

# Compliance-centered Management

## Kubota's Policy for Compliance-centered Management

The Kubota Group is committed to contributing to society through the development of excellent products and technology and implementing fair and integrity-based management, and is endeavoring in its operations to observe legal compliance objectives and high ethical standards under a compliance-Centered management.

### Promoting structure

#### Establishment of a promotion organization

Kubota established the Compliance Auditing Department as a division in charge of promoting corporate ethics in June 1999, reflecting over the cases of violation of Anti-Monopoly Law and that of Commercial Code, in order to prevent the recurrence of the similar incidents. After that, Kubota has retained outside experts as advisers to develop the system which ensures observance of laws and corporate ethics. Also, we established the Corporate Compliance Headquarters in June 2001 (There are three advisers now.)

#### Structure of corporate compliance headquarters

Three departments, the compliance auditing department, the legal department and the human rights advancement department work together under the supervision of a director in charge and the general manager of the corporate compliance headquarters.

#### Compliance promotion committee

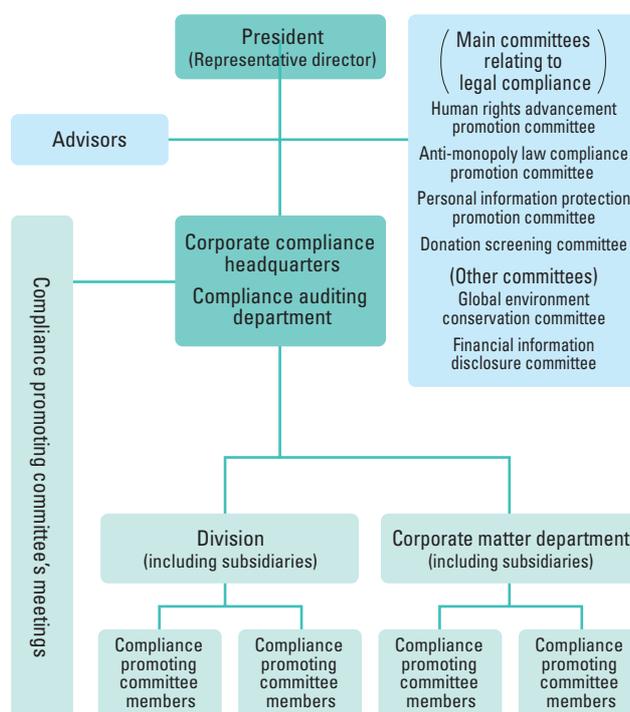
Sixty three members selected from managerial personnel from each plant and department are registered as committee members. The members hold meetings twice a year to consider compliance issues and exchange opinions regarding critical issues relating to anti-monopoly law, human rights and risk management, etc.

We always carry and refer to the Kubota Group Charter of Business Conduct card to monitor our conduct and behavior.

#### Check items for your conduct:

1. Is your conduct against the Kubota Group Charter of Business Conduct?
2. Is your conduct against laws, regulations or rules?
3. Would you be ashamed if your conduct was reported by mass media?
4. Can you tell your conduct to your family, friends or anyone else?
5. Are you overlooking anyone else's non-compliant behavior ?

#### Compliance promotion structure (As of June 2005)



Compliance promoting committee's meeting

## Main Activities

To grow compliance - minded corporate culture in every workplace, we engage in a wide range of activities from the implementation of a hot line system to education on the antimonopoly law, the personal information protection law and other laws and regulations to risk management.

### Implementation of hot line

In September 1999, an in-house consultation service "Corporate Ethics Consultation Room" was started. Employees' questions about laws and corporate ethics are dealt with by the service. In November 2002, Corporate Ethics Consultation Room was replaced with Kubota Hot Line by making changes to the service such as protection of a caller and provision of feedback to the caller.

### Countermeasures against antisocial group

In order to prevent illegal payments to antisocial groups or organizations, company-wide meetings are held among committees (twice a year), where donations to or membership or enrollments in organizations are examined. Also, outside experts are invited to give workshops for our employees.

### Countermeasure for personal information protection

There is a personal information protection committee in place. A responsible person is appointed. All personal information is gathered and controlled by the responsible person under the organized system. All employees are educated to keep up-to-dated on the law.



### Information tool

Kubota's monthly journals carry an article related to topics close to employees in order to promote compliance mind. Also, employees are educated via the company's intranet.

### Survey on the sense of ethics

In December 2003, we conducted an ethics-related survey for our employees using a "1st questionnaire for corporate ethics penetration" form. We will conduct surveys on a regular basis to strengthen our compliance-related activities.

### Antimonopoly law compliance activity

Each division has an antimonopoly law compliance committee in place, which is intended to ensure strict compliance with the antimonopoly law. Also, company-wide audits are conducted to confirm the status of legal compliance.

### Risk management

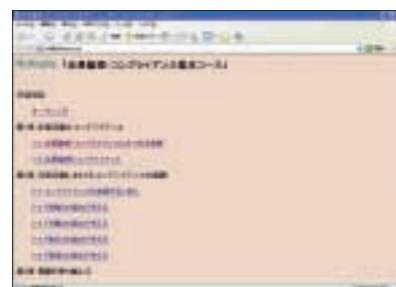
Potential and critical risk factors are identified at each division, and measures to prevent such risks from occurring are implemented. Also, there is a risk management system in place to deal with emergencies.

### Education and training

Compliance education is also provided to applicable personnel in the event of executive training programs or by-rank workshops. In 2004, an e-compliance learning program was started for all employees.



Article from the company journal



e-Learning  
(from the Management Center of Japan Management Association)