_2 emissions from energy sources.

*4 Resource recycling ratio (%) = (Sales volume of valuable resources + External recycling volume) / (Sales volume of valuable resources + External recycling volume + Landfill disposal) × 100. Heat recovery is included in external recycling volume.

*5 Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

*6 ▲ is a symbol used to express "minus".

*7 Self-evaluation rating symbols: ◎Target exceeded (by at least 20%) ○Target reached △ Target not yet reached

Environmental information in the online version of the KUBOTA REPORT 2015 (Full Report Edition PDF) has received third-party assurance from KPMG AZSA Sustainability Co., Ltd. Indicators covered by this assurance are marked with the "🔎" symbol.

As An "Eco-First Company"

In May 2010, the KUBOTA Group was certified by the Janan's Minister for Environment as an "Eco-First Company" due to its commitments to environmental conservation.

Moreover, in June 2014, the KUBOTA Group created the FY2016 Medium-Term Environmental Conservation Targets with a commitment to achieving the following five objectives, and was recertified as an "Eco-First Company." We will aggressively work toward achieving these objectives based on this new commitment.

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

Eco-First Mark

See here for details on Eco-First Company certification

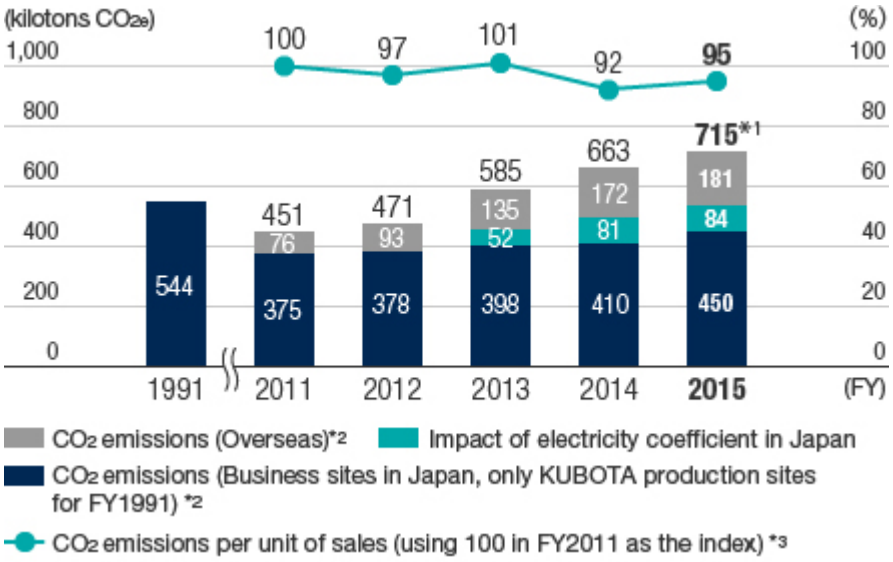
Stopping Climate Change

The Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC), states that the 'warming of the climate system is unequivocal' and there is an extremely high possibility that the impact of human activities is one of the contributing factors. The KUBOTA Group is engaged in initiatives to reduce CO_2, placing a focus on energy-saving activities in order to prevent global warming.

CO_2 Emissions (scope 1 and scope 2)

In FY2015, CO_2 emissions were 715 kilotons CO_2e, an increase of 7.9% compared to the previous fiscal year. We made efforts to conserve energy such as converting to alternative fuels and upgrading to highly efficient equipment. However, CO_2 emissions increased owing to increasing production at cast iron production sites in Japan, expanding aggregation scope in Japan and increasing production overseas. Additionally, CO_2 emissions per unit of sales increased 2.6% compared to the previous fiscal year.

Trends in CO_2 Emissions and Emissions per Unit of Sales

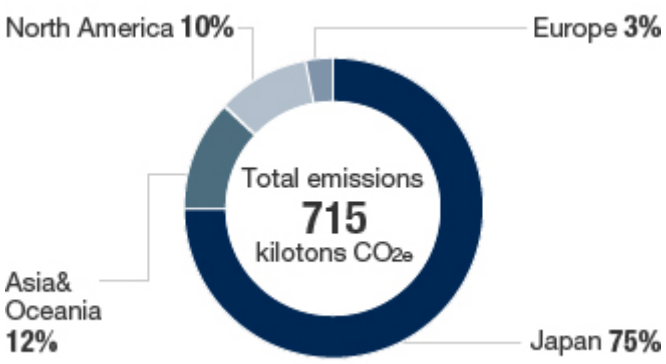


*1 CO_2 emissions (715 kilotons CO_2e) include portions of CO_2 that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (33 kilotons CO_2e).

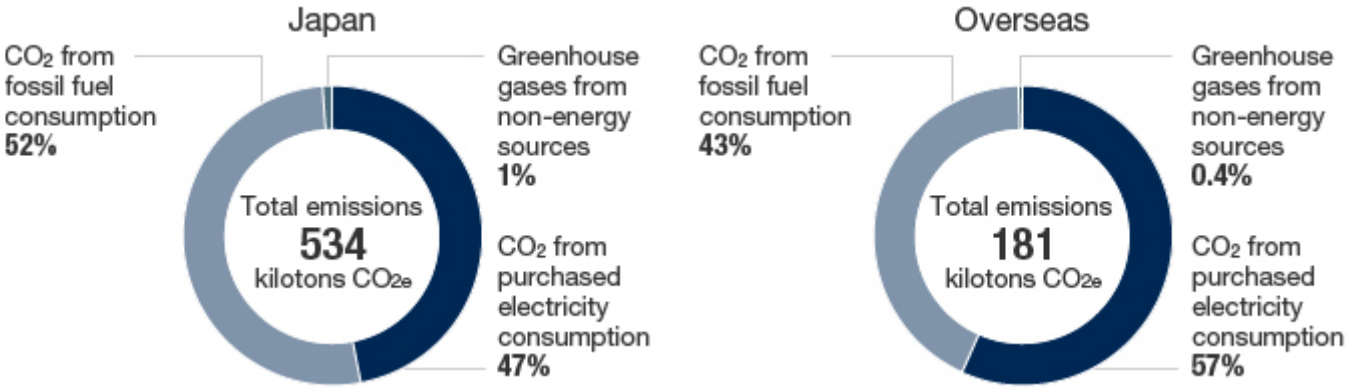
*2 CO_2 emissions after FY2011 include greenhouse gases from non-energy sources.

*3 CO_2 emissions per unit of consolidated net sales.

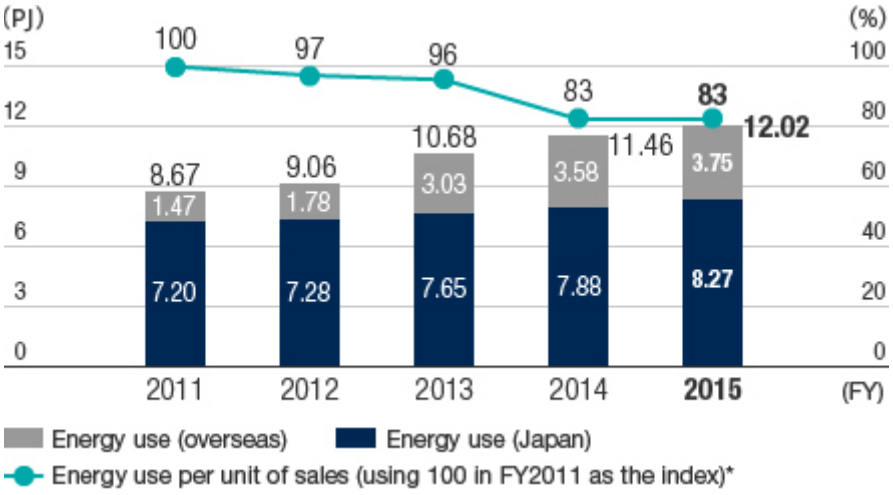
CO_2 Emissions by Region (FY2015 results)



CO_2 Emissions by Emission Source (FY2015 results)



Trend in Energy Use by Business Sites



*Energy use per unit of consolidated net sales.

Voice Solar Panels Installed on Plant Roof to Reduce CO_2 Emissions

Kubota Construction Machinery (WUXI) Co., Ltd. installed 8,808 solar panels on the roof of its plant and began generating solar power in April 2015. The maximum output of the panels is 2,233kWp, and annual electricity generation of approximately 2,300MWh is anticipated. This amounts to about 60% of all power consumed by the company in 2013 and about 50% of overall energy consumed. When converted to CO_2 emissions, this equates to an annual reduction of approximately 2,293 tons*. Moreover, the gaps between the solar panels and the roof serve as a heat insulation layer, alleviating the heat of summer and the cold of winter. Therefore, it is anticipated that energy consumption related to air-conditioning will be reduced as well.

We are effectively utilizing the roof of the plant to promote the use of clean reusable energy, thereby becoming a plant that can be trusted by the local community.

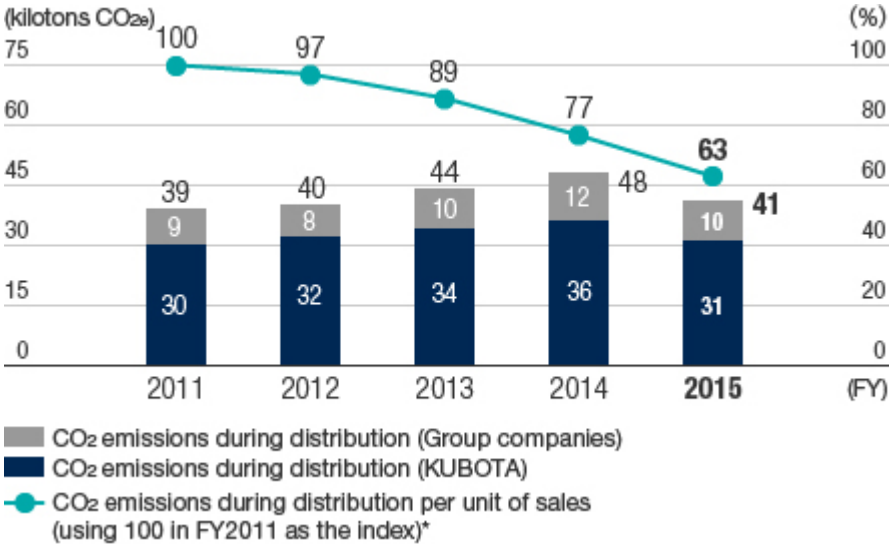
*CO_2 emissions coefficient: 0.997kg/kWh

Feng Luo
Safety, Health and Environment Section Manager
Kubota Construction Machinery (WUXI) Co., Ltd.

CO_2 Emissions during Distribution

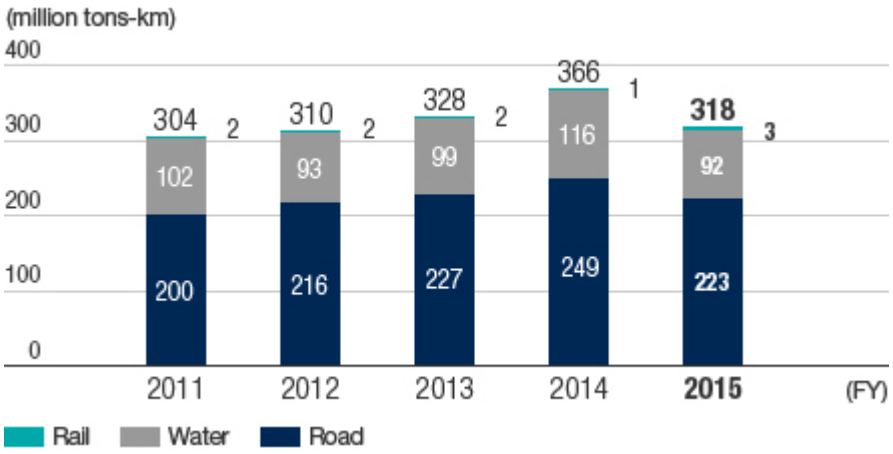
In FY2015, CO_2 emissions during distribution were 41 kilotons CO_2e, a reduction of 15.0% compared to the previous fiscal year. Additionally, CO_2 emissions during distribution per unit of sales decreased 19.2%. This was the result of improved transportation efficiency by shipping mixed cargo and reducing transportation distance by routing more exports to ports that are closer to the actual destination.

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



*CO_2 emissions during distribution per unit of consolidated net sales.

Trends in Freight Traffic (Japan)



CO_2 Emissions throughout the Value Chain

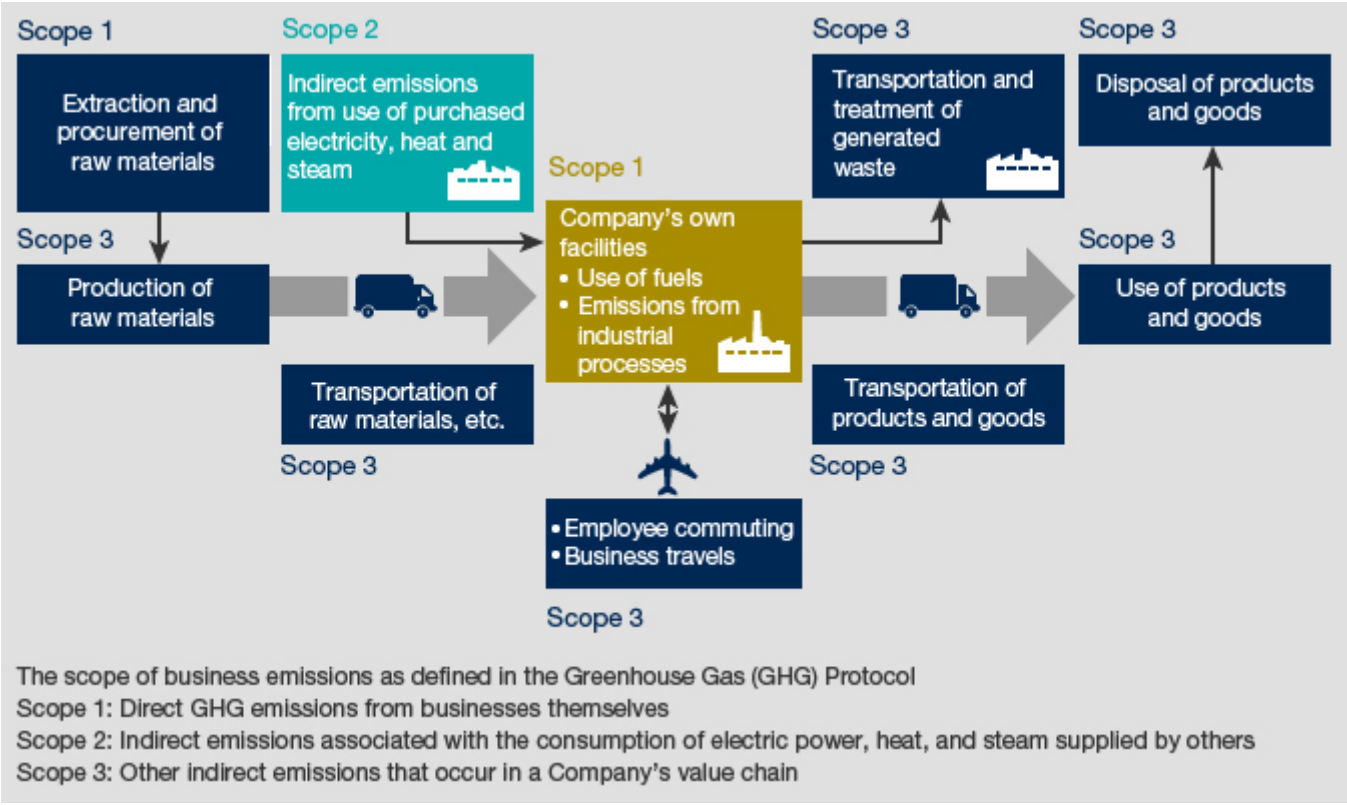
The KUBOTA Group makes concerted efforts to figure out CO_2 emissions throughout the value chain in addition to its business sites. Following guidelines*, we calculate CO_2 emissions based on Scope 1, Scope 2 and Scope 3, and continue to expand the categories in the scope3 of our calculation of CO_2 emissions.

* Basic guidelines for calculating greenhouse gas emissions in supply chains issued by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry.

CO_2 Emissions in Each Stage of Value Chain (FY2015 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	355
		Non-energy-related greenhouse gas emissions	8
	Indirect emissions (Scope 2)	Purchased electricity use	353
Upstream and downstream emissions	Other indirect emissions (Scope 3)	Extraction, production and transportation of fuels for generation of electricity used	25
		Disposal of waste emitted from sites	22
		Employee business trips	8
		Transportation of products and waste	41
		Construction and Manufacturing of capital goods such as equipment	170
		Use of sold products	15,494

Example Activities of Each Scope



The scope of business emissions as defined in the Greenhouse Gas (GHG) Protocol
Scope 1: Direct GHG emissions from businesses themselves
Scope 2: Indirect emissions associated with the consumption of electric power, heat, and steam supplied by others
Scope 3: Other indirect emissions that occur in a Company's value chain

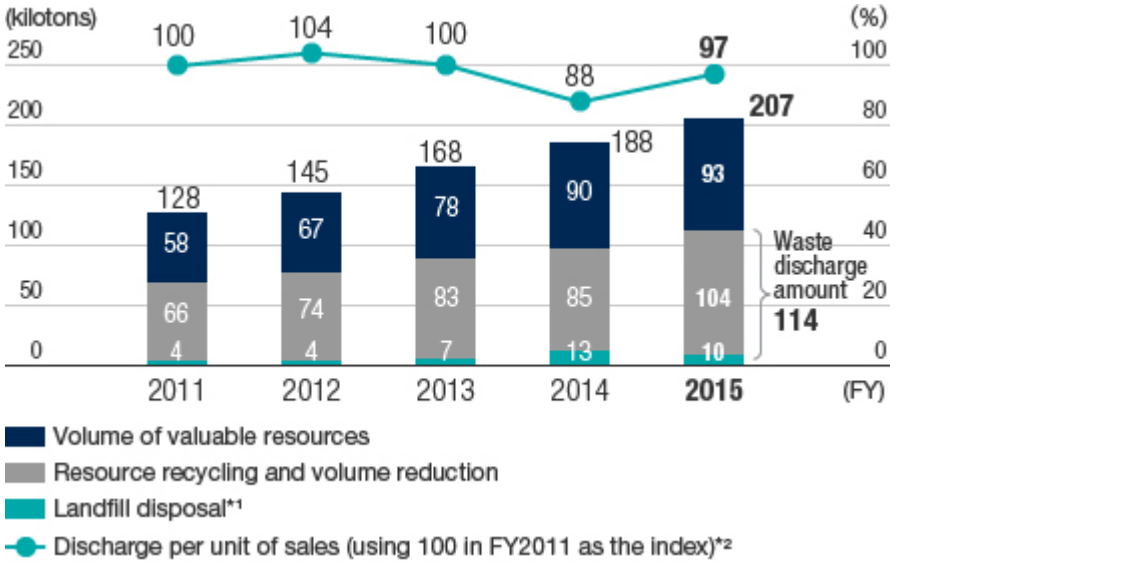
Working towards a Recycling-based Society - The 3Rs of Waste -

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 engages in activities such as the reduction and effective utilization of resources necessary for business activities, the reduction of waste and recycling.

Waste, Etc. from Business Sites

In FY2015, the waste discharge amount was 114 kilotons, an increase of 16.1% compared to the previous fiscal year. We made efforts to thoroughly sort waste and recycle valuable resources. However, the waste discharge amount increased owing to increased production at domestic cast iron production sites, expanding aggregation scope in Japan and increasing production overseas. The waste discharge amount per unit of sales also increased 10.4% compared to the previous fiscal year.

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



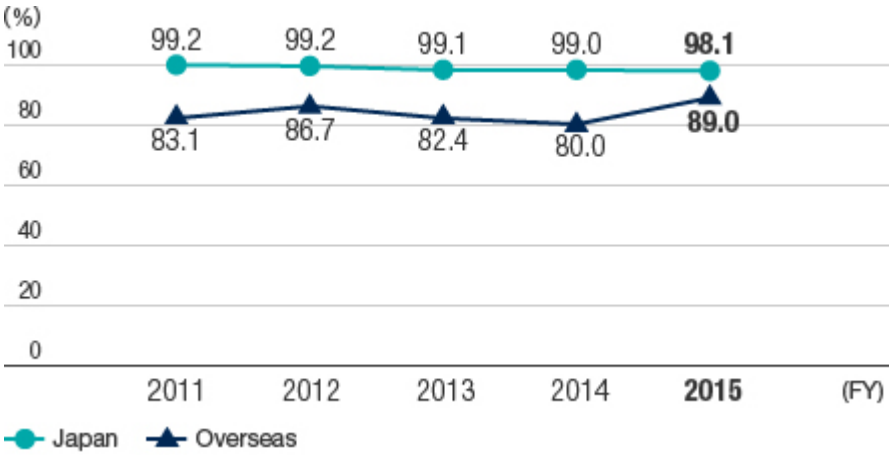
*1 Landfill disposal = Direct landfill disposal + Final landfill disposal following intermediate treatment

*2 Waste discharge per unit of consolidated net sales.

Waste discharge = Recycled resources / Volume reduction + Landfill disposal

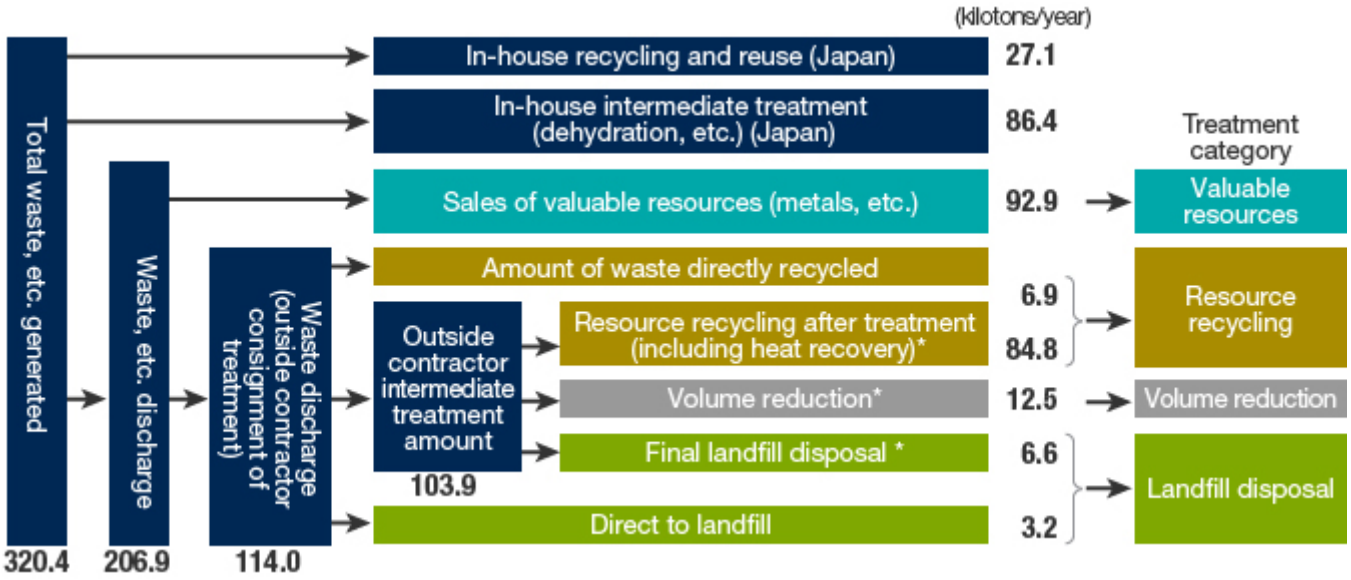
The resource recycling ratio in FY2015 was 98.1% in Japan, down 0.9 points compared to the previous fiscal year. This was due to the influence of expanding the aggregation scope. On the other hand, overseas, the promotion of conversion into valuable resources and recycling led to increasing the recycling ratio by 9 points, totaling 89.0%.

Trends in Recycling Ratio*



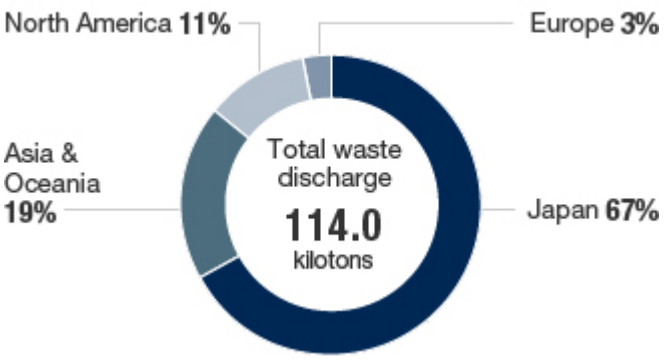
*Starting in FY2014, heat recovery has been included in external recycling volume. The resulting difference compared with the previous method that did not include heat recovery is minor.

Waste recycling and treatment flow (FY2015 results)

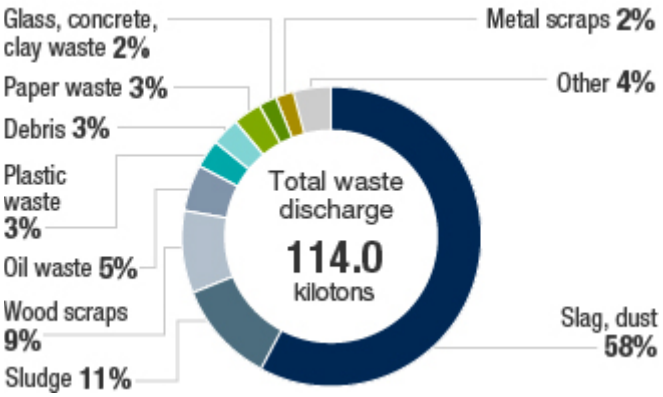


* The amounts of resource recycling after treatment, volume reduction, and final landfill disposal were the results of surveys conducted by outside intermediate treatment companies.

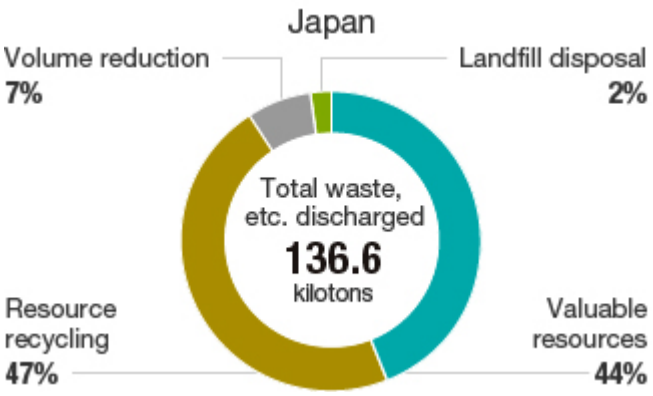
Waste Discharge by Region (FY2015 results)

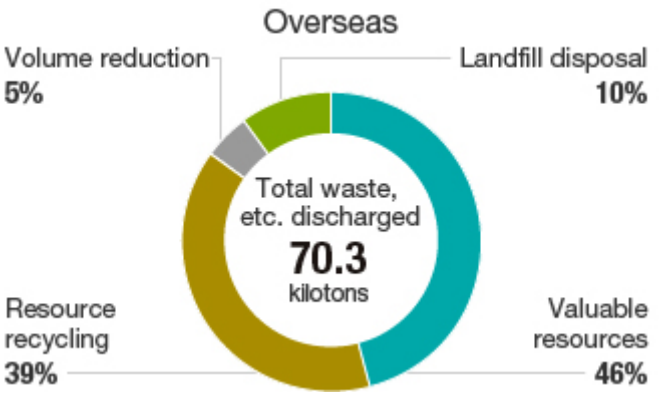


Waste Discharge by Type (FY2015 results)



Waste, Etc. Discharge by Treatment Category (FY2015 results)





Voice

Switching to Environment-friendly Returnable Steel Crates to Minimize Waste

Kubota Industrial Equipment (KIE) is contributing to protecting the environment by using returnable crates for shipping L series tractors and all series loaders to the U.S market.

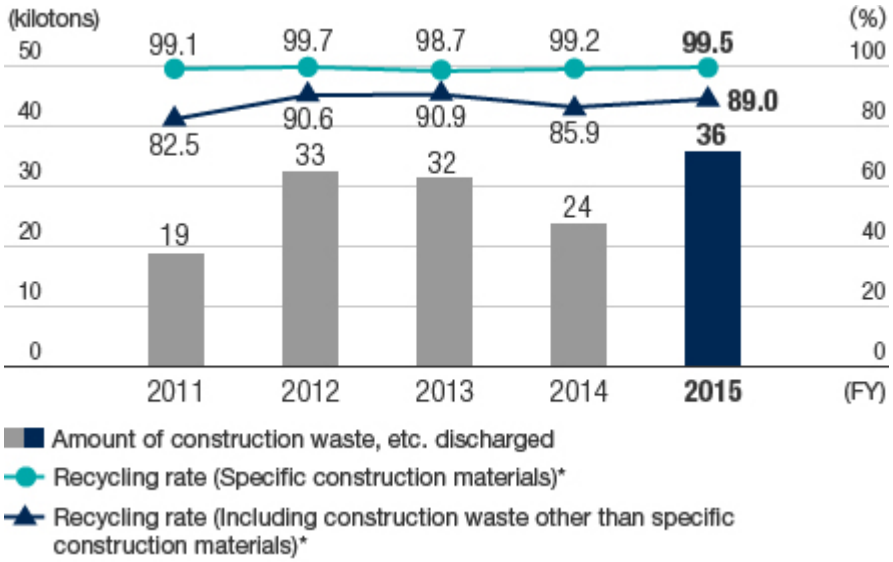
KIE has reduced the use of wood pallets by approximately 70% since the introduction of returnable crates. By using returnable crates, KIE is saving annually 3,600 tons of wood waste from going into landfills.

As our business grows even further, we will continue activities to minimize environmental load.

Bethany Vega
Manager of Production Management
Kubota Industrial Equipment Corporation

Waste Generated from Construction Work

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



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

Handling and Storage of Equipment Containing PCBs (in Japan)

Transformers, capacitors and other equipment containing polychlorinated biphenyls (PCBs) are properly delivered, stored and handled based on the Japanese Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. Equipment containing PCBs are being disposed of steadily, being with sites for which acceptance at PCBs treatment facilities are available.

Equipment containing PCBs are locked in storage, periodically inspected, and environmentally audited as part of a thorough management system. We plan to properly process these wastes by the treatment deadline of March 2027.

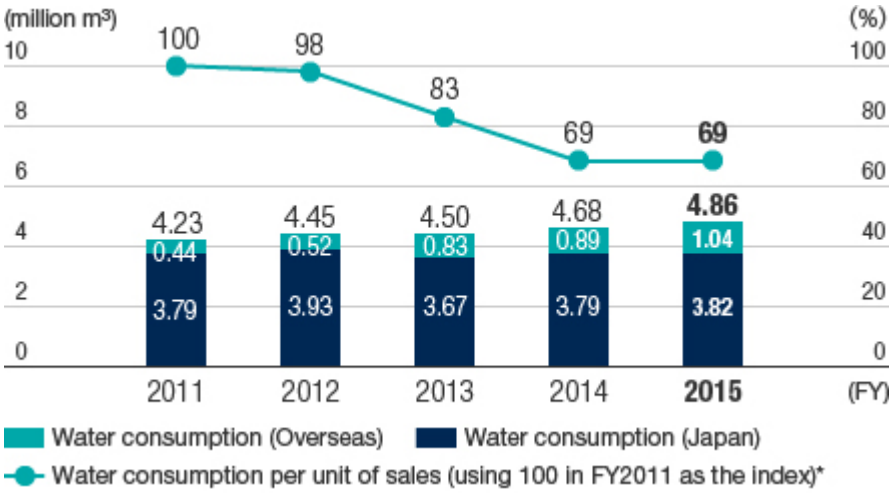
Working towards a Recycling-based Society - The 3Rs of Water -

The Organization for Economic Co-operation and Development (OECD) has reported that over 40% of the global population is projected to be living in river basins under severe water stress by the year 2050. The KUBOTA Group is involved in initiatives such as the effective utilization of water resources by promoting wastewater recycling.

Water Consumption in the Business Sites

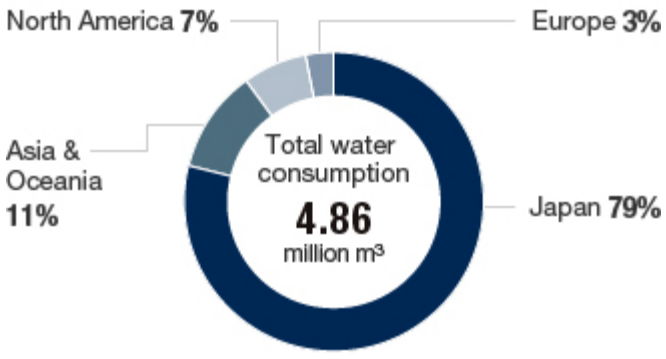
In FY2015, water consumption was 4.86 million m^3, an increase of 3.8% compared to the previous fiscal year. We made efforts to utilize water resources effectively by water conservation activities and recycling wastewater. However, water consumption increased due to an increase in overseas production volume. As a result, water consumption per unit of sales decreased 1.3% compared to the previous fiscal year.

Trends in Total Water Consumption and Consumption per Unit of Sales

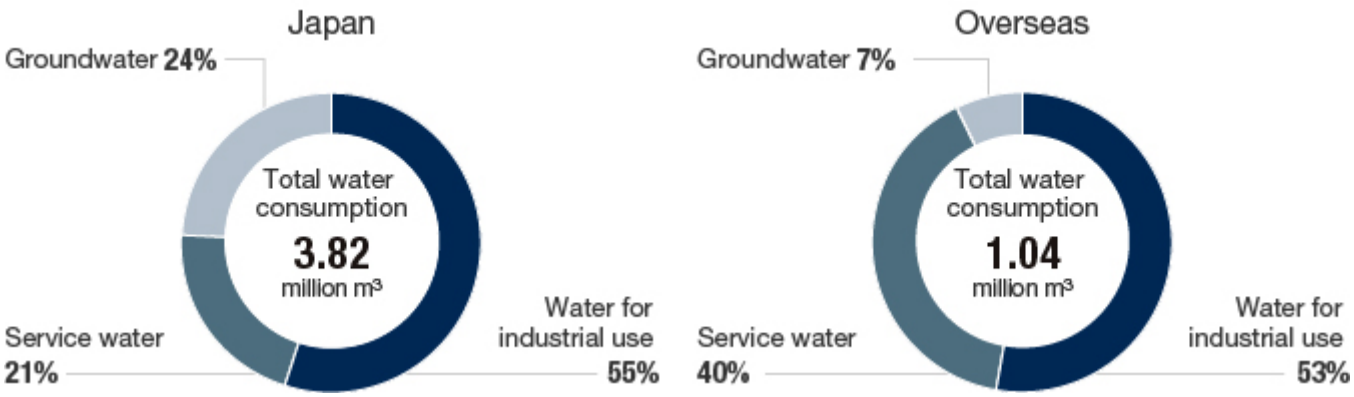


* Water consumption per unit of consolidated net sales.

Water Consumption by Region(FY2015 results)



Water Consumption by Type (FY2015 results)



Voice Installation of Wastewater Treatment Equipment Utilizing Photocatalyst Processing

In 2014, the Amata Nakron plant of SIAM KUBOTA Corporation Co., Ltd. installed a photocatalyst treatment facility that breaks down and removes the substances in wastewater that cause high-concentration COD*.

The substances that cause COD are difficult to break down and hard to treat. Accordingly, treating the approximately 8,200 tons of high-concentration COD wastewater produced each year was previously outsourced to external service providers in its entirety. In an attempt to improve the situation, we began joint research with the wastewater treatment laboratory of Naresuan University in 2013. The project focused on developing a method for treating high-concentration COD wastewater using a photocatalyst process. After repeated verification experiments, a treatment facility was finally installed.

Using the new photocatalyst treatment process, the concentration was reduced to less than half of the standard value stipulated in the wastewater specifications of the industrial park. Furthermore, the installation of this facility has led to a reduction in waste and chemical usage, and significant cost cuts.

*Chemical oxygen demand

From right

Soray Iam-am,
Somchai Limthongsittikhun,
Patcharin Ngenbaion,
Nattawat Yuttiwat

Tractor Manufacturing Division, Safety Health and Environment Department
SIAM KUBOTA Corporation Co., Ltd. (Amata Nakorn plant)

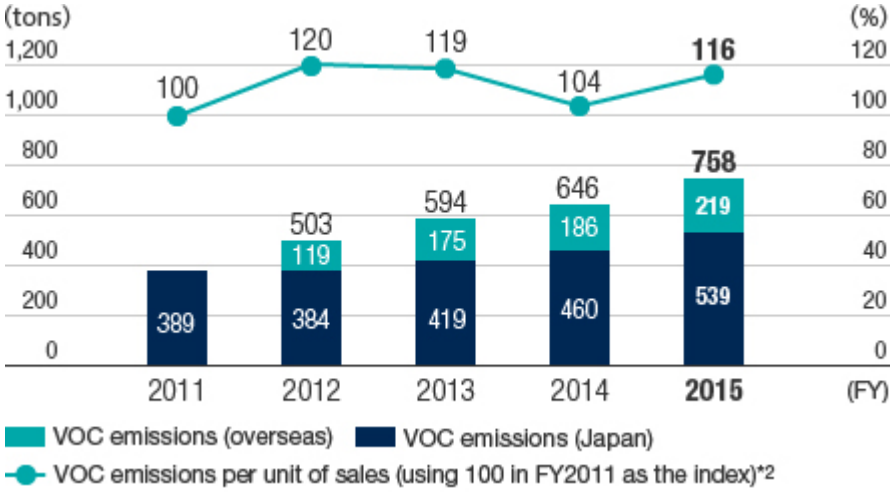
Controlling Chemical Substances

International frameworks are being established to minimize the negative impact of chemical substances on people's health and the environment. The KUBOTA Group engages in ongoing activities aimed at appropriately controlling and reducing the use of chemical substances.

VOC Emissions

In FY2015, volatile organic compound (VOC) emissions were 758 tons, an increase of 17.4% compared to the previous fiscal year. We made efforts to reduce VOCs such as improving painting effectiveness and switching to VOC-free materials. However, VOC emissions increased owing to increasing production at Japan cast iron production sites and overseas production sites.
Additionally, the VOC emissions per unit of sales increased 11.6%.

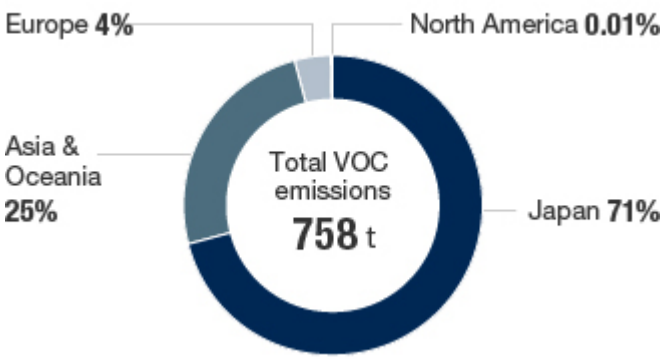
Trends in VOC Emissions*1 and Emissions per Unit of Sales



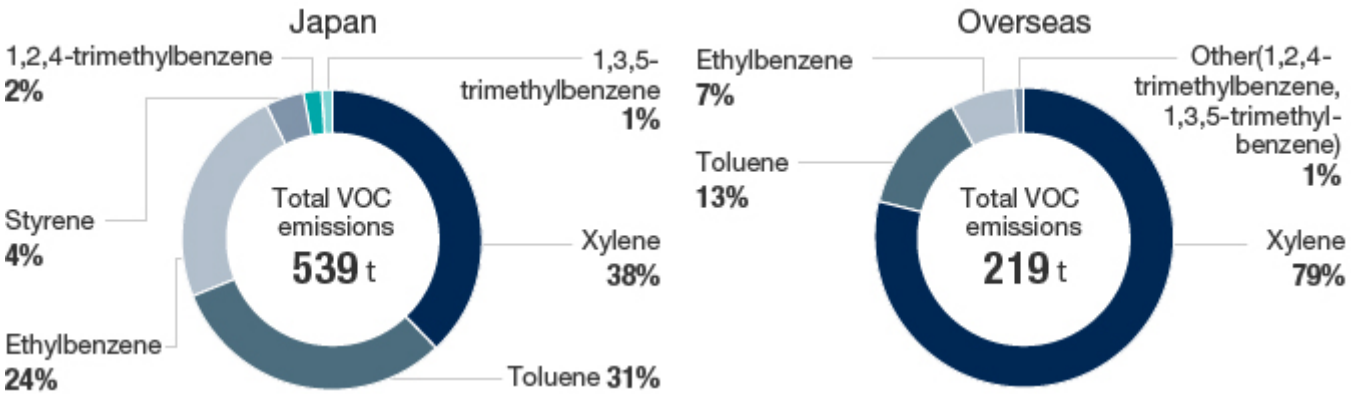
*1 VOCs comprise the six VOCs that are most prevalent in emissions from the KUBOTA Group: xylene, toluene, ethylbenzene, styrene,1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.

*2 VOC emissions per unit of consolidated net sales

VOC Emissions by Region (FY2015 results)



VOC Emissions by Substance (FY2015 results)

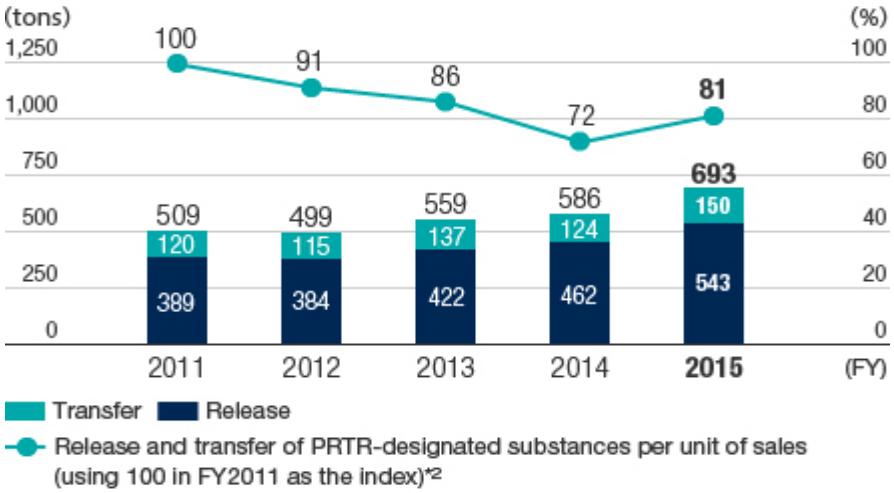


Release and Transfer of PRTR-designated Substances

In FY2015, a total of 693 tons of substances stipulated in the PRTR Law* was released and transferred, an increase of 18.2% compared to the previous fiscal year. Additionally, the release and transfer per unit of sales increased 12.4% compared to the previous fiscal year.

* Act regarding the release amounts of specific chemical substances into the environment and promotion of improving the management thereof.

Trend in Release and Transfer of PRTR-designated Substances*1,and Release and Transfer per Unit of Sales (Japan)



*1 Total amount of declarable substances that are handled at each site (annual volume of 1 ton or more (0.5 ton for Specific Class I designations))

*2 Release and transfer of PRTR-designated substances per unit of consolidated net sales.

Voice

Changing Pre-Painting Treatment to Reduce the Amount of PRTR-Designated Substances Handled

KUBOTA Utsunomiya Plant introduced initiatives to reduce the amount of PRTR-designated substances used in its production processes. In the pre-painting treatment process, in order to improve corrosive resistance and adhesiveness of paint among other characteristics, zinc phosphate—which contains many PRTR-designated substances—had conventionally been used. However, beginning from May 2014, the plant introduced a process that uses zirconium oxide. While the introduction of this method means that intricate temperature control is now required, it led to a reduction in zinc compounds—PRTR -designated substances—in the amount of 1,786kg in the year 2014. Moreover, the plant has also succeeded in minimizing its sludge generation by 27 tons. The cost involved in processing these substances has also been reduced, and the quality and corrosive resistance have been improved.

The KUBOTA Utsunomiya Plant, along with the entire KUBOTA Group, will continue to introduce improvement initiatives with the belief that reducing negative environmental impact and cost are one and the same with quality improvement.

Yoshiyuki Kashiwagi (supervisor)
Tetsuo Oki
Akihiro Kurokawa
Tokitake Suzuki
Sadayuki Suzuki
Osamu Kikegawa
KUBOTA Utsunomiya Plant

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 (FY2015)

Business site	Substance	Measured groundwater value	Environmental standard
Tsukuba Plant	Trichloroethylene	Non-detected (less than 0.0001mg/L)	Less than 0.03mg/L
Utsunomiya Plant	Trichloroethylene	Non-detected (less than 0.001mg/L)	Less than 0.03mg/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 FY2011, 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.

* REACH Regulations: EU Regulations for Registration, Evaluation, Authorization and Restriction of Chemical

Managing by Categorization into Three Levels

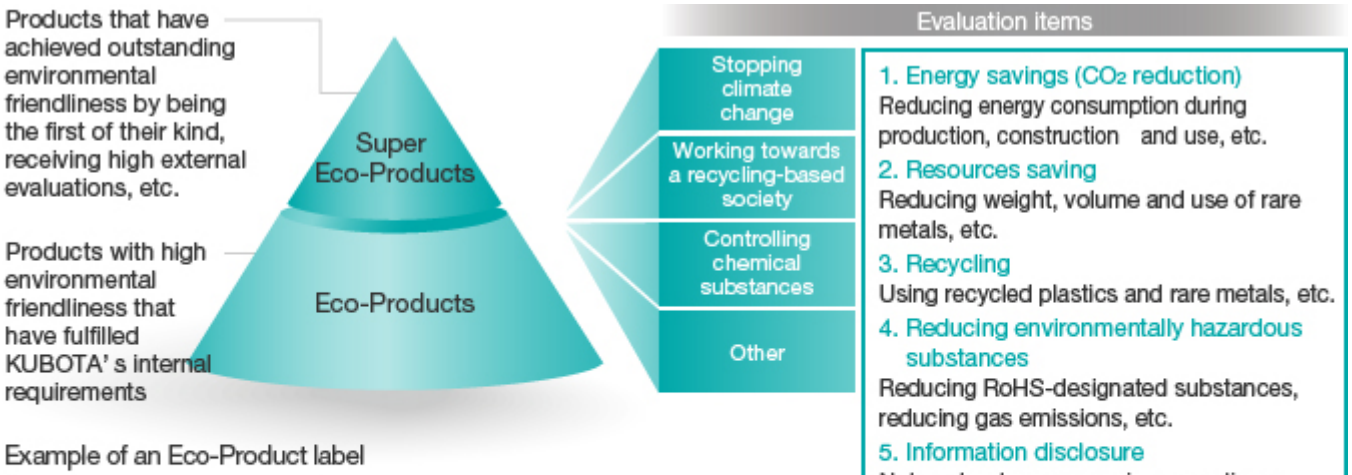
1. Substances to be Prohibited; Should not be contained in products
2. Substances to be Restricted; Should not be contained in products under certain conditions and applications
3. Substances to be Controlled; Presence in products should be recognized

Expanding Environment-friendly Products and Services

The KUBOTA Group is contributing to resolving global issues by expanding its environment-friendly products and services. We are working on initiatives that consider the entire value chain, from procurement of raw materials to product disposal.

Internal certification system for Eco-Products

Based on the Eco-Products Certification System, an in-house certification of the environmental friendliness of products, the Group certified 43 Eco-Products in FY2015. We will continue to focus on reducing environmental impact throughout the life cycle of our products.



Example of an Eco-Product label

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

Products Certified as Eco-Products in FY2015 (excerpt)

Tractors
M60 Series
M9960, etc. (North America, Europe)

Compliant with exhaust gas regulations

Combine
WORLD
WR6100, etc.

Compliant with exhaust gas regulations

Combine
PRO Series
PRO688Q-C, etc. (China)

Compliant with exhaust gas regulations

Riding Mower
Front Mower
F90 Series
F3990 (North America)

Compliant with exhaust gas regulations

Rice Transplanter
Racwel α Light
ZP50L, etc.

Compliant with exhaust gas regulations

Conserving resources

Construction Equipment
Compact Excavator
KX155-5(China)

Compliant with exhaust gas regulations

Saving energy

Construction Equipment
Wheel Loader
R085(Europe)

Compliant with exhaust gas regulations

Saving energy

Grass cutter
Electric grass cutter "Shizukaru"
GC-E300

Saving energy

Reducing environmentally hazardous substances

Heat pump air-conditioner for home fertilizer
Guppi Bazooka
KBHP-GP224-T, etc.

Saving energy

Reducing environmentally hazardous substances

PVC-U drainage pipes with function of preventing fire spread
Kanpeitatekan 100A

Saving energy

Conserving resources

Reducing environmentally hazardous substances

Wastewater treatment apparatus
Membrane Cartridge/ KUBOTA Submerged Membrane Unit™
H7-510 Type / ES/EK Series, etc.

Conserving resources

Reducing environmentally hazardous substances

Cracking coil for Ethlene plant
AFTALLOY
KHR35AF

Conserving resources

See here for details on Eco-Products

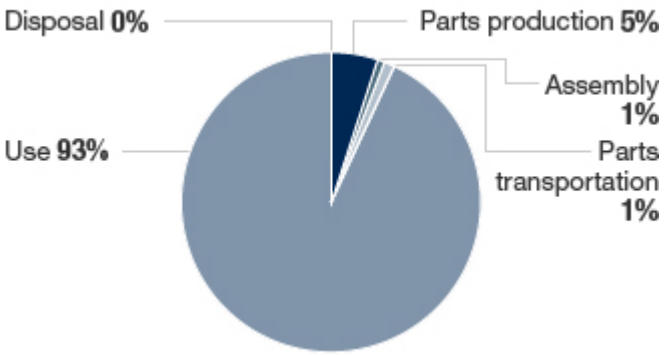
Environmental Considerations in the Product Life Cycle

Analyzing Environmental Impact Throughout the Life Cycle

In FY2015, we requested the Japan Environmental Management Association for Industry to conduct a third-party review of the life cycle assessment (LCA) system we utilize for our main products—farm tractors and ductile cast iron pipes—with the aim of assessing greenhouse gas (GHG) emissions throughout the life cycle of each product.

The percentage of GHG emissions in the life cycle of a farm tractor is at its highest during actual use (90% or more). KUBOTA is aware that increasing the efficiency of tractors at the stage of actual use is important to reducing the environmental impact.

Results of Farm Tractor LCA (GHG emission percentages by stage)*



* Presumptions:
Farm tractor:M9540DTHQ-EC 95hp;
Conditions of use: 5,000h hauling and transporting goods;
Location of use: France

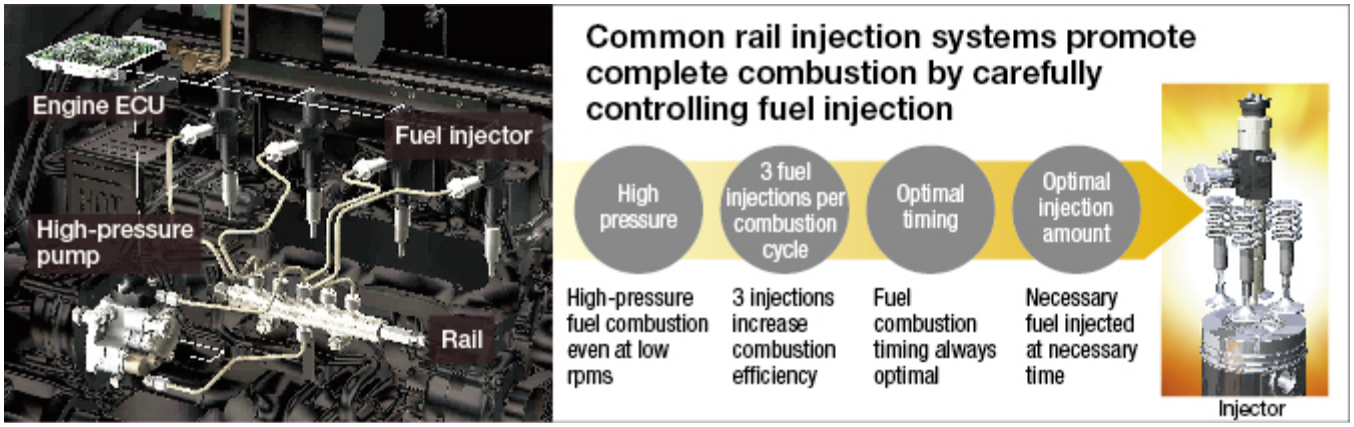
Reducing Environmental Impact during Product Use

The KUBOTA Group recommends appropriate maintenance and working methods in order to save energy when utilizing agricultural machinery. We are also contributing to reducing CO_2 emissions through efforts such as developing agricultural machinery capable of simultaneously conducting multiple tasks and reducing fuel consumption per harvested volume by making agricultural tasks more efficient.

Contributing through Higher Performance of Diesel Engines

Fuel injection can be carefully controlled in engines equipped with fully electronic-controlled common rail injection systems. Therefore, high combustion efficiency is possible, and high output, low noise and low fuel consumption are achieved.

Furthermore, the system contributes to making exhaust gas cleaner by minimizing particulate matter (PM) caused by incomplete combustion.



Contributing through Multi-Functional Agricultural Machinery

The KUBOTA RACWELα rice transplanter is capable of simultaneously performing five tasks. We are contributing to the reduction of CO_2 emissions by making agricultural machinery multi-functional, thereby improving their efficiency and reducing fuel consumption.

Utilizing ICT to Achieve Eco-conscious Farm Management

The KUBOTA Smart Agri System (KSAS) utilizes information communications technologies (ICT) to not only achieve safe and secure crop production by increasing crop yield and quality by visualizing farm management, but also realizes eco-conscious farm management by optimizing fertilizer dispersion and extending the service life of farm machinery by improving serviceability.

Contributing to the Environment by Visualizing Farm Work

Harvest data collected by KSAS is useful for the soil preparation and fertilization plans of each field. This makes it possible to realize lean farm work and contribute to preventing soil and water pollution by optimizing fertilizer use.

① Assess
Possible to assess and confirm the taste and yield of each field during the reaping process.

② Analyze
Possible to accumulate data on the taste and yield of each field, and analyze any issues.

④ Execution
In the following year, possible to distribute the appropriate amount of fertilizer planned for each field using tractors and rice transplanters.

③ Plan
The data obtained and results of issues analyzed can be used to plan soil preparation and fertilization by field for the following year.

Extending Service Life by Improving Maintainability

Improving Maintainability Based on Farm Machinery Information

KSAS automatically collects information on the operation of compatible machinery and prepares farm machinery information for each customer based on their machinery. This service is updated each morning and offered to customers.

By offering self-maintenance information, unforeseen trouble can be minimized, which helps to extend the service life of machinery.

Example farm machinery information offered to customers

Example of Improving Maintainability of Farm Machinery

KUBOTA offers a combine harvester equipped with its original DYNAMAX FULL OPEN, a mechanism that enables each of the combine's components to open and close dynamically.

By making it possible to complete maintenance work quickly, whether it is daily cleaning and upkeep or the unlikely occurrence of a problem during a field operation, safe and secure work is possible and the life of the combine harvester is extended.

Condition before being fully opened

Voice

Wishing to Contribute to Eco-conscious Farming through Customers' Broad Use of KSAS

Development verification tests were conducted for KSAS from 2011 to 2014 in Niigata Prefecture (Japan). From 2014, monitoring activities were carried out in various regions throughout Japan, and we exerted efforts to improve the accuracy of the system. The service officially started in 2014, and has since been highly regarded by government bodies, agricultural organizations and large-scale farm operators.

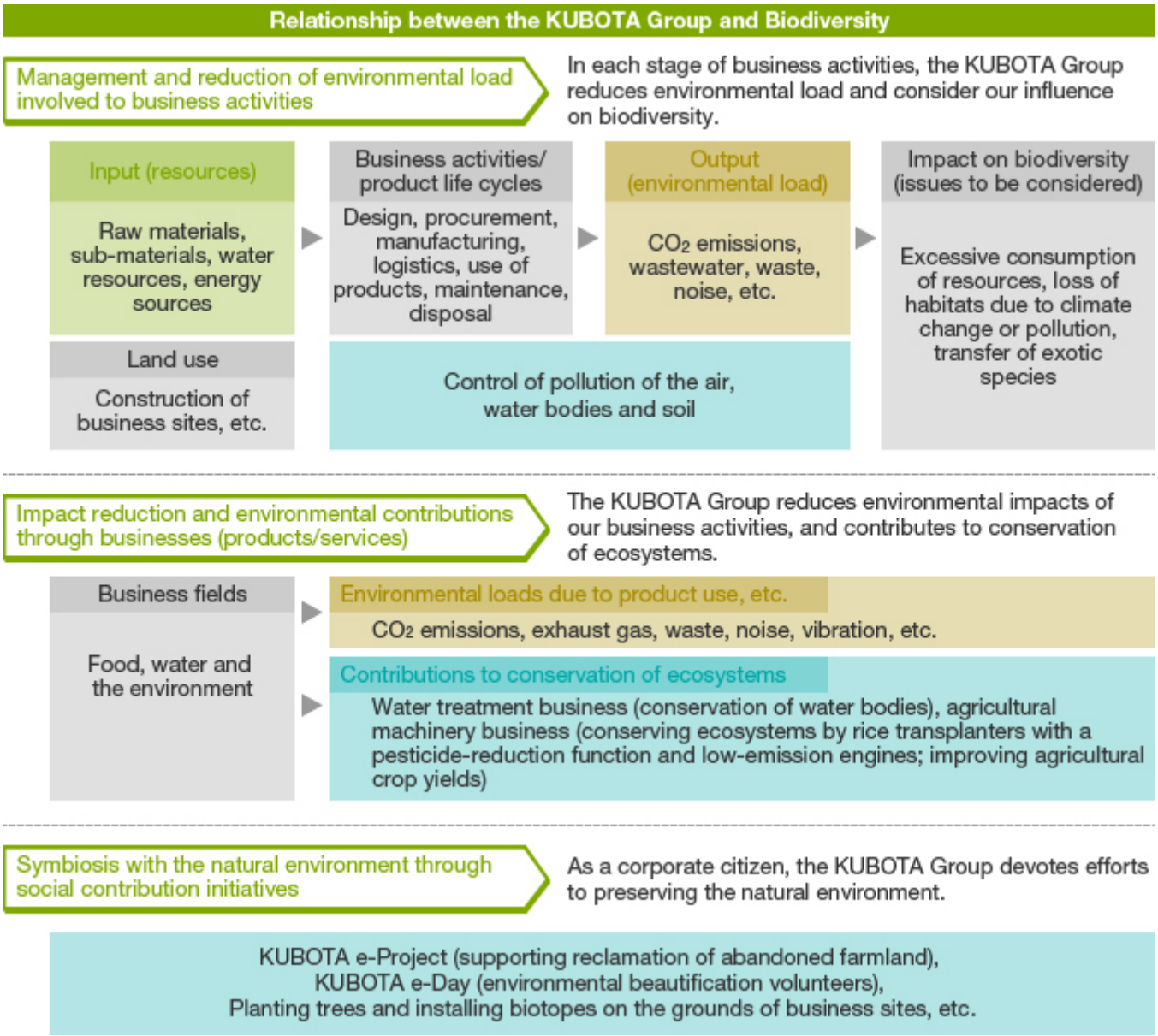
Through the accumulation and analysis of crop and work information, it is possible to produce high-yielding, good-tasting crops, improve work efficiency and reduce costs. Additionally, through the appropriate management of cultivation history, it is possible to achieve safe and secure crop-growing, which leads to environment-friendly, sustainable farming. KUBOTA wishes to continue contributing to eco-conscious farming by having its customers utilize KSAS widely for their operations.

Hirotaka Choami
Manager (KSAS Group)
Tractor and Utility Machinery Planning and Sales Promotion Dept.
KUBOTA Corporation

Conservation of Biodiversity

Conservation of biodiversity is set as one of the targets for the KUBOTA Group's "Eco-First Commitment." In our business activities and social contribution initiatives, 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



Action Report

Practice Report

Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd. Participates in Volunteer Planting of White Mangroves

The Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd. has defined an independent policy regarding the social responsibilities of its employees. In accordance with this policy, many members participate in social contribution activities as volunteers.

In 2014, as a part of the plant's environmental conservation activities, all employees—approximately 1,400—participated in a white mangrove tree-planting event the Royal Thai Army Natural Study Centre. Through participating in this event three times by 2016, the goal is to plant a total of 100,000 mangroves and expand the forest.

Tree-planting activities

Practice Report

P.T. Kubota Indonesia Participates in Organic Rice Plantation Project

Beginning from 2014, P.T. Kubota Indonesia has continued to participate in a project to develop organic paddy fields for rice in central Java. This project started as part of the Corporate Responsibility Program operated by the Bank Indonesia and other government organizations. The aim is to work together with research institutions and local residents to grow rice paddies that have minimal impact on biological systems by not using chemical fertilizers or pesticides. P.T. Kubota Indonesia contributes by donating hand tractors and threshers that help to increase productivity, and provides lectures on how to use and maintain the products.

In 2015, P.T. Kubota Indonesia plans to invite farmers to its plant and conduct training on diesel engines.

Stakeholders from Bank Indonesia, etc.

Environmental Management

The KUBOTA Group has established an environmental management system for each site and enhances risk management activities based on a specific set of group rules. In recent years, we have been strengthening environmental management initiatives at our overseas sites.

Compliance with Environmental Laws and Regulations

To ensure compliance with environmental laws, the KUBOTA Group has set and thoroughly manages its own control values at each of its sites for exhaust gas, wastewater, noise, vibration and other variables that are stricter than the relevant laws and regulations.

In the case of non-compliance or claims regarding environmental laws and regulations, the KUBOTA Group has a system established to report promptly to head office. Of the reports made in FY2015, two were non-compliance cases which were subjected to instruction and caution from the related government agency. These were the wastewater of a production site in Japan exceeding the pH control value and a Chinese group company with an excessive odor concentration value. For either case, we have taken the appropriate measures and are making improvements to prevent reoccurrence.

Environmental Auditing / Environmental Risk Assessment

Environmental Auditing

Each year environmental audits are conducted by the KUBOTA Environmental Protection Department based on the internal control system of the KUBOTA Group. Audits in FY2015 were conducted by means of paper audits and field audits targeting production sites, service sites, offices, construction and maintenance management departments in Japan and overseas production sites.

Furthermore, in addition to environmental audits conducted by the Environmental Protection Department, at production sites, internal environmental audits were implemented by staff members at each site with the aim of raising the level of environmental management.

Audit of overseas production site
Kubota Construction Machinery (WUXI) Co,. Ltd.

FY2015 Environmental audit implementation Status

- Number of subject sites and departments: 219
- Number of audit items: 32 (for construction departments) up to 90 (for production sites in Japan)
- Audit details: Water and air quality management, noise and vibration management, waste discharge and chemical substances management, climate change prevention, response to abnormalities and emergencies, and environmental management system

Environmental Risk Assessment

The KUBOTA Group has begun conducting environmental risk assessments at production sites to accurately evaluate the use of harmful substances and functions of environment-related equipment. The objective is to clarify the condition of the environmental risk and to implement systematic improvement.

In FY2015, the KUBOTA Environmental Protection Department conducted onsite assessments at each overseas production site, as well as self-assessments using a self-checksheet at production sites in Japan. By conducting the environmental audits and environmental risk assessments—which have different perspectives—in parallel, the Group is striving to increase its ability to accurately identify environmental risks and reduce risk even further.

Environmental risk assessment at an overseas production site, KUBOTA Precision Machinery (Thailand) Co., Ltd.

FY2015 Environmental Risk Assessment Implementation Status

- Number of sites and departments subjected: 33 (26 production sites in Japan, 7 overseas production sites)
- Number of audit items: 247 items (145 water quality, 102 air quality)
- Assessment targets: Water quality-related equipment, air quality-related equipment

Drills for responding to abnormal and emergency situations

The KUBOTA Group is making efforts to identify and minimize the environmental risks associated with its business activities.

It carries out regular training based on the procedures established to respond to specific risks at each site in order to mitigate the impact on the ambient environment in case of an environmental accident.

Flow prevention drill simulating the leakage of oil containing PCBs.
KUBOTA Okajima Business Center.

Flow prevention drill simulating the leakage of oil.
Nihon Plastic Co., Ltd. (Headquarters factory)

Green Procurement

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

In order to effectively promote eco-friendly sourcing activities, the Group presents its policy for green procurement in the KUBOTA Group's Green Procurement Guidelines, to request the understanding and cooperation of suppliers.

KUBOTA Group's Green Procurement Guidelines and Appendix (Publishing in Japanese, English and Chinese.)

For details on KUBOTA Group's Green Procurement Guidelines, click here.

Environmental Education and Enlightenment

Results of environmental education in FY2015

The KUBOTA Group provides environmental training and education to our employees around the world. The education program for employees consists of rank-based training, professional training, and general training. KUBOTA assists external group's environmental education programs.

Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	Kubota Introductory course (new employees, etc.)	2	172	Global and local environmental issues and KUBOTA's environmental conservation activities
	CSR training (for 9th year employees in staff position)	2	116	Environmental issues and environmental risk management
	Training for employees promoted to managerial positions	3	112	The KUBOTA Group's environmental management
	Training for newly appointed supervisors	2	65	KUBOTA's environmental management and efforts as supervisors
	Training for newly appointed foremen	1	27	KUBOTA's environmental management and efforts as foremen
	Environmental forum for executive officers	1	200	Lecture by landscaper Masayuki Wakui
Professional education	Basics of environmental management	1	20	Basic knowledge of legal systems, environmental risk, and environmental conservation
	Environment-related facilities management	1	22	Pollution control technologies and pollution control laws
	Energy-saving management	1	12	Energy-saving technologies, energy-saving laws

Classification	Course title	Frequency	No. of participants	Course descriptions
Professional education	Waste management	2	26	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Education to train ISO 14001 environmental auditors	3	46	The ISO 14001 standard, environment-related laws, audit techniques
	New waste management system training	24	283	Training on electronic information management systems
General training	Business sites in Japan Environmental education	15	333	The KUBOTA Group's environmental management and medium-term environmental conservation targets
	Overseas production sites Environmental management technologies education	1	23	Pollution control technologies
	total	59	1457	

Classification	Course title	Frequency	No. of participants	Course descriptions
Supporting to education in outside organizations	Internship program with Utsunomiya Hakuyo High School	1	3	KUBOTA environmental conservation activities and efforts at Utsunomiya Plant
	Environmental training for local governments, companies and organizations	4	56	Hanshin Plant's environmental initiatives and Environment Dojo tours

Education on environmental management technologies
(Environment staffs of each Chinese site)

Environmental forum for executive officers
(Lecturer: Mr. Masayuki Wakui)

Environment Month Report

Developing activities based on the theme, "Effective Utilization of Water"

KUBOTA Group has declared June every year as "Environment Month," and carries out enlightenment activities accordingly. In FY2015, "Effective Utilization of Water" was chosen as the theme as water is intrinsic to our business.

As part of the activities, a poster was produced to raise awareness of Environment Month and displayed on the notice boards at all Group sites. For the poster design, we chose a painting by Yuki Sasaki, the winner of the 2013 International Children's Painting Competition on the Environment in the Japanese elementary school upper grades category.

Noticeboard at Kubota Engine (Thailand) Co., Ltd.

Environment Month poster

[Artist's comments]

The planet is said to have around 1.4 billion cubic kilometers of water. Apparently around 97% of this is sea water and only the remaining 3% or so is fresh water. We can only use 0.8% of that for our daily water. Many people around the world are facing water shortage problems. I drew this illustration thinking how important it was that the people of the world help each other and take good care of our precious, limited water supply. I was really surprised that my illustration was used for Environment Month. I hope for the creation of a society in which the people of the world don't need to struggle for water.

Yuki Sasaki
First grade, Fukaya Junior High School, Fukaya City, Saitama Prefecture, Japan

Environmental Communication

Receiving Environmental Awards

Award for Disclosure of Environmental Information

At the 18th Environmental Communication Awards hosted by the Global Environmental Forum of Japan's Ministry of the Environment, the online version of KUBOTA Group's CSR report—KUBOTA REPORT 2014—received the Special Award for Reliable Reporting in the Environmental Reporting Category. It was presented by the chairman of the Japanese Association of Assurance Organizations for Sustainability Information.

The Environmental Communication Awards is an awards system that commends outstanding environmental reporting, etc. in an effort to promote environmental management and environmental communication by companies, as well as improve the quality of information disclosure. The Special Award for Reliable Reporting is awarded for not only producing an outstanding environmental report, but for also subjecting reports to third-party assurance as a measure to further improve the reliability and transparency of information disclosure regarding environmental efforts. The KUBOTA Group received recognition for providing factual information in full and disclosing information with sincerity. We will continue our sincere efforts to disclose reliable and comprehensive information.


賞状

株式会社 クボタ 殿

あなたは第十八回「環境コミュニケーション大賞」において頭書のとおり優秀な成績をおさめられましたのでこれを賞します

平成二十七年 二月 二十五日

一般財団法人サステナビリティ情報審査協会

会長 沢味 健司

Special Award for Reliable Reporting Certificate of Commendation

Receiving Environmental Awards

P.T. Kubota Indonesia Receives the BLUE PROPER Award

P.T. Kubota Indonesia (PTKI) has received its second Blue PROPER Award from the Indonesian Ministry of Environment in recognition of its corporate activities over the year beginning July 2013. The Environmental Performance Rating Program (PROPER) is operated by the Indonesian Ministry of Environment and commends companies that have produced excellent results in regards to environmental conservation activities.

This award is given to companies who comply with environmental regulations and operate appropriate environmental management systems. Moving forward, PTKI will continue to strengthen its initiatives in the area of environmental management.


KEMENTERIAN LINGKUNGAN HIDUP DAN KEHUTANAN

MENGANUGERAHKAN PENGHARGAAN
PROGRAM PENILAIAN PERINGKAT KINERJA PERUSAHAAN
DALAM PENGELOLAAN LINGKUNGAN HIDUP

PROPER

PERINGKAT

BIRU

KEPADA

PT. Kubota Indonesia

PERIODE 2013 – 2014

BLUE PROPER Award Certificate of Commendation

SIAM KUBOTA Corporation Co., Ltd (Amata Nakorn Plant) Receives The Prime Minister's Award for Environmental Conservation

In 2014, the Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd. (SKCA) received the Environmental Quality Conservation Award of the Thailand Prime Minister's Industry Award. This award is given to companies that not only serve as role models for the development and moral improvement of industry in Thailand, but also promote environmental conservation activities aimed at sustainable economic growth. SKCA received recognition for its well-organized environmental management system, which includes initiatives such as working to reduce environmental burden and providing environmental training to employees.

SKCA also received the highest award at the IEAT Waste Management Awards event relating to industrial waste management and hosted by the Industrial Estate Authority of Thailand (IEAT), and the Thailand Energy Award 2014 from the Ministry of Industry, Thailand, which relates to energy management.

Staff at Amata Nakorn Plant

Practice Report

SIAM KUBOTA Metal Technology Co., Ltd. Provides Environmental Education for Elementary School Students

SIAM KUBOTA Metal Technology Co., Ltd.(SKMT) provides environmental education for local elementary children as part of its environment-orientated social contribution activities. Employees have lunch with the children while casually discussing things about the natural environment, and sow the seeds of environmental conservation awareness through quizzes and games.

SKMT is grateful for the privilege of being able to share precious resources such as air and water with local residents, and will continue to proactively engage in activities that contribute to society.

Environmental education session

Practice Report

Environmental Communication with Elementary and Junior High School Students at KUBOTA Hanshin Plant (Mukogawa)

As part of the Next-generation Development Project of Amagasaki City, the KUBOTA Hanshin Plant in Mukogawa has been offering plant tours to local elementary and junior high school students every year since FY2012. In FY2015, approximately 150 students took part in the tour.

First, KUBOTA employees explain the manufacturing processes for water pipes and other products, and then take the students to the actual manufacturing lines. Afterwards, the children receive an explanation of the plant's environmental conservation activities at the Environment Dojo in hope of helping them to understand the importance of resources such as water and heighten their awareness of environmental conservation. During the tour, children are also introduced to wastewater treatment and waste recycling processes in straightforward ways such as models and quizzes. Children also observe the electricity consumption of LED lights and witness firsthand how effective LED is for reducing CO_2.

The KUBOTA Hanshin Plant will continue striving to impress customers and the local community by being an accommodating and informative plant.

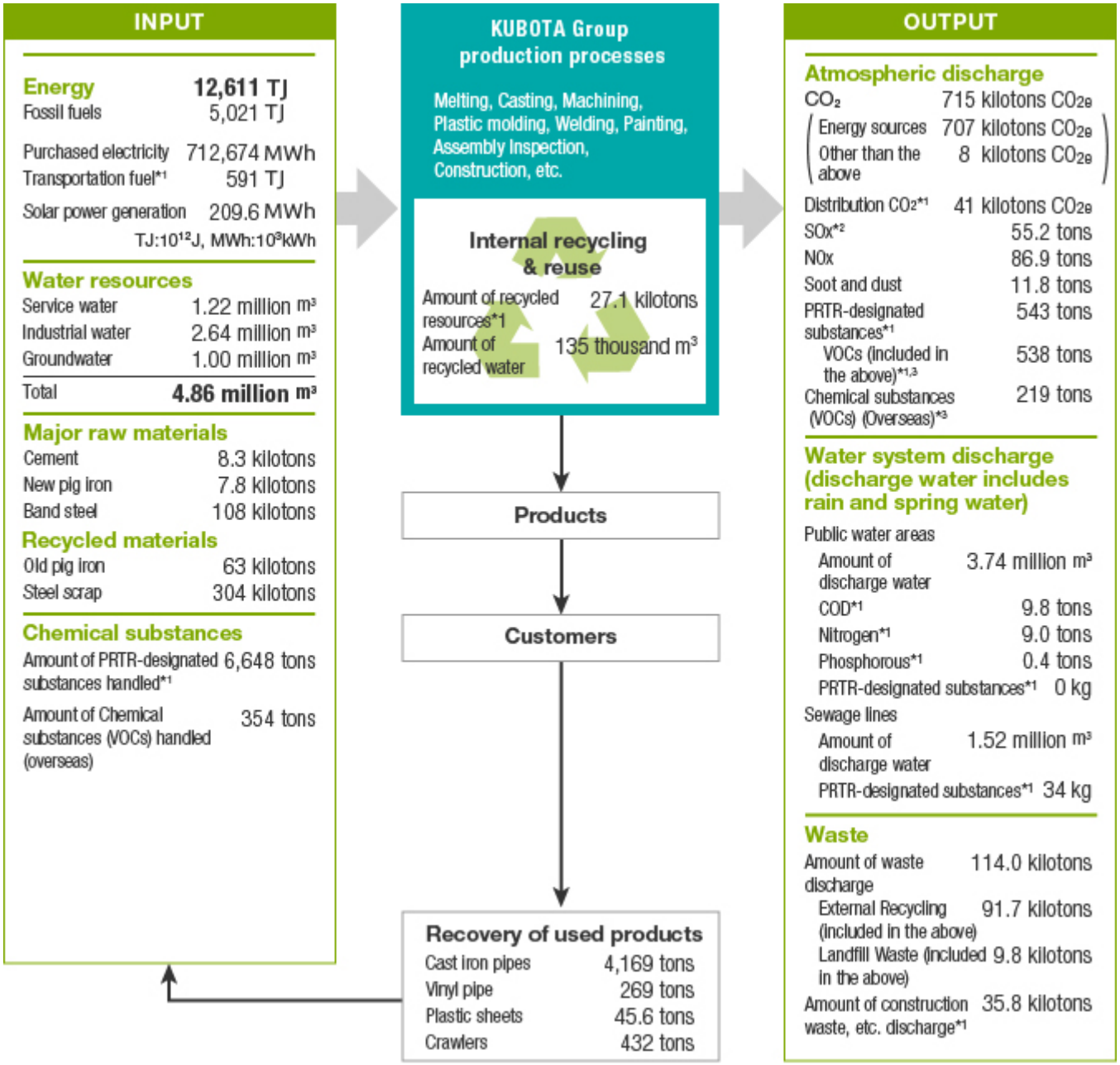
Elementary school students receiving an explanation at the Environment Dojo

Environmental Data

Overview of the KUBOTA Group's Environmental Load

This is an overall summary of the KUBOTA Group's environmental load from its diverse business activities in Japan and overseas in FY2015. We will continue to assess and analyze environmental load and engage in initiatives to reduce it.

Overview of the KUBOTA Group's Environmental Load



*1 Data concerning business sites in Japan .

*2 From FY2015, the scope for SOx emissions calculation has changed. For the latest scope, please refer to "Trends in Major Environmental Indicators."

*3 VOCs comprise the six VOCs that are most prevalent in emissions from the KUBOTA Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene and 1,3,5-trimethylbenzene.

Trends in Major Environmental Indicators

Trends in Major Environmental Indicators in the Last Five Years Listed on "Overview of the KUBOTA Group's Environmental Load"

Environmental indicators			Unit	FY2011	FY2012	FY2013	FY2014	FY2015
INPUT	Total energy input		TJ	9,235	9,646	11,320	12,150	12,611
		Fossil fuel	TJ	3,535	3,726	4,370	4,660	5,021
		Purchased electricity	MWh	523,490	543,100	642,400	690,600	712,674
		Transportation fuel (Japan)	TJ	564	587	641	695	591
	Water consumption		Million m³	4.23	4.45	4.50	4.68	4.86
		Overseas included in the above	Million m³	0.44	0.52	0.83	0.89	1.04
		Service water	Million m³	0.86	0.87	1.03	1.10	1.22
		Water for industrial use	Million m³	2.36	2.56	2.46	2.56	2.64
		Groundwater	Million m³	1.01	1.02	1.01	1.02	1.00
	Amount of PRTR-designated substances handled (Japan)		tons	5,277	5,321	5,667	5,839	6,648
	Amount of chemical substances (VOCs) handled (Overseas)*1		tons	-	-	329	354	354
OUTPUT	Atmospheric discharge	CO_2 emissions	kilotons CO_2	451	471	585	663	715
		Overseas included in the above	kilotons CO_2	76	93	135	172	181
		Energy sources	kilotons CO_2	445	465	579	657	707
		Other than the above	kilotons CO_2	6	6	6	6	8

Environmental indicators				Unit	FY2011	FY2012	FY2013	FY2014	FY2015
OUTPUT	Atmospheric discharge	Distribution CO_2 (Japan)		kilotons CO_2	39	40	44	48	41
		SOx emissions*2,3		tons	5.2	2.9	26.6	78.7	55.2
		NOx emissions		tons	66.1	61.7	64.3	79.6	86.9
		Soot and dust emissions		tons	5.5	6.4	5.7	9.2	11.8
		Amount of PRTR-designated substances released (Japan)		tons	389	384	422	462	543
			VOC (included in the above)*1	tons	389	384	419	460	539
		Amount of chemical substances (VOCs) released (Overseas) *1		tons	-	119	175	186	219
	Water system discharge	Public water areas	Wastewater discharge	Million m³	3.78	3.82	3.48	3.82	3.74
			COD*4,5 (Japan)	tons	10.6	11.9	10.4	10.6	9.8
			Nitrogen discharge*4,5 (Japan)	tons	9.5	10.2	9.7	8.9	9.0
			Phosphorous discharge*4,5 (Japan)	tons	0.35	0.29	0.30	0.32	0.37
			Amount of PRTR-designated substances released (Japan)	kg	35	40	9.0	8.4	0
		Sewage lines	Wastewater discharge	Million m³	0.94	1.01	1.34	1.23	1.52
			Trend in amount of PRTR-designated substances released (Japan)	kg	21	20	20	21	34
	Waste	Amount of waste discharge		kilotons	70.0	78.2	89.7	98.2	114.0
			Overseas included in the above	kilotons	10.2	14.5	25.4	32.6	38.0
			Landfill waste	kilotons	4.3	4.1	7.2	13.1	9.8
		Amount of construction waste, etc. discharge(Japan)		kilotons	18.9	32.7	31.8	23.8	35.8

*1 VOCs comprise the six VOCs that are most prevalent in emissions from the KUBOTA Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene and 1,3,5-trimethylbenzene.

*2 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 FY2015, it has been excluded from calculations as it is not emitted into the atmosphere.

*3 Previously, SOx deriving from fuel combustion was included in the calculation of SOx emissions. However, in FY2015, it was discovered that, at a part of our overseas subsidiaries (SIAM KUBOTA Metal Technology Co., Ltd. and three other companies), SOx emissions were emitted from production processes other than fuel combustion. The SOx concentration regulation applies to the exhaust discharged from the concerned production processes of these overseas subsidiaries, and the SOx emission amount was significant so it has been included in the SOx emissions calculation. In accordance with these changes, the SOx emissions amount has been revised for the past fiscal year.

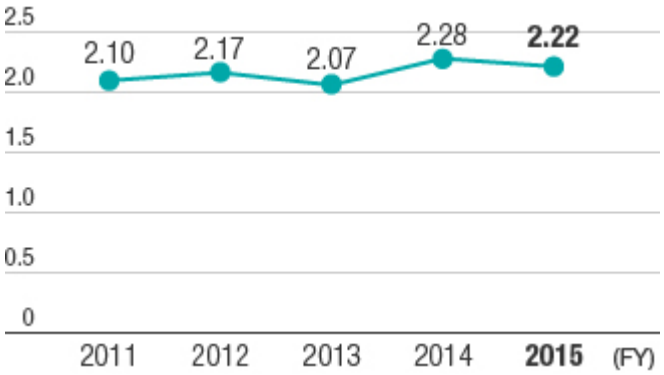
*4 Data for total discharge from business sites subject to total emission control.

*5 Data in FY2014 was revised to improve accuracy.

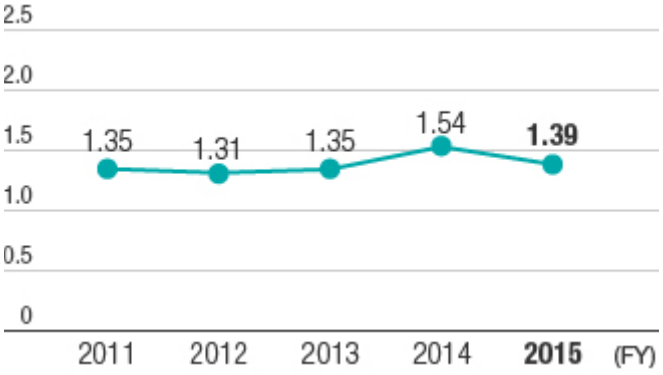
Eco-efficiency

Eco-efficiency of the environmental load for water consumption improved in comparison with last fiscal year. Meanwhile, the eco-efficiency for CO_2, waste and VOC worsened. The improvement in figures means that the sales per unit of environmental load have increased, which is considered to indicate higher eco-efficiency.

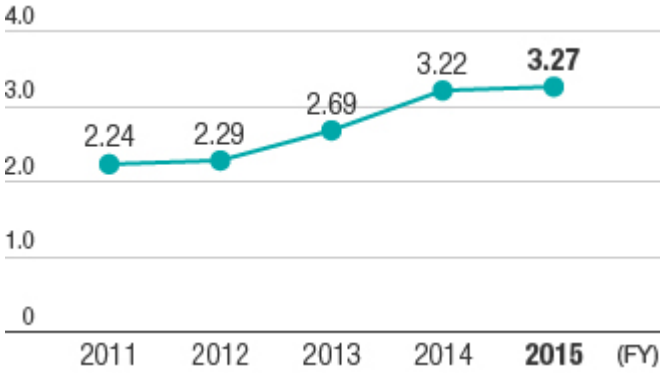
CO_2 Eco-efficiency*1



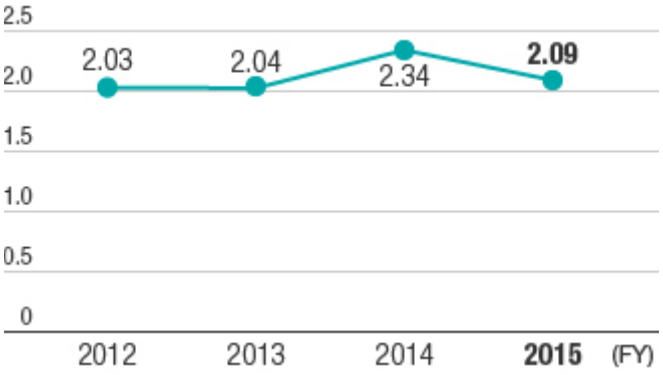
Waste Eco-efficiency*2



Water Eco-Efficiency*3



VOC Eco-efficiency*4



*1 CO_2 Eco-efficiency = Consolidated net sales (million yen)/ CO_2 emissions (tons CO_2e)

*2 Waste Eco-efficiency = Consolidated net sales (million yen)/ Waste discharge (tons)/10

*3 Water Eco-efficiency = Consolidated net sales(million yen)/water consumption (m^3) x 10

*4 VOC Eco-efficiency = Consolidated net sales(million yen)/VOC emissions (kg)

Calculation Results of PRTR-Designated Substances

FY2015 Results of PRTR reporting (Japan)

Number specified in Cabinet Order	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
1	Water-soluble zinc compounds	0.0	0.0	0.0	0.0	34	873
53	Ethylbenzene	132,403	0.0	0.0	0.0	0.0	24,898
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	204,045	0.0	0.0	0.0	0.0	37,372
87	Chromium and chromium (Ⅲ) compounds	0.0	0.0	0.0	0.0	0.0	3,383
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	2.8
185	Dichloro-pentafluoro-propane	2,692	0.0	0.0	0.0	0.0	0.0
188	N,N-Dicyclohexylamine	0.0	0.0	0.0	0.0	0.0	1,105
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	14
240	Styrene	20,399	0.0	0.0	0.0	0.0	0.0
243	Dioxins	0.017	0.0	0.0	0.0	0.0	0.52
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0
296	1, 2, 4-trimethylbenzene	11,311	0.0	0.0	0.0	0.0	2,389
297	1, 3, 5-trimethylbenzene	2,516	0.0	0.0	0.0	0.0	9.1
300	Toluene	168,010	0.0	0.0	0.0	0.0	21,947
302	Naphthalene	1,482	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	10	0.0	0.0	0.0	0.0	11,112

Number specified in Cabinet Order	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
308	Nickel	0.68	0.0	0.0	0.0	0.0	441
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	52	0.0	0.0	0.0	0.0	149
392	n-Hexane	0.0	0.0	0.0	0.0	0.0	0.0
400	Benzene	2.5	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,927
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	44,253
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		**542,923**	**0.0**	**0.0**	**0.0**	**34**	**149,876**

* Total of substances with annual handling volume of one ton or more (0.5 ton or more for Specific Class I Designations) at each business site.

* Unit: kg/year (Dioxins: mg-TEQ/year)

Volatile Organic Compounds (VOCs)

Six VOC substances targeted for reduction in FY2016 Medium-Term Environmental Conservation Targets

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	Main activities	FY2014		FY2015	
		Investment	Expenses	Investment	Expenses
Within the business area cost		679	1,353	1,476	1,657
Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	377	341	563	433
Global environmental conservation cost	Prevention of climate change	301	233	888	326
Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	0.5	779	25	898
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	30	0	25
Management activities cost	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	2	1,326	14	1,581
R&D cost	R&D for reducing of product environmental load and developing environment conservation equipment	288	6,394	282	6,598
Social activities cost	Local cleanup activities and membership fees and contributions to environmental groups, etc.	0	1	0	1

Classifications	Main activities	FY2014		FY2015	
		Investment	Expenses	Investment	Expenses
Environmental remediation cost	Contributions and impositions, etc.	0	199	0	88
Total		969	9,303	1,772	9,950

Total capital investment (including land) for the corresponding period (consolidated data)	50,700
Total R&D costs for the corresponding period	39,500

Environmental conservation effects

Effects	Items	FY2014	FY2015
Environmental effect related to resources input into business activities	Energy consumption (Except for transportation fuel) [units of heat; in terajoules (TJ)]	7,870	8,274
	Water consumption (million m^3)	379	382
Environmental effect related to waste or environmental impact originating from business activities	CO_2 emissions (Energy related) (kilotons CO_2)	485	526
	SOx emissions (tons)	16.2	19.8
	NOx emissions (tons)	64.7	70.0
	Soot and dust emissions (tons)	3.4	3.5
	Releases and transfers of PRTR-designated substances (tons)	586	693
	Waste discharge (kilotons)	65.6	76.0
	Waste to landfills (kilotons)	1.2	2.5

Economic effects

(Yen in millions)

Classifications	Details	Annual effects
Energy conservation measures	Use alternative fuels for production facilities and switch to more efficient lighting and air handling systems	234
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling; other	47
	Sales of valuable resources	1,018
Total		1,299

<Environmental accounting principles>

1) The period covered spans from April 1, 2014 to March 31, 2015.
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's production sites in Japan aquired ISO 14001 certification by the end of FY2007. We are currently developing activities to promote certification of ISO 14001 and other qualifications at overseas production sites. In FY2015, certification was obtained by two of our production sites in China and one in Thailand.

ISO 14001 Certification

KUBOTA in Japan

No	Name	Other Included Organizations and Subsidiaries	Main Business	Inspecting/ Certifying Organization	Date of Certification
1	Tsukuba Plant	• Eastern Main Parts Center • KUBOTA F.I.M. Service Ltd. KS Tsukuba Training Center • Kanto Kubota Precision Machinery Co.,Ltd.	Engines, tractors, etc.	LRQA	November 28, 1997
2	Keiyo Plant	• Distribution Center	Ductile iron pipe, spiral welded steel pipe	LRQA	July 16, 1998
3	Ryugasaki Plant	• KUBOTA Vending Service Co., Ltd Ryugasaki Plant • KUBOTA Kanto Vender Center Inc. Ryugasaki Plant	Vending machines	DNV	November 13, 1998
4	Hanshin Plant	• Marushima Factory	Ductile iron pipe, rolls, potassium titanate, KUBOTA TXAX products	LRQA	March 5, 1999
5	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	DNV	March 19, 1999

No	Name	Other Included Organizations and Subsidiaries	Main Business	Inspecting/ Certifying Organization	Date of Certification
6	Hirakata Plant		Valves, cast steel, new ceramic materials, and construction machinery	LRQA	September 17, 1999
7	Okajima Business Center		Industrial cast iron products, drainage pipes, and other cast iron products	JICQA	December 22, 1999
8	Sakai Plant/Sakai Rinkai Plant		Engines, tractors, small-size construction machinery, etc.	LRQA	March 10, 2000
9	Shiga Plant		FRP products	JUSE	May 18, 2000
10	Water Engineering & Solution Business Unit	• Shin-yodogawa Environmental Plant Center	Sewage and sludge water purification, wastewater treatment facilities	LRQA	July 14, 2000
11	Pumps Business Unit	• KUBOTA Kiko Ltd.	Sewage and water purification plants, pumps and pump stations	LRQA	July 14, 2000
12	Water Engineering & Solution Business Unit (membrane filtration system)		Filtration membrane unit	LRQA	July 14, 2000
13	Utsunomiya Plant	• KUBOTA F.I.M. Service Ltd. KS Utsunomiya Training Center	Rice transplanters and combine harvesters	LRQA	December 8, 2000

KUBOTA Group: Companies in Japan

No	Name	Other Included Organizations and Subsidiaries	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-C.I. 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	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

KUBOTA Group: Overseas companies

No	Name	Main Business	Inspecting/ Certifying Organization	Date of Certification
1	SIAM KUBOTA Corporation Co., Ltd. (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	P.T.Metec Semarang (Indonesia)	Vending machines	TUV	March 16, 2011
5	Kubota Precision Machinery (Thailand) Co., Ltd. (Thailand)	Equipment for tractors	LRQA	August 5, 2015
6	Kubota Manufacturing of America Corporation (U.S.)	Small-sized tractors, mowers, utility vehicles and tractor accessories	BSI	September 20, 2012
7	SIAM KUBOTA Corporation Co., Ltd. (Amata Nakorn, Thailand)	Tractors and combine harvesters	BV	September 27, 2012
8	Kubota Industrial Equipment Corporation (U.S.)	Tractor implements and tractors	DEKRA	November 28, 2012
9	KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd. (China)	Pumps	CCSCC	May 29, 2013
10	Kubota Agricultural Machinery (SUZHOU) Co., Ltd. (China)	Combine harvesters, rice transplanters and tractors	SGS	November 13, 2013
11	Kubota Construction Machinery (WUXI) Co.,Ltd	Construction machinery	CQC	December 11, 2014
12	SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)	Cast iron products for engines and tractors	BV	December 19, 2014
13	Kubota Engine (WUXI) Co ., Ltd (China)	Diesel engines	SGS	March 22, 2015

LRQA: Lloyd's Register Quality Assurance Limited (U.K.)
DNV: DNV Certification B.V. (Netherlands)
JICQA: JIC Quality Assurance Ltd. (Japan)
JUSE: Union of Japanese Scientists and Engineers ISO Center
JSA: Japanese Standards Association
JQA: Japan Quality Assurance Organization
MSA: Management System Assessment Center (Japan)
JCQA: Japan Chemical Quality Assurance Ltd.
BCJ: The Building Center of Japan
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.)
DEKRA: DEKRA Certification, Inc. (U.S.)
CCSCC: China Classification Society Certification Company (China)

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: April 2014 to March 2015 (overseas data: January 2014 to December 2014)

* From FY2014, the accounting policy of the KUBOTA Group has changed to reflect the preliminary results of some of its consolidated subsidiaries whose fiscal years end at different times in its consolidated financial statements. The period covered in the Environmental Report is as stated above.

Organizations covered:

KUBOTA Corporation and 53 consolidated subsidiaries in Japan and 103 overseas consolidated subsidiaries (100% coverage), In addition, 12 affiliated companies accounted for under the equity method covered by the scope of the KUBOTA Group's environmental management are included from FY2015.
(Total of 156 consolidated subsidiaries and 12 affiliated companies accounted for under the equity method) .

Calculation Standards of Environmental Performance Indicators

Environmental performance indicators		Unit	Calculation method
Energy and CO_2-related	Total energy input (TJ: 10^{12}J)	TJ	[Calculation formula] • Amount of purchased electricity x per-unit heat value + Σ [amount of each fuel consumed x per-unit heat value of each fuel] • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on the Rational Use of Energy, Japan [Calculation scope] • Purchased electricity and fossil fuel used at business sites • Transportation fuel used in distribution (Japan)
	Energy consumption (PJ: 10^{15}J)	PJ	[Calculation formula] • Amount of purchased electricity x per-unit heat value + Σ [amount of each fuel consumed x per-unit heat value of each fuel] • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on the Rational Use of Energy, Japan

			[Calculation scope] • Purchased electricity and fossil fuel used at business sites
Energy and CO_2-related	CO_2 emissions	kilotons-CO_{2e}	[Calculation formula] • Amount of purchased electricity x CO_2 emission coefficient + Σ [amount of each fuel consumed at business sites x per-unit heat value of each fuel x CO_2 emission coefficient of each fuel] + non-energy source greenhouse gas emissions • Non-energy source greenhouse gas emissions = CO_2 emissions from non-energy sources + non-CO_2 greenhouse gas emissions • The method for calculating non-energy source greenhouse gas emissions is based on the Manual for Calculation and Report of Greenhouse Gas Emissions (latest version every fiscal year; Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) [CO_2 emission coefficients] FY1991 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) From FY2011 to FY2015 Fuel: Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (latest version every fiscal year; Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) Electricity: Data for Japan are effective emission coefficients published by electricity utilities (before reflecting carbon credits) Overseas data are emission coefficients of respective countries published in the Greenhouse Gas Protocol Initiative (Ver.

				4.5) Effect of CO_2 emission coefficients for electricity: The difference between the emitted amount of CO_2 calculated using the FY2012 CO_2 emission coefficients for electricity in Japan, which are based on the amounts reported by electricity utilities in FY2011, and the emitted amount of CO_2 calculated using the same CO_2 emission coefficients for each year [Calculation scope] • Non-energy source greenhouse gas data for FY2011 are for business sites in Japan only • Data are for HFC, PFC and SF6 emissions from January to December included in non-energy source greenhouse gases
Energy and CO_2-related	Freight traffic	ton-km	[Calculation formula] [Calculation scope]	• Σ [Freight transportation amount (tons) x distance traveled (km)] • Transportation in Japan (products and industrial waste discharge)
	Fuel consumption during transportation	TJ	[Calculation formula] [Calculation scope]	• Σ [Freight traffic by truck x Fuel consumption per ton-kilometer x per-unit heat value]+Σ [Freight traffic by rail and water X 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) • Transportation in Japan (products and industrial waste discharge)
	CO_2 emissions	kilotons-	[Calculation	

	during distribution	CO_2e	formula] • Σ〔Fuel consumption for freight shipment by truck X CO_2 emission per ton-kilometer by fuel of transportation〕+Σ〔Fuel consumption for freight shipment by rail and water X 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 (Ver.4.0) (May 2015, Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) [Calculation scope] • Transportation in Japan (products and industrial waste discharge)
Energy and CO_2-related	Scope 3 emissions	kilotons-CO_2e	The calculation method is based on the Basic Guidelines regarding the Calculation of Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.2) and the Emissions per Unit Database for the Purpose of Calculating the Greenhouse Gas and Other Emissions of Organizations throughout the Supply Chain (Ver. 2.2) (March 2015 Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) Resource extraction, production and transportation for fuels used to generate electricity purchased: [Calculation formula] Electricity consumed x CO_2 emissions per unit; [Calculation scope] Purchased electricity (Japan and overseas) Disposal of waste generated at business sites: [Calculation formula] Σ [Amount of waste discharge by type x CO_2 emissions per unit]; [Calculation scope] Waste generated at business sites (Japan and overseas) [Calculation

				formula]	Σ [transportation expenses paid by method of transport x CO_2 emissions per unit]
			Employee business travels	[Calculation scope]	Transportation expenses for each method of travel for a portion of the overseas subsidiaries (45 sites) are estimated 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, North America, Asia and China. The amount of transportation expenses paid for airline tickets (Japan and overseas) and railway tickets (Japan and overseas)
			Construction and Manufacturing of capital goods such as equipment	[Calculation formula]	Σ [Equipment investment amount x CO_2 emissions per unit]
				[Calculation scope]	Equipment investment (Japan and overseas)
				[Calculation formula]	Σ [fuel consumption per hour x annual hours of use x years of life span* x per-unit heat value of each fuel x CO_2 emission coefficient of each fuel]

			Product usage	* Calculation assuming fuel consumption per hour, annual hours of use and years of life span per product [Calculation scope] Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (mini backhoe, etc.)
Waste-related	Amount of waste, etc. discharge	tons	[Calculation formula]	• Sales of valuable resources + amount of waste discharge
	Amount of waste discharge	tons	[Calculation formula]	• Amount of waste recycled and waste reduction + landfill disposal • Amount of industrial waste discharge + amount of general waste discharged from business activities
	Amount of landfill disposal	tons	[Calculation formula]	• Direct landfill + final landfill following external intermediate treatment
	Recycling ratio	%	[Calculation formula]	• (Sales of valuable resources + external recycling volume) ÷ (Sales of valuable resources + external recycling volume + amount of landfill disposal) x 100 [External recycling volume includes heat recovery]
	Amount of construction waste, etc. discharge	tons	[Calculation formula] [Calculation scope]	• Amount of construction waste discharge (Including construction waste other than specific construction materials) + sales of valuable resources (generated from construction) (covers directly contracted companies that buy valuable materials from the KUBOTA Group) • Japan

	Recycling ratio of construction waste	%	[Calculation formula] • [Sales of valuable resources + resource recycling + amount reduced (including heat recovery)] / amount of construction waste, etc. discharge (including sales of valuable resources) x 100
Water-related	Water consumption	m³	[Calculation formula] • Total amount of service water, industrial water and groundwater consumption
	Wastewater discharge (public water areas, sewage lines)	m³	[Calculation formula] • Total wastewater discharge to public water areas and sewage lines (including rain and spring water)
	Amount of COD, nitrogen and phosphorus discharge	tons	[Calculation formula] • COD, nitrogen or phosphorous concentration (mg/L) x amount of effluent discharged to public water area (m^3) x 10^{-6} [Calculation scope] • Business sites subject to total emission control in Japan
	Amount of recycled water	m³	[Calculation formula] • Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
Chemical substance-related	Amount of PRTR-designated substances handled	tons	[Calculation formula] • Total amount of chemical substances handled, 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

			[Calculation scope] • Business sites in Japan (business sites subject to legal notification only) • After FY2013 data includes designated chemical substances derived from recycled resources in accordance revisions to the Manual for PRTR Release Estimation Methods in the Steel Industry (Ver. 12 FY2013 use)
	Amount of PRTR-designated substances released and transferred	tons	[Calculation formula] • Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law 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. [Calculation scope] • The same calculation scope as the amount of PRTR-designated substances handled
	Amount of chemical	tons	[Calculation formula] • Total amount of xylene; toluene;

	substances (VOC) handled		ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene [Calculation scope] • Overseas • 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	[Calculation formula] • The total emissions of xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene [Calculation scope] • Japan and overseas • 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	[Calculation formula] • Amount of fuel consumed (kg) x sulfur content in the fuel (Wt %) ÷ 100 x 64 ÷ 32 x [(1 - desulphurization efficiency) ÷ 100] x 10^{-3}, or amount of SOx emitted per hour (m^3N/h) x annual operation hours of the relevant facility (h) x 64 ÷ 22.4 x 10^{-3}, or SOx emission concentration (ppm) x annual exhaust gas from facilities (m^3N/y) x 64 ÷ 22.4 x 10^{-9}, or SOx emission concentration (mg/m^3N) x annual exhaust gas from facilities (m^3N/y) x 10^{-9} [Calculation scope] • Smoke and soot generating facilities at business sites in Japan as defined by the Air Pollution Control Law, and facilities at overseas business sites covered in laws and regulations.

	NOx emissions	tons	[Calculation formula] • NOx concentration (ppm) x 10^{-6} x amount of gas emitted per hour (m^3N/h) x annual operation hours of the relevant facility (h) x 46 ÷ 22.4 x 10^{-3} [Calculation scope] • The same calculation scope as that for SOx emissions.
	Soot and dust emissions	tons	[Calculation formula] • Soot and dust concentration (g/m^3N) x amount of gas emitted per hour (m^3N/h) x annual operation hours of the relevant facility (h) x 10^{-6} [Calculation scope] • The same calculation scope as that for SOx emissions.

Third-party Assurance of Environmental Report

Since FY2005, the KUBOTA Group has received third-party assurance for the purpose of improving the reliability and comprehensiveness of its environmental data. Based on the third-party assurance obtained this fiscal year, the KUBOTA REPORT 2015 (Full Report PDF Version), received the Environmental Report Assurance and Registration Symbol of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)*. This symbol indicates that information provided has been confirmed by a third party and that the reliability of the environmental data presented in the KUBOTA REPORT 2015 (Full Report PDF version) satisfies the requirements by J-SUS.

* http://www.j-sus.org/english.html

Environmental report assurance and registration mark

Factory visit

Kubota Manufacturing of America Corp.

Kubota Precision Machinery Co., Ltd.

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 "✓" for the period from April 1, 2014 to March 31, 2015 (the "Indicators") included in its KUBOTA REPORT 2015 - Business and CSR Activities (Full Report PDF version) (the "Report") for the fiscal year ended March 31, 2015, and the completeness of 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, which are derived, among others, from the Sustainability Reporting Guidelines version 3.1 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment, and for including the material environmental information 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 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of 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 with the Company's responsible personnel to obtain an understanding of its policy for the preparation of 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 reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's 2 subsidiaries selected on the basis of a risk analysis.
- Assessing whether or not all the material environmental information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that 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 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
August 11, 2015

History of KUBOTA

Still Carrying on the Pioneering Spirit of Founder, Gonshiro Kubota

The First in Japan to Succeed at Mass Production of Water Pipe

KUBOTA's history began in February 1890, when founder Gonshiro Kubota opened a metal casting business in Osaka at the age of 19. At the time, water borne diseases such as cholera were prevalent in Japan and water services were in need of urgent attention. In the midst of many companies failing at the manufacture of water pipe, Gonshiro engaged in research maintaining the strong beliefs of "It can be done." and "Do not be afraid of making mistakes." As a result of much hardship, he became the first in Japan to succeed at the mass production of iron water pipe in 1893 and built the business based on providing people with safe and secure drinking water.

Gonshiro Kubota (1870–1959)

Promoting Mechanization of Agriculture Due to Post-War Food Shortage

Believing that "In the future, machines would replace shovels and hoes," Gonshiro began researching the mechanization of agriculture around 1935. In 1947, he succeeded in developing a cultivator to meet the post-war food shortage demand. This cultivator rapidly grew in popularity due to the labor shortage in farming villages as a result of high economic growth. Developing tractors, combine harvesters, rice transplanters and other machinery one after another, KUBOTA has made a significant contribution to alleviating hard labor in agricultural work.

Pioneering Spirit Still Going Strong 120 Years Later

KUBOTA contributes to society with products, technologies and services that resolve issues relating to food, water and the environment. The origin of this is the outlook passed down from Gonshiro Kubota, who believed that "For the prosperity of society, we need to put all of our efforts into creation." and "Our products should not only be technically excellent, but also useful for the good of society." The pioneering spirit of founder Gonshiro Kubota remains strong in the hearts and minds of employees even today, over 120 years later.

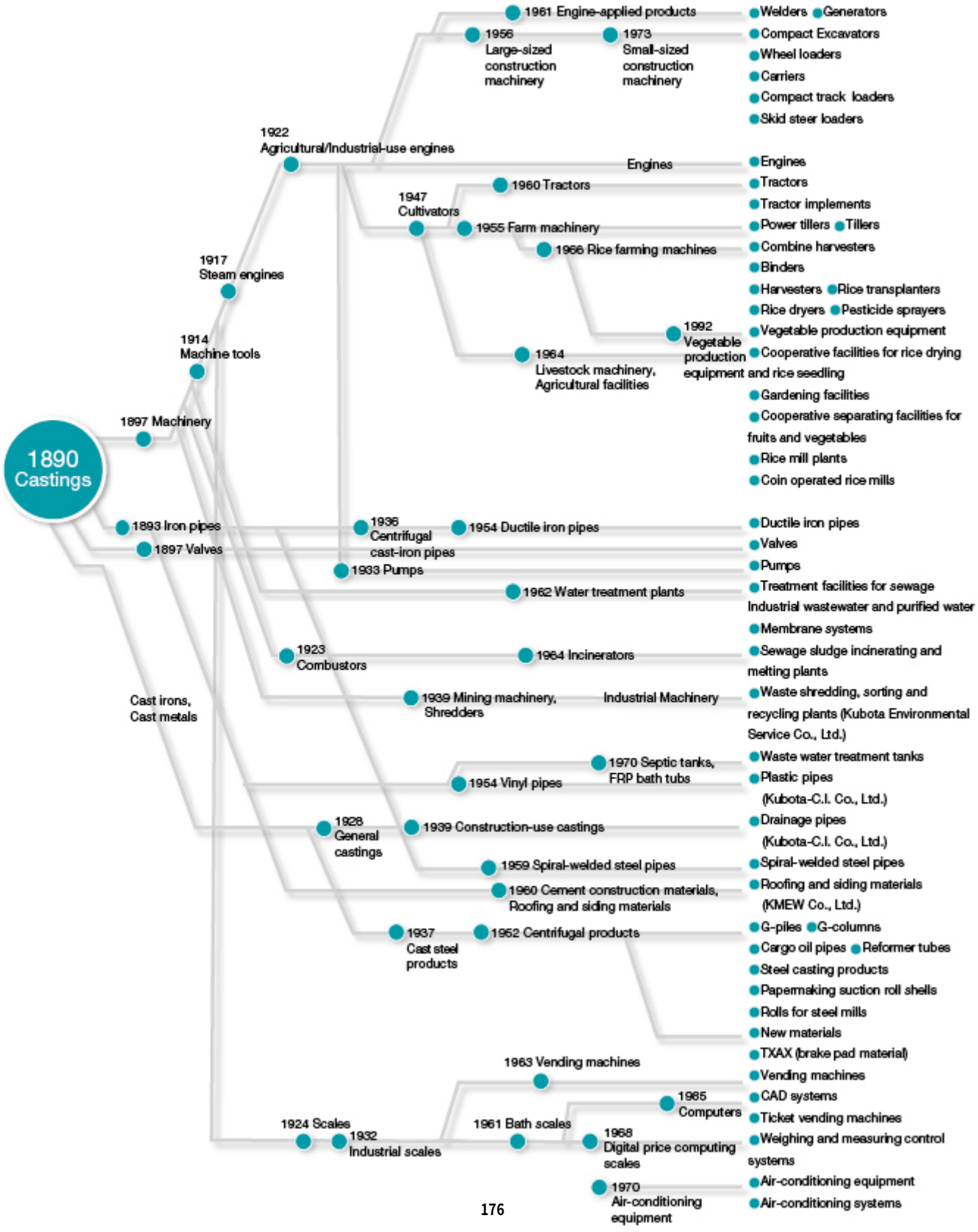
History

- 1890 Founded casting manufacturer, Ode Imono (Ode Foundry)
- 1893 Began manufacturing cast iron pipe for supplying water
- 1897 Changed name to Kubota Tekko-jo (Kubota Iron Works)
- 1939 Company listed on the stock exchange
- 1947 Developed the cultivator
- 1953 Changed name from K.K. Kubota Tekko-jo to Kubota Tekko K.K.
- 1960 Developed and commercialized first Japanese riding tractor, First Japanese company to receive and complete an order for an overseas water supply project
- 1972 Full-scale entry into the US tractor market
- 1990 Celebrated 100th year anniversary, Changed company name to KUBOTA Corporation.
- 2009 Completed first Japanese-owned tractor production plant in Thailand
- 2010 Certified as an "Eco-First Company" by Japan's Ministry of the Environment
- 2011 Established a regional headquarters in China and completed construction of a machinery plant
- 2012 Established "Kubota Global Identity" (global corporate principles), and Adopted a new brand statement logo, "For Earth, For Life" Acquired and transformed Kverneland AS, into a subsidiary.
- 2014 Established an large upland farming tractor manufacturing company in France

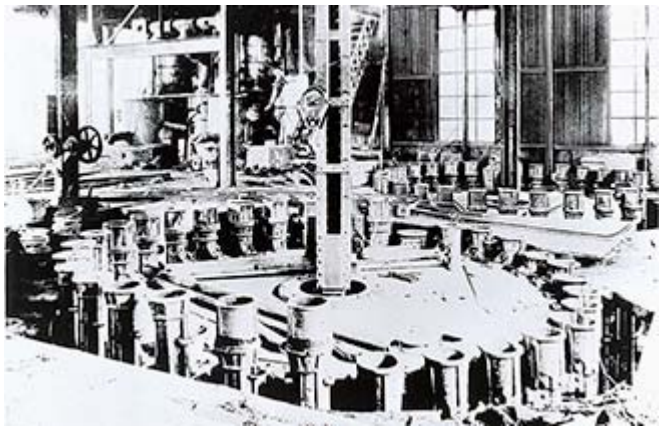
Shipment point in Osaka for the Company's iron pipes, circa 1905 Founder Gonshiro Kubota, wearing a business suit at the center of the front row

History of KUBOTA Products

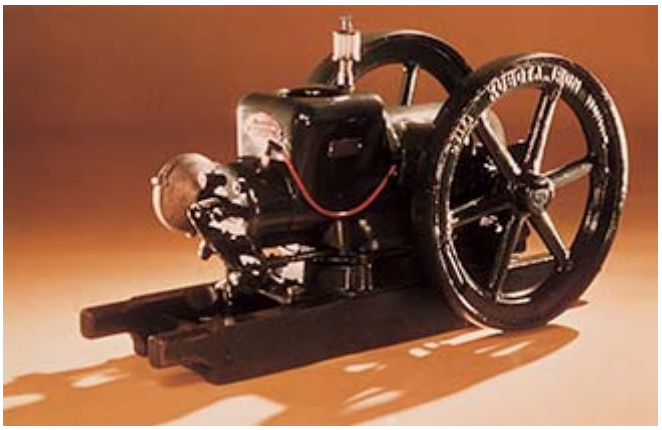
KUBOTA started with production and marketing of cast metal products. Ever since its foundation, it has provided a large variety of products that contribute to people' s lives and society, including iron pipes for waterworks, engines for agricultural and industrial purposes, and machine tools. All of its business organizations and products have been developed under the basic idea that "Society keeps corporations going forward."



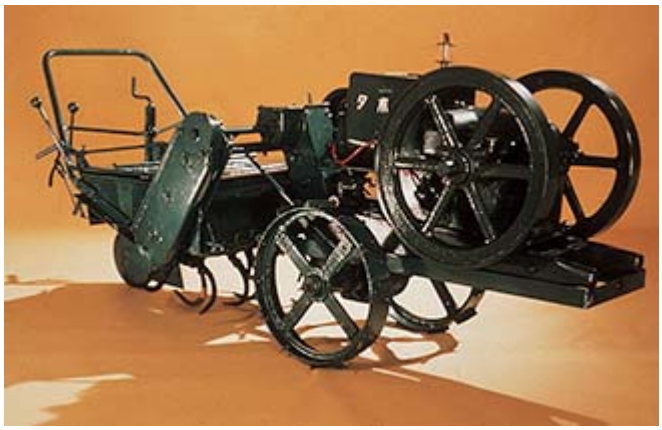
Major Products Driving the Development of KUBOTA



Cast iron pipes for water supply (1893)



Oil-based engines for agro-industrial purpose(1922)



Cultivators (1947)

Power shovels (1953)

The KUBOTA Group Business Development

Farm & Industrial Machinery

Tractors:

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

Implements:

connected to tractors and used for a variety of tasks.

Rice transplanters:

used to transplant rice seedlings to the rice paddies. Rice transplanters make a significant labor-saving contribution.

Combine harvesters:

simultaneous harvesting and threshing of crops such as rice, wheat and pulses

Mini power tillers:

used mainly in agricultural operations, including smaller farms.

Riding mowers:

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

Utility vehicles:

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

Compact 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 truck loaders:

used mainly for transporting and stacking tasks at construction sites, farms, etc.

Skid steer loaders:

used mainly for transporting and stacking tasks at construction sites, farms, etc.

Diesel engines:

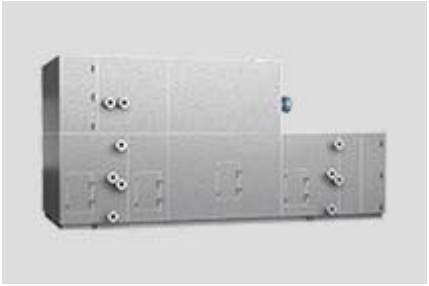
used mainly as a power source in industrial machinery such as agricultural or construction machinery.

Gasoline engines:

used mainly as a power source in industrial machinery such as agricultural or construction machinery.

Truck scales:

used to measure load capacity for trucks and other equipment.



Air-conditioning:

used mainly in the centralized air-conditioning of office buildings and plants.

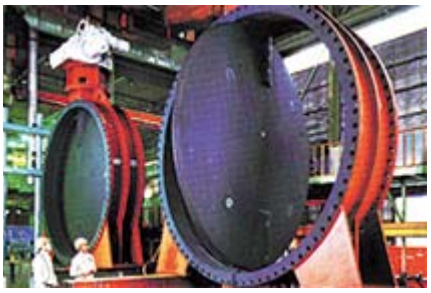
Vending machines:

used for the automatic sales of products, including drinks.

Water & Environment

Iron pipes, Plastic pipes:

used in infrastructure, including water and sewage lines, as well as gas piping.



Valves:

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

Pumps:

used to pump water in water and sewage lines, as well as in storm water drainage.

Submerged membranes:

used to purify waste water, including industrial and domestic sewage.

Wastewater treatment tanks:

used to treat sewage in areas where there are no sewage lines.

Spiral welded steel pipes:

used in foundation construction, including for buildings and bridges in addition to harbor and river projects.

Rolls:

used in the rolling process, mainly at steel plants.

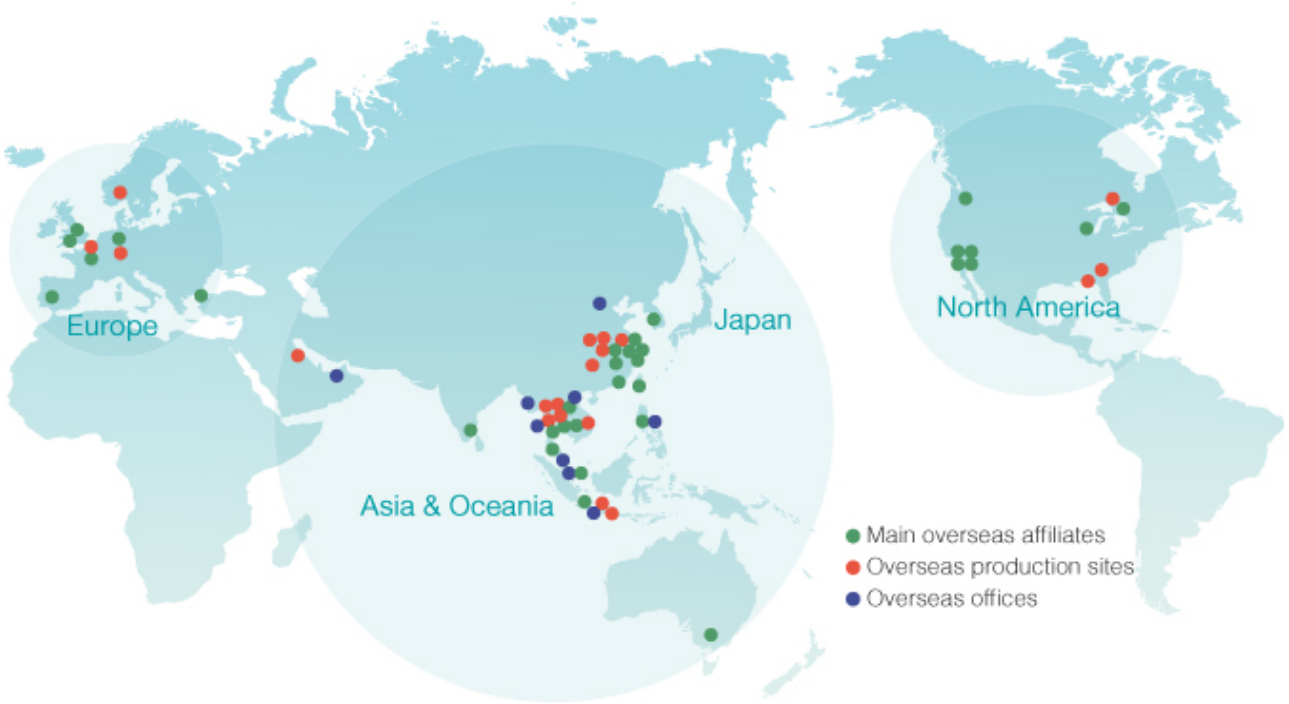
Cast steel:

used at plants in the petrochemical industry for ethylene purification and other operations.

Global Network

Possessing strengths in world-class quality, the KUBOTA Group is accelerating the development of its overseas business activities, including expanding its production, sales and procurement bases.

(As of July 1, 2015)



Japan

Head offices

Head Office (Osaka)

Hanshin Office (Amagasaki, Hyogo Prefecture)

Tokyo Head Office (Tokyo)

Regional offices & Branch offices

Hokkaido Regional Office (Sapporo)

Tohoku Regional Office (Sendai)

Chubu Regional Office (Nagoya)

Chugoku Shikoku Regional Office (Hiroshima)

Kyusyu Regional Office (Fukuoka)

Yokohama Branch (Yokohama)

Main affiliates

15 domestic agricultural machinery sales companies including Hokkaido KUBOTA Corporation
Sales of agricultural machinery

Kubota Farm & Industrial Machinery Service Ltd. (Sakai, Osaka Prefecture)
Integrated agricultural machinery service

Kubota Agri Service Corporation (Osaka)
Technical and sales guidance on agricultural machinery

Kubota Credit Co., Ltd. (Osaka)
Retail financing of merchandise

Kubota Seiki Co.,Ltd. (Sakai, Osaka)
Manufacture and sale of hydraulic equipment and other precision machinery components

Sales Offices

Wakayama Sales Office (Wakayama)

Shikoku Sales Offfice (Takamatsu)

Kumamoto Sales Office (Kumamoto)

Okinawa Sales Office (Naha)

Yamaguchi Sales Office (Shunan)

Factories, plants and business centers

Sakai Plant (Sakai, Osaka Prefecture)
Agricultural machinery, Construction machinery, and engines

Hirakata Plant (Hirakata, Osaka Prefecture)
Construction machinery, valves, pumps and steel castings

Tsukuba Plant (Tsukubamirai, Ibaraki Prefecture)
Agricultural machinery and engines

Ryugasaki Plant (Ryugasaki, Ibaraki Prefecture)
Vending machines

Utsunomiya Plant (Utsunomiya, Tochigi Prefecture)
Agricultural machinery

Keiyo Plant (Funabashi/Ichikawa, Chiba Prefecture)
Ductile iron pipes and spiral welded steel pipes

Shiga Plant (Konan, Shiga Prefecture)
Waste water treatment tanks

Hanshin Plant (Amagasaki, Hyogo Prefecture)
Ductile iron pipes and mill rolls

Kyuhoji Business Center (Yao, Osaka Prefecture)
Electronic equipped machinery

Okajima Business Center (Osaka)
Engines and iron casting

KUBOTA Construction Machinery Japan Corporation (Amagasaki, Hyogo Prefecture)
Sales of construction machinery

Kubota-C.I. Co., Ltd. (Osaka)
Manufacturing and sales of pipes and couplings in PVC and other polymers

Nippon Plastic Industry Co., Ltd. (Komaki, Aichi Prefecture)
Manufacturing and sales of vinyl pipes and various types of sheets

Kubota Environmental Service Co., Ltd (Tokyo)
Operation, maintenance, design, construction, remodeling and repair of water and waste treatment facilities, along with sales of pharmaceutical and other supplies; analysis of water quality, air, waste, etc.

KUBOTA KASUI Corporation (Tokyo)
Environmental engineering related to treatment of industrial wastewater and waste gases, repair and remodeling work, maintenance management, chemical and other sales

Kubota Air Conditioner, Ltd. (Tokyo)
Manufacturing and sales of various types of air-conditioning equipment

Kubota Construction Co., Ltd. (Osaka)
Service water and sewage, civil engineering and construction contracting

KMEW Co., Ltd. (Osaka)
Manufacturing and sales of roofing and siding materials

Europe

Group Companies

Kubota Europe S.A.S.
Argenteuil, FRANCE
Sales of tractors, construction machinery, engines, mowers and UVs*

Kubota Farm Machinery Europe S.A.S
Bierne, FRANCE
Manufacturing of tractors

Kubota (Deutschland)GmbH
Rodgau/Nieder-Roden, GERMANY
Sales of tractors, engines, mowers and UVs*

Kubota Baumaschinen GmbH
Zweibrucken Rheinland-Pfalz, GERMANY
Manufacturing and sales of construction machinery

Kubota (U.K.) Ltd.
Oxfordshire, U.K.
Sales of tractors, construction machinery, engines, mowers and UVs*

Kubota Membrane Europe Ltd.
London, U.K.
Sales of submerged membranes

Kubota Espana S.A.
Madrid, SPAIN
Sales of tractors, mowers and UVs*

Kverneland AS
Kvernaland, NORWAY
Manufacturing and sales of tractor implements

KUBOTA Turkey Makine Ticaret Limited Sirketi
Istanbul, TURKEY
Sales of tractors

Asia & Oceania

Overseas Offices

Beijing Office Beijing, CHINA

Philippine Office Manila, PHILIPPINES

Hanoi Office Hanoi, VIETNAM

Bangkok Office Bangkok, THAILAND

Myanmar Office Yangon, MYANMAR

Jakarta Office Jakarta, INDONESIA

Malaysia Branch Jaya, Selangor, MALAYSIA

Singapore Branch Singapore, SINGAPORE

Dubai Branch Dubai, UNITED ARAB EMIRATES

Group Companies

Kubota Korea Co., Ltd.
Seoul, KOREA
Sales of tractors, combine harvesters, rice transplanters and construction machinery

Kubota Philippines, Inc.
Manila, PHILIPPINES
Sales of tractors, combine harvesters, rice transplanters, engines, power tillers, etc.

Kubota China Holdings Co., Ltd.
Shanghai, CHINA
Regional headquarters in China

Kubota Agricultural Machinery (SUZHOU)Co., Ltd.
Jiangsu, CHINA
Manufacturing and sales of combine harvesters and other agricultural machinery

Kubota Construction Machinery (WUXI) Co., Ltd.
Jiangsu, CHINA
Manufacturing of construction machinery

Kubota Engine (SHANGHAI) Co., Ltd.
Shanghai, CHINA
Sales of engines

Kubota Engine (WUXI) Co., Ltd.
Jiangsu, CHINA
Manufacturing of vertical type diesel engines

Kubota Construction Machinery (SHANGHAI) Co., Ltd.
Shanghai, CHINA
Sales of construction machinery

Kubota China Financial Leasing Ltd.
Shanghai, CHINA
Finance lease business for KUBOTA products

KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd.
Anhui, CHINA
Manufacturing and sales of pumps

Kubota Environmental Engineering (SHANGHAI) Co., Ltd.
Shanghai, CHINA
Plant engineering and sales of equipment for the water treatment market

Jiangsu Biaoxin Kubota Industrial Co., Ltd.
Jiangsu, CHINA
Manufacturing and sales of steel casting products

Kubota System & Information (CHINA) Co., Ltd.
Jiangsu, CHINA
Developing software for information systems and providing maintenance/operation services

SIAM KUBOTA Corporation Co., Ltd.
Pathumthani, THAILAND
Manufacturing and sales of tractors, combine harvesters, horizontal diesel engines and power tillers, and sales of construction machinery

SIAM KUBOTA Metal Technology Co., Ltd.
Chachoengsao, THAILAND
Manufacturing of casting components for engines and tractors

KUBOTA Engine (Thailand) Co., Ltd.
Chachoengsao, THAILAND
Manufacturing of vertical type diesel engines

KUBOTA Precision Machinery (Thailand) Co., Ltd.
Chonburi, THAILAND
Manufacture and sale of hydraulic equipment and other precision machinery components

Siam Kubota Leasing Co., Ltd.
Pathumthani, THAILAND
Retail financing for tractors and combine harvesters

Kubota Procurement & Trading (Thailand) Co., Ltd.
Chonburi, THAILAND
Procurement and supply of parts for the KUBOTA Group production bases

KUBOTA (Cambodia) Co., Ltd.
Phnom Penh, CAMBODIA
Sales support of farm machinery, collecting market information and service

KUBOTA LAOS SOLE Co., Ltd.
Vientiane, LAOS
Sales support of farm machinery, collecting market information and service

Kubota Vietnam Co., Ltd.
Binh Duong, VIETNAM
Manufacturing and sales of tractors, combine harvesters and rice transplanters

Sime Kubota Sdn. Bhd.
Selangor Darul Ehsan, MALAYSIA
Sales of tractors and engines

Kubota Rice Industry（H.K.）Co., Ltd.
Hong Kong, CHINA
Import, milling and sale of Japanese rice

Shin Taiwan Agricultural Machinery Co., Ltd.
Kaohsiung, TAIWAN
Sales of tractors, agricultural machinery, mowers, UVs,* construction machinery and agriculture-related products

Kubota Rice Industry(Singapore)PTE.Ltd.
Singapore,SINGAPORE
Import, milling and sale of Japanese rice

P. T. Kubota Indonesia
Semarang, INDONESIA
Manufacturing and sales of small diesel engines

P. T. Kubota Machinery Indonesia
Jakarta, INDONESIA
Sales of tractors, combine harvesters and rice transplanters

P. T. Metec Semarang
Java Tengah, INDONESIA
Consignment manufacturing of vending machines and vending machine parts

Kubota Agricultural Machinery India Pvt., Ltd.
Chennai, INDIA
Sales of tractors, combine harvesters and rice transplanters

Kubota Saudi Arabia Company, LLC
Dammam, SAUDI ARABIA
Manufacturing and sales of steel casting products

Kubota Tractor Australia Pty. Ltd.
Victoria, AUSTRALIA
Sales of tractors, construction machinery, engines, mowers and UVs*

North America

Group Companies

Kubota Tractor Corporation
California, U.S.A.
Sales of tractors, construction machinery, mowers and UVs*

Kubota Credit Corporation U.S.A.
California, U.S.A.
Retail financing of sales contracts

Kubota Manufacturing of America Corporation
Georgia, U.S.A.
Development and manufacturing of small-sized tractors, mowers, UVs* and tractor implements

Kubota Industrial Equipment Corporation
Georgia, U.S.A.
Development and manufacturing of tractors and implements

Kubota Engine America Corporation
Illinois, U.S.A.
Sales of engines and generators

Kubota Insurance Corporation
California, U.S.A.
Underwriting non-life insurance

Kubota Tractor Acceptance Corporation
California, U.S.A.
Business of insurance agencies in the United States

Kubota Membrane U.S.A. Corporation
Washington, U.S.A.
Sales of submerged membranes

Kubota Canada Ltd.
Ontario, CANADA
Sales of tractors, construction machinery, engines, mowers and UVs*

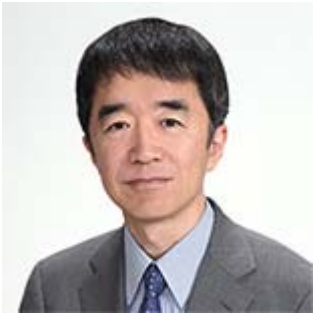
Kubota Materials Canada Corporation
Ontario, CANADA
Manufacturing and sales of steel casting products, TXAX (brake pad materials)

*UVs: Utility Vehicles

Third-Party Comments

Third-party Comments on KUBOTA REPORT 2015 Business and CSR Activities

A Comprehensive and Detailed Report



Professor Katsuhiko Kokubu
Graduate School of Business Administration, Kobe University

The KUBOTA Business and CSR Report 2015 (Full Report Version) is an extremely good report. KUBOTA engages in a truly wide variety of CSR activities, and reports in a comprehensive and detailed manner using various indicators for each field. The company discloses in-depth information for each item and one can easily obtain the sense that KUBOTA is very serious about the activities it engages in.

Utilizes a Wide Variety of Indicators

KUBOTA reports are characterized by the utilization of a wide variety of indicators. The full report discloses extremely detailed indicators for each individual activity and it is easy for one to fully understand the Group's activities. Moreover, the start of the report features financial and non-financial highlights, and CSR-related indicators are incorporated here too. They can be considered to equate to key performance indicator (KPIs), and by using them as such throughout the entire report, the content is easier to understand. In the future, if KUBOTA allocates an order of priority to its many indicators and systemizes them, I believe it will result in the promotion of CSR management that aims at improving such indicators.

Value Creation through CSR

The KUBOTA report integrates both business activities and CSR activities, therefore emphasizing the creation of value through business. Recently, it is increasingly understood that CSR is also an activity that creates value for society. If this point is emphasized even further, it will result in the collaboration of business activities and CSR activities from the perspective of value creation. Without a doubt, this will make it even easier to promote such activities. I also believe we have entered an era where we must consider the materiality (importance) of CSR activities. To this end, I also think it is effective to incorporate the viewpoints of stakeholders and reevaluate activities as a whole.

The Digest Version as an Integrated Report

Compared to the Full Report Version, the Digest Version is a summary of the main points. It is not uncommon for Digest Versions to be poor in content; however, in the case of KUBOTA, both financial and non-financial highlights, as well as other major indicators are described, making for substantial content. This can be likened to a simplified report, which integrated reports aim to provide. In order to progress one step closer to truly efficient integrated report, I think it would be effective to reduce the amount of photos and publicity-orientated phrases and increase descriptive explanations. That would surely improve the opinions of corporate investors.

In response to the above comments

Toshihiro Kubo
Representative Director and Executive Vice President, KUBOTA Corporation

We have received comments from Professor Kokubu since FY2010. KUBOTA would like to thank him for providing his opinion again this fiscal year.

From last fiscal year, we have prepared two types of Business and CSR Activities Reports, the Full Report Version, and the Digest Version. The Full Report Version is intended for investors and all those with an interest in the KUBOTA Group to learn about us in detail, while the Digest Version is an entry point for a broad, large number of people to get to know us. Particularly for the Full Report Version, we changed to an HTML format which is easier to search for online, and made the content more straight-forward.

The KUBOTA Group will continue to realize its corporate philosophy of "Kubota Global Identity" and aim for ongoing synergistic development with society.

Kubota

KUBOTA Corporation

1-2-47 Shikitsu-higashi,
Naniwa-ku, Osaka 556-8601 Japan

Inquiries
CSR Planning Dept.
Tel : +81-6-6648-2937
Fax: +81-6-6648-3862

ECO FIRST

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

Fun to Share

"Food, water, and the environment" Solve problems in these fields and build a low carbon society.

We have agreed to the Japanese Ministry of the Environment's climate change campaign called "Fun to Share."

Water Project
今こそ考えよう。みんなの水と未来。

Participation in a water project promoted by a public- private partnership.

Issued in September 2015