

2017 KUBOTA REPORT

For Earth, For Life
Kubota

Business and CSR Report <Digest Version>



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

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



Kubota Global Loop

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KUBOTA REPORT 2017

Business and CSR Report <Digest Version>

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Editorial note

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



* SDGs (Sustainable Development Goals website)
<http://www.un.org/sustainabledevelopment/>

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

Relationship between Digest Version and Full Report Version

●Digest Version

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

●Full Report Version

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



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

Period covered by this report

From January 2016 to December 2016

* Matters outside the above periods are partially included.

Boundary of the KUBOTA REPORT

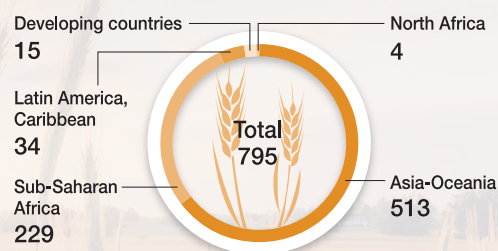
In principle, the entire Kubota Group is covered.

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

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

Food

Undernourished population by region (Unit: million people)

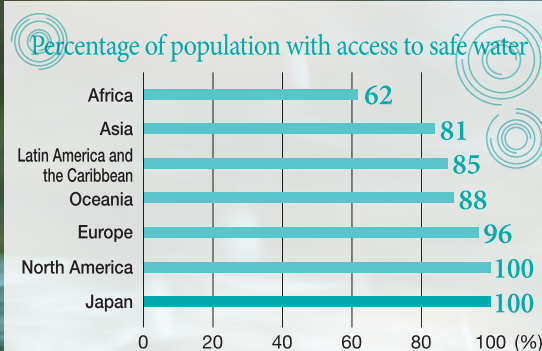


Source: 2015 Report on the Global Food Insecurity (JAICA)

Today, a global approach to stable food production is required, to tackle the rising world population. Kubota has contributed to solving labor shortages and improving efficiency in agricultural production, taking advantage of the technological capabilities it has developed in the mechanization of rice cultivation in Japan. Kubota is now making its full-scale entry into the market of large agricultural machinery for upland farming to achieve growth in the medium to long run, while further contributing to the stable food production of the world.

By enhancing water infrastructures,
the Kubota Group contributes
to supply and restoration of
reliable water resources.

Water



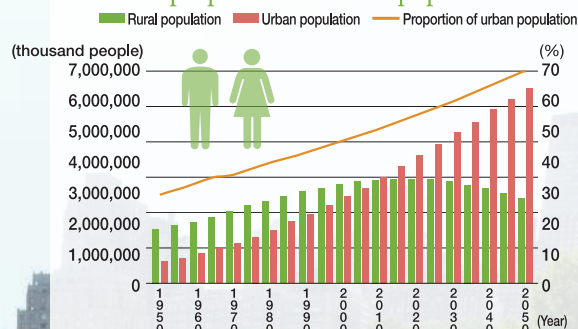
Source: WHO/UNICEF "Global Water Supply and Sanitation Assessment 2000 Report"

In advanced countries, including Japan, almost all the population have access to water of good quality. Worldwide, however, there are many people who are not able to secure even safe drinking water, which is a big problem in the world today. Kubota, as a comprehensive manufacturer of water-related products, from the intake of water to its discharge, has contributed to the development of water infrastructures in Japan. It will now contribute to solutions in the areas of water and the environment overseas, mainly in rapidly-growing Asia.

By enhancing social infrastructures,
the Kubota Group contributes to
the creation and conservation of
a comfortable living environment.

Environment

World urban and rural population prospects, and proportion of urban population



Source: Prepared by Ministry of the Environment based on the United Nations Population Division "World Urbanization Prospects: The 2007 Revision Population Database"

As the world population increases, its concentration into urban areas has been accelerating. It is becoming increasingly important to develop social infrastructures and improve the living environment not only in the congested urban areas but also in the increasingly depopulated rural areas. Kubota contributes to creating and maintaining a comfortable living environment through manufacturing various products such as construction machinery, engines, materials, and electronic equipped machinery.

Realization of “Global Major Brand Kubota”

What is the
“Global Major Brand”
that Kubota aims at?

It is a “brand that can make the greatest social contribution as a result of being trusted by the largest number of customers.”

The Kubota Group's long-term goal is to establish Kubota as a global major brand, aiming to continue being an organization with a strong presence that is truly needed throughout the world. The “Global Major Brand” that Kubota aims at is a company that solves issues relating to food, water and the environment around the world through providing products, technologies and services, thereby making its customers happy. We will become a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers.



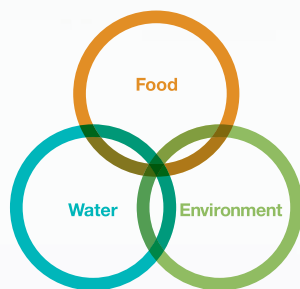
“Global Major Brand Kubota”

Japan
Kubota Brand
Enhancement
Project

To make Kubota a brand that is trusted and liked by a greater number of people, Kubota has launched the Kubota Brand Enhancement Project, under the slogan “There is a wall, therefore we go. Kubota” in Japan. Communication activities will be promoted through various media. Actress Masami Nagasawa, who is active in various fields, has been appointed as the brand partner.



Group-wide Commitment to Issues Related to Food, Water, and the Environment



Since its foundation in 1890, Kubota has delivered a variety of products that contribute to people's lives and society, including cast-iron water pipes for the development of modern waterworks, agricultural machinery to increase food production and save labor, and environmental facilities to harmonize humans with the environment. Today, the world faces many challenges in the areas of food, water and the environment, which are each indispensable for human beings. The Kubota Group believes that its mission is to contribute to comprehensively solving the problems concerning food, water, and the environment through its superior products, technologies and services, thereby continuing to support the future of the earth and humanity. The Kubota Group will listen to the voices of its customers throughout the world, and make continuous efforts toward the sustainable growth of both society and the company, by employing the Group's full capabilities.

Major Businesses

Agricultural machinery

Since the food shortage following World War II, 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 Japanese agricultural machinery market (tractors, combine harvesters, rice transplanters), Kubota has contributed to streamlining and labor-savings in the agricultural industry. Moreover, in Asia, North America and Europe, its products are also used in numerous applications in addition to farming. From Japan to the world, from rice-growing to upland field farming, the Kubota Group continues to advance in leaps and bounds.



Construction machinery

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



Pipe systems and water treatment facilities

Represented by the ductile iron water pipes passed down from the founder as its core business boasting the largest share in Japan, 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, Kubota has made several accomplishments as a top brand in the water treatment field.



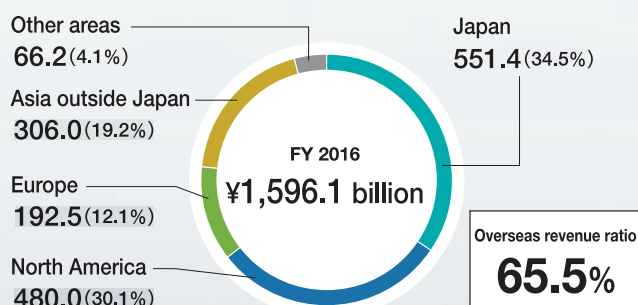
Engines

Kubota's engines satisfy all global emission regulations. The Kubota Group holds the world's top share for industrial diesel engines with displacements of no more than 100 hp.



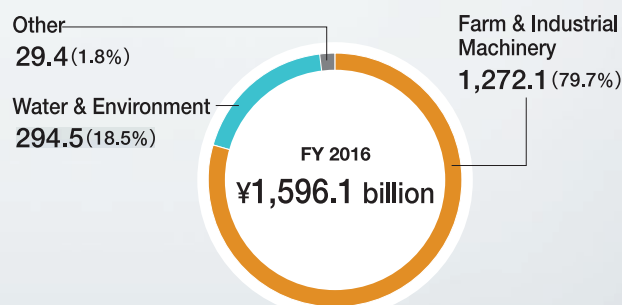
Revenues by region

〈In billions of yen〉



Revenues by reporting segment

〈In billions of yen〉



Agricultural
Machinery

Contributing to World

Into the large-scale upland farming market in North America and Europe ~ Kubota is making a full-scale entry with the M7001 Series ~

As rising food demand due to increasing populations has been boosting the demand for agricultural machinery worldwide, Kubota is accelerating the global launch of its agricultural machinery for upland farming. The Company aims to help improve the efficiency of production of upland crops, which account for approximately 40% of global agriculture, taking advantage of the technological capabilities it has developed in the rice cultivation field. Especially in North America and Europe, where the scale of agriculture has been increasingly expanding, large, high-horsepower agricultural machinery capable of performing heavy operations is in strong demand.

To satisfy such demand, Kubota has developed the M7001 Series large tractors with high operability, mobility, and comfort realized by its unique technologies. The Series comprises three horsepower levels—130, 150, and 170—with three models for each level.

With this lineup of nine models in total, Kubota started full-scale sales of the series in Europe in 2015 and in North America in 2016. At present, besides its main markets in North America and Europe, the M7001 Series tractors are also being sold in Australia and Japan, receiving high evaluation from users.

Kubota aims to become a “Global Major Brand” in the agricultural machinery industry, trusted all over the world.

Enhancing production, sales, and service activities

“Kubota is very different from American and European manufacturers in that it stands by us and carefully listens to us,” said a dealer.

From the development stage, Kubota staff members repeatedly visit not only farmers but also the dealers that sell its products. By doing so, they can listen to their requests and find their specific needs.

Kubota’s thorough after-sales service is also highly appreciated by its customers. Kubota will continue to carefully respond to the demand of its customers, thereby further expanding its sales.



Improving operability, mobility, and comfort

The series employs a touch panel, which enables multiple operations on a single screen, to simplify the operation of implements, and the levers are all positioned to improve operability.

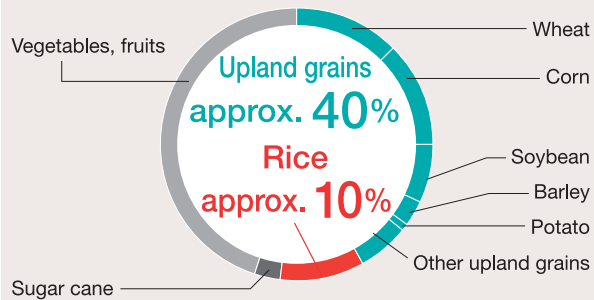
With optional functions using advanced technologies, including a GPS (global positioning system)-based automatic operation system and auto-steering, it has received a high reputation since immediately after its debut.

Food Production

Background

Looking around the world, it is apparent that the area of arable land for upland crops such as wheat, corn and soybean is roughly four times that for growing rice.

■ Distribution of arable land in the world —Mainstream is for upland crops—



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

Creating synergies with implements

Following the acquisition of the Kverneland AS (hereafter, "Kverneland"), a Norwegian implement manufacturer, in 2012, Kubota acquired another manufacturer, Great Plains Manufacturing, Inc. (hereafter, "GP"), with the aim of better satisfying the needs of customers by enhancing the integrated sales of tractors and implements.

By combining the GP's sowing and plowing implements that are suitable for farming in North America with Kverneland's grass implements, Kubota creates synergies and will aim to further expand its implement business in the North American and European market.



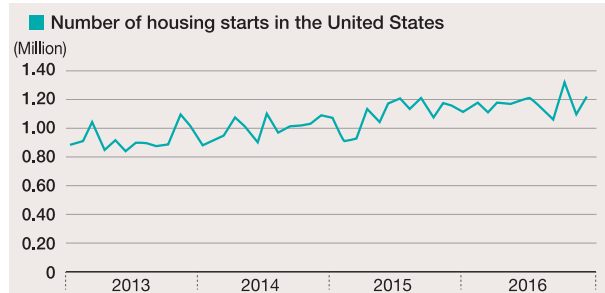
Construction Machinery

Contributing to Urban Infrastructure Development Worldwide

Background

For the development of society, it is crucial to enhance social infrastructure (social environment), such as constructions and roads. Housing demand in North America, in particular, has been showing an upward trend. For the sustainable development of society, it is necessary to improve work efficiency, paying attention to the preservation of natural environment and cost reduction for public works and construction companies. Under these circumstances, construction machinery that can meet a wide range of construction needs of not only urban centers but also in rural areas is expected to play an extremely significant role.

In the United States, with the number of housing starts rising, development of infrastructure to support the growing housing demand is increasingly important.



Source: Released by the United States Department of Commerce (February 2017)

Kubota is becoming a comprehensive small-sized construction machinery manufacturer.



Skid steer loader (SSL)

SSL's main market is North America. It is used for multiple purposes, such as construction, civil engineering, and agriculture.

Kubota launched skid steer loaders (SSL) in 2016, taking a new step forward as a comprehensive small-sized construction machinery manufacturer. By adding the SSL to its main product lineup of compact excavators, wheel loaders and compact truck loaders, Kubota aims to advance from the world's top share holder in the compact excavator market to the top share holder in the entire small-sized construction machinery market. In such position, Kubota will provide greater support for urban infrastructure development around the world, contributing to the creation of a more comfortable, safe, and beautiful living environment.



Compact excavators

Chosen by many customers in Japan, Europe, and North America, holding the world's top share in the compact excavator market (less than 6 t).



Wheel loaders

Used mainly in advanced countries for multiple transportation purposes, such as for snow removal and agriculture.



Compact truck loaders

Stable performance is highly appreciated in recent years, boosting demand particularly in North America.

Contributing to Reduction of Environmental Loads Worldwide by Offering Clean Engines

Industrial engines manufactured by Kubota serve not only as the heart of the Kubota's agricultural and construction machinery but also as the power source of various non-Kubota industrial machines around the world.

In line with the growing global environmental awareness, engine emission regulations are becoming increasingly stringent in many countries around the world.

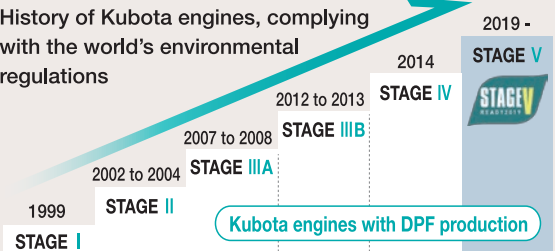
Kubota, based on the technologies it has cultivated so far, is developing engines that can satisfy the most stringent emissions regulations in the world (EU Stage V) with reduced burden on the environment.

Background

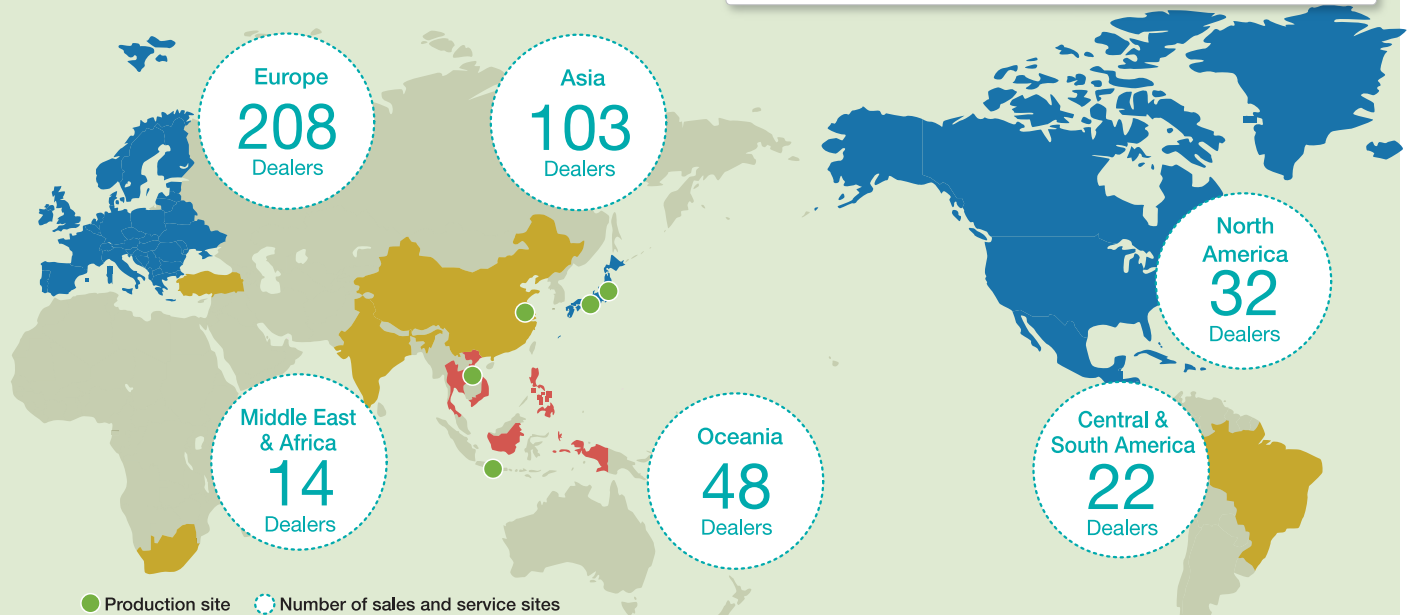
With the growing global environmental awareness, engine emission regulations are becoming increasingly stringent around the world.

Steps toward EU emissions standards (Stage V)

History of Kubota engines, complying with the world's environmental regulations



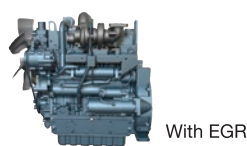
Kubota offers engines that comply with national and regional emissions regulations around the world.



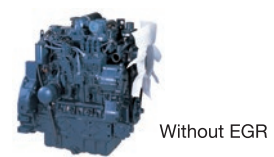
Europe, US, Japan



China, India, Turkey, South Africa, Brazil



Thailand, Philippines, Vietnam, Indonesia



DPF (Diesel Particulate Filter)

Post-exhaust treatment device (filter) that collects the particles contained in diesel engine exhaust

SCR (Selective Catalytic Reduction)

Post-diesel exhaust treatment device that reduces nitrogen oxides (NOx) to harmless nitrogen and water

EGR (Exhaust Gas Recirculation)

Mechanism that recirculates a portion of exhaust back into combustion air, thereby reducing generation of nitrogen oxides (NOx)

Production, sales and service sites

Kubota's engine production plants and sales companies are located worldwide, offering engines that comply with the emissions regulations of each region, from places close to customers. In after-sales service, similarly, Kubota always responds to requests from customers using its worldwide service network.



Engine production line at KUBOTA Engine (Thailand) Co., Ltd. (Kubota's first vertical-type diesel engine production plant in overseas)

Agricultural Machinery

Contributing to Sustainable Japanese Agriculture

Japan's agricultural industry, facing various problems, such as serious labor shortage, aging of farming population, and expansion of the farm area per operator, is required to further improve efficiency. Under severe circumstances with declining domestic demand for agricultural produce, farmers are seeking “aggressive agriculture” by introducing new technologies and know-how, and through various other efforts.

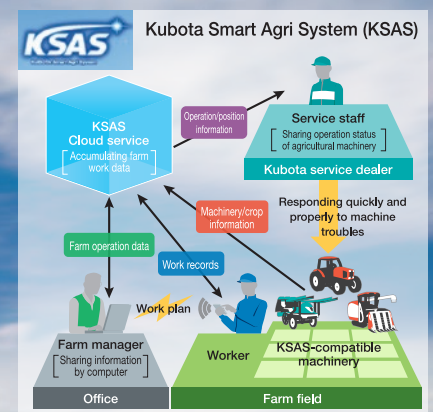
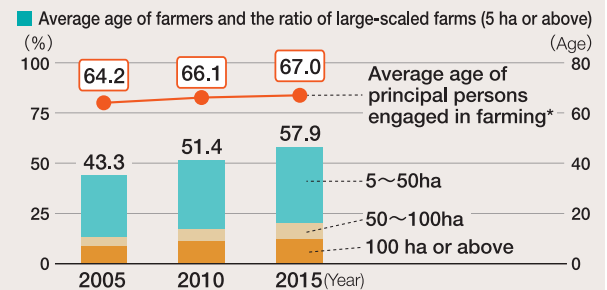
With ICT and robot technology, developing agricultural machinery and systems that enable low-cost, ultra labor-saving, and precise farm work

The Kubota Smart Agri System (KSAS), a system to support farm operations, employs ICT to visualize data of farmland management and work records, which are conventionally controlled using manually drawn maps and other documents. Working in conjunction with the KSAS-compatible agricultural machines, the system can also accumulate data on taste and yield, thereby supporting farmers in improving the quality and yield of their crops and reducing costs.

Kubota also promotes introduction of robot technologies in agricultural machinery. Keeping straight function and autonomous operation using GPS make long hours of farm work less tiring and more comfortable, and enable even unexperienced operators to perform precise operations.

Background

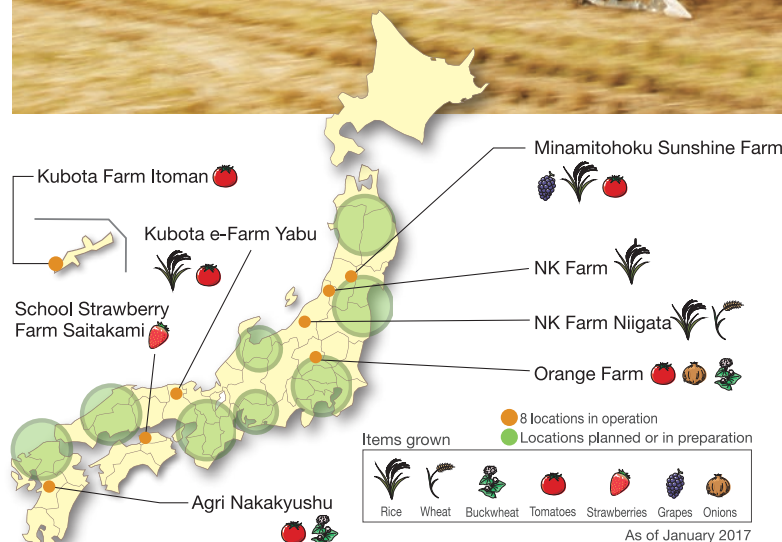
Along with the population aging, Japanese agriculture is concentrating into large-scaled farms.



Rice transplanter with keeping straight function



Autonomous tractor (under development)



“Kubota’s Farm” to practice and demonstrate sustainable farm management models

Kubota proposes sustainable farming in the future for farm managers, taking advantage of its comprehensive capabilities it has fostered along with the development of Japan's agricultural industry.

Kubota will increase the “Kubota’s Farm” to 15 locations throughout Japan, as the places to practice and demonstrate large-scale, low-cost farming, next-generation facility horticulture, smart farming, and various other new technologies, as well as its farm management solutions such as iron-coated direct seeding. Through sharing and collaborating with local communities and governments, Kubota will propose comprehensive solutions based on the unique local characteristics.

In Japan, at least one earthquake with intensity of 6 lower or above on the Japanese seismic intensity scale occurs each year on average. Water suppliers are required to update and make earthquake-resistant the water pipelines with limited budget and staff, while income from usage fees has been decreasing along with a decline in the population.

Contributing to promotion of updated and earthquake-resistant water pipelines

The earthquake-resistant ductile iron pipes that Kubota has developed has suffered no damage in any huge earthquake in the past, demonstrating its high performance. In 2016, Kubota launched "NECS[®]," a new earthquake-resistant pipe model which has achieved lower cost and reduced weight through technology development, while maintaining a level of earthquake resistance equal to that of the existing pipes. Kubota will contribute to the improvement of the ratio of updated and earthquake-resistant water pipelines.

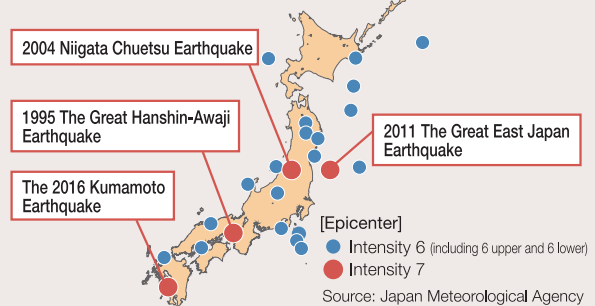
Chain-structure pipeline resistant to multiple earthquakes



With joints flexibly expanding/contracting and deflecting, the entire pipeline absorbs ground displacement.

In earthquake-prone Japan, building of tough water pipelines is necessary.

Earthquakes of intensity 6 or above that occurred after 1993



Lift-up demonstration of the earthquake-resistant Kubota ductile iron pipes using a pipeline with a nominal diameter of 300 mm



Applying earthquake-resistant pipe technologies developed in Japan to the U.S. West Coast, where earthquakes often occur. The photo shows a site for installation of large earthquake-resistant pipes (with nominal diameter of 1800 mm, etc.) (Silicon Valley, California in U.S.)

Site innovation

Now



Future



Efficient water pipeline installation and construction management utilizing IoT

As the percentage of updated pipelines remains low due to shortage of budget and plumbers, further improvement of efficiency is required for installation work and construction management.

Site Innovation, one of the KSIS^{*} systems, integrates new installation technologies using the simplified jointing mechanism with the installation management technologies using IoT. With this system, the pipe jointing status can be monitored easily, and the documents for installation management can be easily prepared by entering the pipe joint results in the tablet.

^{*} KSIS: Kubota Smart Infrastructure Systems

Systems utilizing IoT technologies to offer comprehensive solutions covering from individual products and plant devices in the water and environment segment to systems and after sales services



Kubota Global Identity

The Kubota Group's CSR integrated with its corporate management

The Kubota Group Corporate Philosophy

Spirits

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

Mission

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

Brand Statement★

Kubota Group Charter for Action & Code of Conduct

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

[See our website for more details.](#)

The Charter for Action has provisions under each of the above themes. The Code of Conduct announces the specific actions that each employee should take according to the Charter.

Corporate Social Responsibility

The Kubota Group's social responsibility

Fulfilling social responsibility through business activities

The world has many problems in the areas of food, water and the environment, which are indispensable for human beings.

Those problems are not separate themes, but linked closely to each other.

The population growth has a great influence on environmental changes, brings problems to water resources, and leads to the short supply of food.

The Kubota Group considers food, water and the environment as a singular theme and contributes to solve problems in these areas.

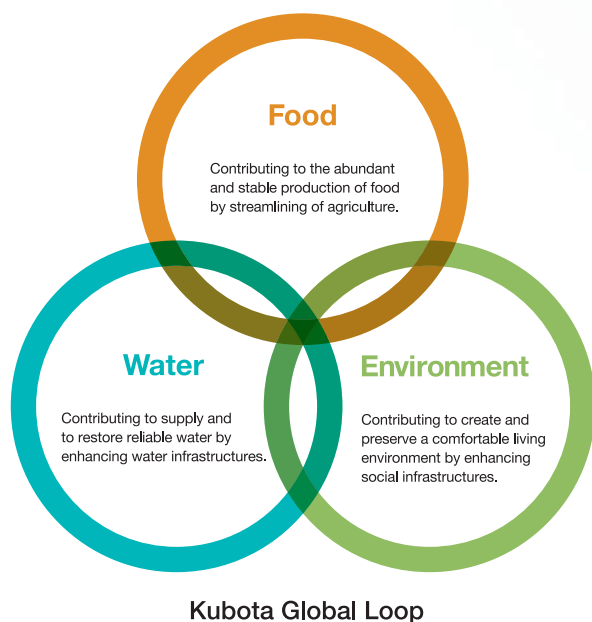
All Kubota Group employees share their corporate philosophy—the Kubota Global Identity—and will contribute to society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, they aim for the ongoing synergistic development of the Kubota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

Brand Statement★

For Earth, For Life

Kubota

The Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.



Direction of CSR Management

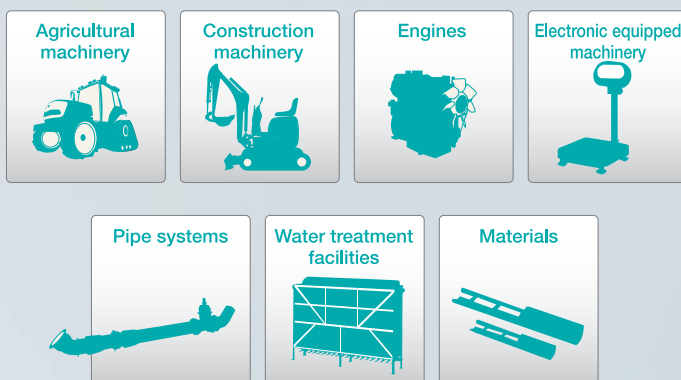
Realization of “Global Major Brand Kubota”

▶P03 The Kubota Group's Direction to Aim at

- ◎Establish a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers.
- ◎Deliver excitement that exceeds customers' need

The Kubota Group's manufacturing contributes to solving social problems.

- ▶P05~10 Toward Realization of GMB
- ▶P19 Business Overview
- ▶P27 Major Products of the Kubota Group



Sincere and Appropriate Efforts for Stakeholders

- ◎Establish governance system
- ◎Thorough compliance
- ◎Formulate and strengthen internal control system
- ◎Providing value to society
 - Customers**
Offering of superior products, technologies and services
 - Business Partners**
Promotion of fair and equitable trade (CSR procurement)
 - Shareholders and Investors**
Maintain stable profits and appropriate shareholder return
 - Local Society**
Contribute to local societies, conserve and beautify the environment
 - Global Environment, Future Generations**
Reduce environmental loads and risks
 - Government**
Payment of taxes, compliance with laws and regulations
 - Employees**
Provision of job satisfaction and workplaces where it is good working environment

- ▶P21 Commitment to the Environment
- ▶P23 Commitment to Society
- ▶P25 Commitment to Corporate Governance

For Earth, For Life



Kubota

Toward Realization of
“Global Major Brand Kubota”

Masatoshi Kimata

President and Representative Director, Kubota Corporation

The Kubota Group Business Activities

Contributing to solving global issues with products, technologies and services

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 corporate group in which each and every officer and employee fosters awareness as to whether or not the Kubota Group activities are helping to resolve issues in the fields of food, water and the environment, and contributing to society.

Many regions of the world are facing various issues concerning food, water and the environment. Amid such an era, Kubota's business opportunities and social responsibility are increasingly growing.

Review of the Year Ended December 2016

Severe year due to sharp appreciation of the yen and stagnant Japanese market

I first report our performance of fiscal year ended December 2016.

Sales in Japan remained weak partly due to slowdown in the agricultural machinery market. As for overseas revenues, despite strong sales of construction machinery and combine harvesters, sales were lower than those for the same period in the previous year, due to sluggish performance of tractors and implements and the significant impact of rapid appreciation of the yen.

Meanwhile, the M7001 Series, the Kubota Group's first large tractor series for upland farming, earned a good reputation among dealers in Europe, where the series had been launched in advance, enjoying steady sales. We plan to further accelerate the sales expansion in Europe and North America, while gradually making full-scale launches in markets in other regions such as Australia and Japan. Although the competition is increasingly intensified in the sluggish agricultural machinery market, high reputation from several overseas countries gives us confidence in further expanding our businesses.

Strengths of the Kubota Group

Promoting corporate management based on its corporate philosophy “Kubota Global Identity”

In recent years, Kubota has been facing unprecedentedly rapid and large-scale changes in its surrounding business environment. Under such circumstances, the Kubota Group persistently pursues the principles of “Customer First” and “Priority Onsite” in all aspects of the product functions, quality, and services, and will further enhance its competitiveness. It is more than ever important for us to offer, through the global network we have developed, the value that only Kubota can achieve and gain understanding widely from customers both inside and outside Japan.

The world-renowned Kubota Quality is based on our corporate philosophy “Kubota Global Identity,” which we have fostered ever since our foundation, aiming toward contributing to the development of society. The Spirits (our spirits and attitudes) declared in the Kubota Global Identity are closely related to our widely recognized products, technologies and services.

The corporate philosophy is also embodied in our global business development. In July 2016, we acquired Great Plains Manufacturing, Inc., a US agricultural implement manufacturer. It was our management stance of respecting customers and employees that made them choose the Kubota Group as their partner. We will continue to promote business management based on our corporate philosophy, aiming to become a corporate group that is truly trusted and favored by society.

Issues and Initiatives in the Medium to Long Term

Promoting initiatives toward realization of “Global Major Brand Kubota”

Now that we have entered the era of dynamic changes in the business environment, in order to keep up with the turbulent trends and secure the growth in the medium to long term, we will further accelerate the initiatives toward realization of the “Global Major Brand (GMB)” that Kubota aims at.

We will improve all of our business processes, from product development to production and sales.

While pursuing the creation of products that impress customers, we will establish a production system centering around the “plants that create an impression,” with the aim of achieving the world top position in all aspects of the quality, cost and delivery reliability. Our priority task is to further implement sales and services based on the Customer First principle. To facilitate implementation of these initiatives, we will also endeavor to develop human resources who will “challenge the unknown with creativity and courage.”

Realization of GMB means pursuit of world dominance in all business factors. By sharing this understanding, all employees, as well as management, will become more motivated than ever in tackling their respective tasks.

Business Development for the Year Ending December 2017

Improving earning power and accelerating business development in strategic fields

In order to achieve growth in the medium to long term and expand our customer base, we must increase profits in a sustainable manner. In fiscal 2017 (year ending December 2017), we will focus on “profit increase” as the source of our growth, along with “sales increase” to be achieved through accelerated business development in strategic fields.

To be specific, we will be committed to ceaselessly improving manufacturing capabilities, which is a perpetual obligation of manufacturers, through deployment of the Kubota Production System (KPS). The lead time reduction project launched in 2016 is an example of our commitment. This project aims at not only reducing the lead time in every business process but also expediting improvements. Moreover, we will deploy the KPS not only to all of our plants both inside and outside Japan, but to indirect departments and the entire supply chain in cooperation with hundreds of our supplier companies, thereby improving business efficiency.

At the same time, through the deployment of the KPS to all Group companies and segments starting from fiscal 2017, we will thoroughly eliminate waste in all processes from order receipt to purchasing, production, shipment,

delivery, sales, and collection of receivables, and will also achieve just-in-time operations. Furthermore, by improving the speed of product supply through the lead time reduction project, we will reduce inventory and expand market share.

As to business development in strategic fields, we will accelerate our initiatives in the businesses of agricultural machinery for upland farming and overseas construction machinery.

In the business of agricultural machinery for upland farming, full-scale deployment of the M7001 Series large tractors for upland farming is urgently necessary. This series has gained a very good reputation from customers and dealers for its highly competitive performance in all aspects of farm work, such as operability, productivity, compatibility with implements, and durability. We will further promote product improvement and development tailored to the needs of each market in Europe, North America, Japan and others, as well as the prompt provision of services, thereby expanding the business.

In the business of overseas construction machinery, with skid steer loaders added to our product lineup of compact excavators and compact truck loaders, we are ready to expand our share in the market. We will enhance our sales activities to solidify the base for becoming the top small-sized construction machinery manufacturer in the North America market.

In order to accelerate the business development in the strategic fields, we will also place high priority on the development of advanced technologies, such as IoT (Internet of Things) and Robot technologies while working to raise the fundamental technology development capabilities, with the aim of further enhancing our competitiveness.

Pursuing CSR Management

Placing greater emphasis on social responsibility amid global business expansion

For the realization of GMB, fulfillment of CSR, corporate social responsibility, from a global perspective will become increasingly important. Through earnestly engaging in CSR activities based strongly on our corporate



philosophy, the Kubota Global Identity, we will build and strengthen relationships of trust with customers and communities all over the world.

For quality, in particular, we will reinforce concrete measures to create products with the quality appropriate for GMB, comprising more attractive value that will make customers feel happy to use them.

Ensuring compliance is also very important. Keeping in mind the basic principle of “Under no circumstances shall a member of the Kubota Group seek sales or profit at the expense of sacrificing the dignity of the entire Group,” we will perform business operations in compliance with the laws and regulations.

In the aspect of the environment, in accordance with “Medium-Term Environmental Conservation Targets 2020,” we will advance our initiatives for both production activities and products. Not only responding to the environmental regulations, we will also aim to create new environment-related businesses by utilizing our environmental technologies.

Kubota conducts business activities in around 110 countries around the world. To realize GMB Kubota in an era of global competition, we will enhance initiatives to ensure diversity and good working environment. We actively recruit non-Japanese managers to promote localization of management, create a workplace environment where women and other diverse human resources easily play active roles, and promote revision of the personnel system and enhancement of education and training programs. At the same time, we will advance initiatives to help improve work efficiency and reform working style, thereby supporting childbirth, childcare, and nursing care of our employees. By also making efforts to

ensure safety management, we will comprehensively improve our corporate vitality as the source of our competitiveness.

To Our Stakeholders

Realization of GMB is a high target for the Kubota Group. We will make company-wide efforts to tackle this challenge, keeping close to our heart the message left by our founder Gonshiro Kubota: With the strong belief of “It can be done,” you can achieve anything. Taking over the tradition of a company that achieved domestic production of water pipes and mechanization of agriculture for the first time in Japan, thereby contributing to the development of society, we will make continuous efforts to become a company trusted by customers and society.

We sincerely request your continuous support.

March 2017

Masatoshi Kimata

**President and Representative Director,
Kubota Corporation**

Financial Highlights

- Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, some data on the chart below is presented on the 12-month basis, which commenced on January 1, 2015 and ended on December 31, 2015, as a reference. Return on assets and return on equity of the year ended December 31, 2015 are calculated on the 12-month basis only.
- Kubota Corporation adopted the new accounting standard related to debt issuance costs on January 1, 2016. To reflect the impact of this change, the results for the previous years have been retrospectively adjusted.

Three-year Summary of Key Financial Data	Mar. 2015	Dec. 2015 (9 months)	Dec. 2016
Operating results for fiscal year (in billions of yen)			
Revenues	¥ 1,584.3	¥ 1,244.8	¥ 1,596.1
Operating income	203.1	166.9	188.8
Income before income taxes and equity in net income of affiliated companies	210.7	169.5	197.0
Net income attributable to Kubota Corporation	139.5	110.1	132.5
Capital investments	50.4	35.3	65.4
Depreciation and amortization	38.2	31.2	43.4
R&D expenses	39.5	29.6	43.0
Net cash provided by operating activities	85.9	197.0	185.0
Free cash flow ^{*1}	39.5	157.8	128.8
As of fiscal year-end (in billions of yen)			
Total assets	¥ 2,472.2	¥ 2,532.9	¥ 2,670.6
Shareholders' equity	1,100.1	1,140.3	1,198.8
Interest-bearing debt	765.1	768.7	818.0
Per share data (yen)			
Earnings per share (EPS) ^{*2}	¥ 111.68	¥ 88.47	¥ 106.58
Book-value per share (BPS) ^{*3}	883.10	916.28	966.19
Annual cash dividend	28	28	30
Financial indicators			
Operating margin (%)	12.8	13.4	11.8
Return on assets (ROA) ^{*4} (%)	9.2	—	7.6
Return on equity (ROE) ^{*5} (%)	13.7	—	11.3
Shareholders' equity to total assets (%)	44.5	45.0	44.9
Payout ratio (%)	25.1	31.6	28.1
Net debt equity ratio ^{*6} (times)	0.59	0.55	0.54

^{*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 issued including treasury stock as of each balance sheet date

^{*4} Return on assets (ROA) = Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and ending balance)

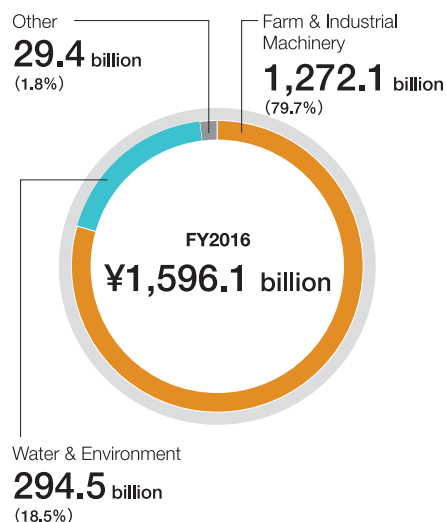
^{*5} Return on equity (ROE) = Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and ending balance)

^{*6} Net debt equity ratio = (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity

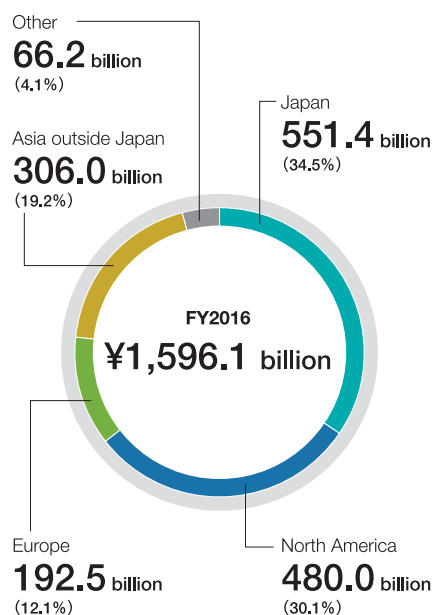


Please refer to the Annual Securities Report for the detailed financial information.
<http://www.kubota-global.net/company/ir/financial/yuho/index.html>

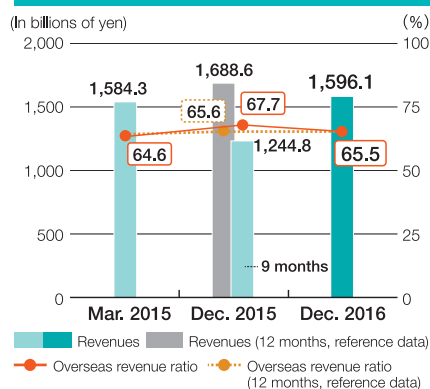
Revenues by reporting segment



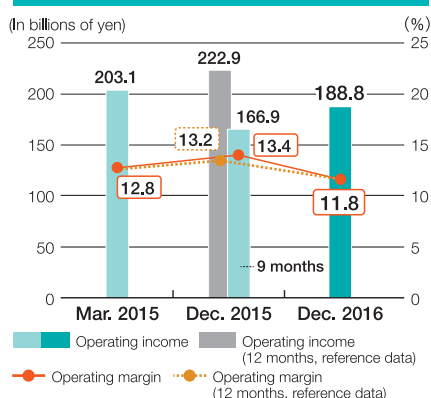
Revenues by region



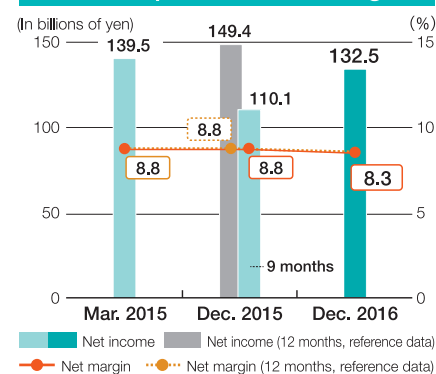
Revenues and overseas revenue ratio



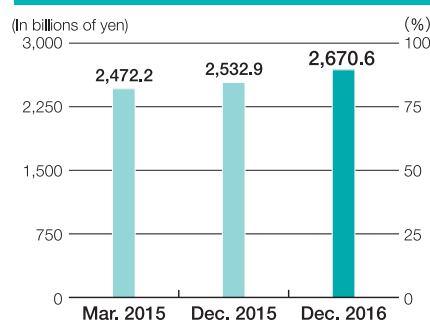
Operating income and operating margin



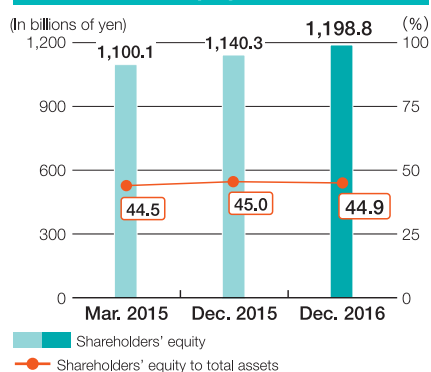
Net income attributable to Kubota Corporation and net margin



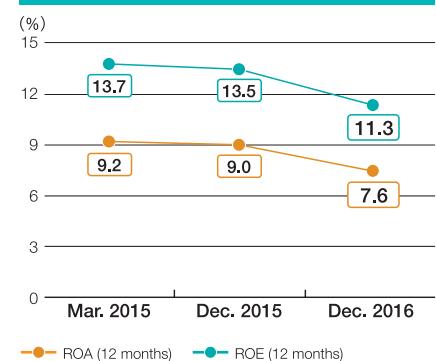
Total assets



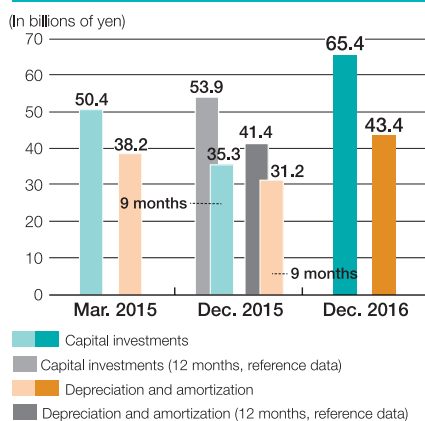
Shareholders' equity and shareholders' equity to total assets



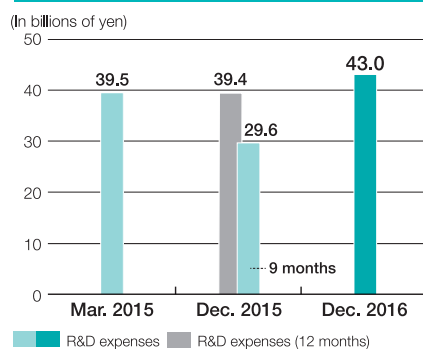
ROA⁴ and ROE⁵



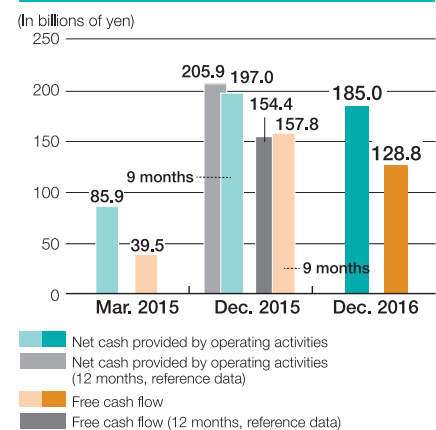
Capital investments, depreciation and amortization



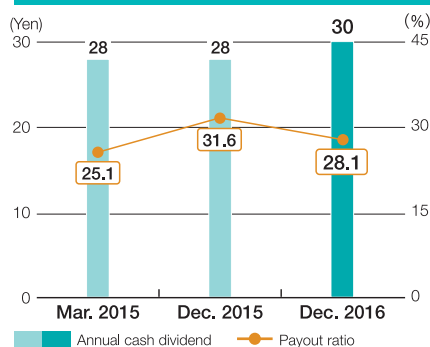
R&D expenses



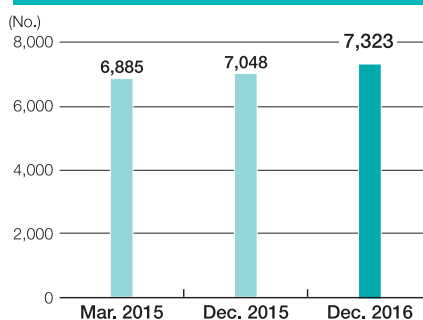
Net cash provided by operating activities and free cash flow¹



Annual cash dividend per share and Payout ratio



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



Inclusion in SRI Indices



Business Overview

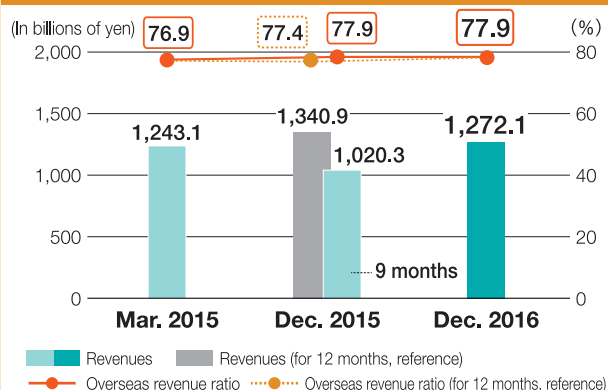
Farm & Industrial Machinery

Results of FY2016

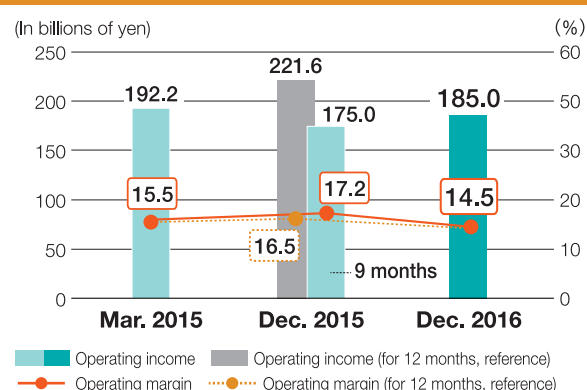
Revenues in Farm & Industrial Machinery decreased by 5.1% from the same period in the prior year to ¥1,272.1 billion and accounted for 79.7% of consolidated revenues. Domestic revenues decreased by 7.0% to ¥281.5 billion. Overseas revenues decreased by 4.6% to ¥990.7 billion. Operating income decreased by 16.5% to ¥185.0 billion.

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the year ended December 31, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on December 31, 2015.

Revenues and overseas revenue ratio



Operating income and operating margin



Launching multipurpose tractors tailored to local needs in the Indian market

In India, the largest tractor market in the world, tractors are used year-round, not only for agricultural work but also for towing trailers to transport farm produce and construction materials. Kubota developed a multipurpose tractor specifically designed to meet the unique needs of the Indian market, and started mass production and sales at the end of 2015. This model is heavier than conventional tractors, and demonstrates excellent towing performance and high durability against use under severe conditions. With this launch of tractors tailored to local needs, Kubota will proactively open up the Indian market.



Multipurpose tractor transporting sugar cane

Launching two combine harvester models to satisfy the needs of the Chinese market

Recently in China, professional contract harvesters, who are entrusted by farmers to harvest their crops, have been increasing, operating in severe competition with each other.

Since they use different sizes of trucks to unload rice hulls from combine harvesters and park the trucks in a variety of places, Kubota has launched the head-feeding combine harvesters equipped with rotary unloaders, which can be used under various conditions. Also, in response to the rising demand for higher-performance machines to win competitions between professional contract harvesters, Kubota has also introduced crawler-type conventional combine harvesters with horsepower improved from 67 to 99, thereby satisfying the needs of the rapidly changing Chinese market.



Head-feeding combine harvester
PRO588i-G (rotary unloader model)



Crawler-type conventional combine
harvester PRO988Q

Full-scale launch of the M7 Series large tractors for upland farming in the Japanese market (won the Good Design Award 2016)

In Japan, where the number of large-scaled farmers has been increasing and the scale of farming operation has been expanding, there is growing need for agricultural machines with improved work efficiency and operability. In response to this need, Kubota has fully launched the M7 Series for the large-scale upland and dairy farming market in Japan. By introducing models equipped with an auto-steering function, thereby enhancing the lineup of its GPS machinery called the Farm Pilot series, Kubota aims to contribute to improving the productivity of farming operations in Japan. This M7 Series won the Good Design Award 2016. Its performance in reducing the burden of workers and its dynamic design demonstrating the tractor's inherent strengths were highly regarded.



The cabin designed to ensure comfort for long work hours

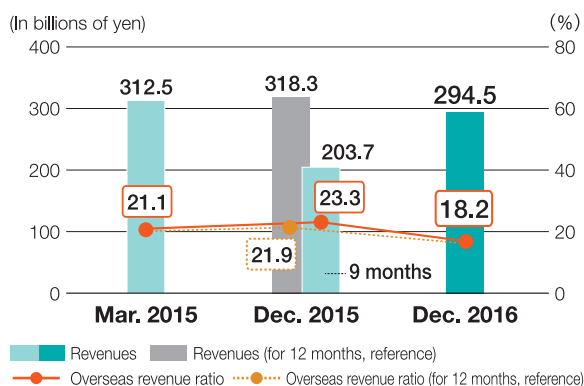
Water & Environment

Results of FY2016

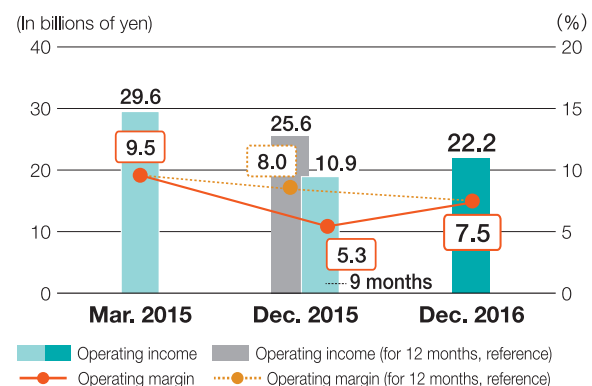
Revenues in Water & Environmental Infrastructure decreased by 7.5% from the same period in the prior year to ¥294.5 billion and accounted for 18.5% of consolidated revenues. Domestic revenues decreased by 3.2% to ¥240.9 billion. Overseas revenues decreased by 22.8% to ¥53.7 billion. Operating income decreased by 13.3% to ¥22.2 billion.

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the year ended December 31, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on December 31, 2015.

Revenues and overseas revenue ratio



Operating income and operating margin



Contributing to the improved living environment in Bangladesh through the construction of waterworks infrastructures (receiving orders for the second phase)

In Chittagong, the second largest city in Bangladesh, a project to improve the waterworks infrastructure is under way. Kubota Construction Co., Ltd. took part in the first phase of the water pipe (ductile iron pipes for water conveyance) installation project (total length of 68 km, JV* with Marubeni) and received a continuous order for the project's second-phase work (total length of 35 km, JV with Kolon Global Corporation of Korea), thanks to high evaluation of its experience and performance in the first phase. The project is intended to be completed in 2019.

Kubota will contribute to ensuring safe water supply and improving the living environment of the residents of Chittagong, by making full use of its know-how of waterworks infrastructure development that it has cultivated for over a century.



*JV: Joint Venture, referring to an organization formed by multiple companies to jointly run a business.

Instructing local engineers of the installation procedure

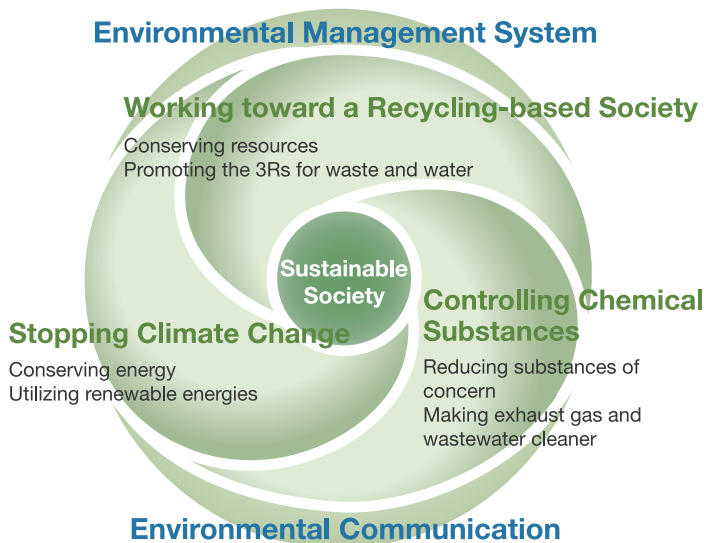
Commitment to the Environment

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 its business, the Group contributes to building a sustainable society.

Environmental Management Basic Policy

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.”



VOICE

Message from the Environmental Conservation Control Officer

Toward Realization of “For Earth, For Life”



Kenshiro Ogawa

Director and Senior Managing Executive Officer
General Manager of Manufacturing Engineering Headquarters
Kubota Corporation

The Kubota Group upholds the slogan “For Earth, For Life” as its mission, and contributes to the conservation of the global environment through “Made by Kubota” manufacturing activities. We promote environmental management led by members at the management level, and accelerate initiatives to reduce the environmental loads and environmental risks and enhance the lineup of eco-friendly products, with the aim of achieving its Medium and Long-term Environmental Conservation Targets.

We will also promote the complete elimination of waste and loss in the use of energy and resources and make continuous efforts for improvement, based on the concept of the Kubota Production System. For products, while working to expand the sales ratio of Eco-Products, we will also enhance our products and services, such as IoT solutions, which will contribute to the conservation of the environment and the solution of customers’ problems.

The Kubota Group will continue to make united efforts to support the conservation of the global environment and promote environmental management appropriate to GMB Kubota.

Environmental Management Promotion System

Besides the Environmental Management Strategy Committee, which is comprised of executive officers, Environmental Manager Conferences are held in the five regions of Japan, China, Asia, North America, and Europe. Through holding these meetings, we promote strategic and unique environmental management led by management-level members.

Medium- and Long-Term Environmental Conservation Targets

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

Long-Term Environmental Conservation Targets 2030

Efforts to Stop Climate Change

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

Efforts to Develop Environment-Conscious Products

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

Aim to put all new products which are certified as Eco-Products on the market in 2030 and later

As an “Eco-First Company”



In May 2010, the Kubota Group was certified by Japan’s Minister for the Environment as an “Eco-First Company” due to its commitment to environmental conservation. In 2016, the Group submitted an application to renew its Eco-First commitments based on the new medium and long-term targets.

Medium-Term Environmental Conservation Targets 2020

Scope	Issues	Action items	Management indicators	Base year	Targets for 2020
Global production site	Stopping Climate Change	Reduce CO ₂	CO ₂ emissions per unit of production	2014	▲14%
		Save energy	Energy consumption per unit of production	2014	▲10%
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲10%
			Recycle ratio (Japan)	—	More than 99.5%
			Recycle ratio (Overseas)	—	More than 99.0%
Product		Conserve water resources	Water consumption per unit of production	2014	▲10%
	Controlling Chemical Substances	Reduce VOCs	VOC emissions per unit of production	2014	▲10%
		Expand Eco-Products	Sales ratio of Eco-Products	—	More than 60%
		Promote recycling	Usage ratio of recycled materials	—	More than 70%
	Improving Product’s Environmental Performance	Develop vehicles compliant with gas emission regulation	Development of industrial diesel engines that comply with the latest emission regulations of Japan, the US and Europe and putting on the market of the engine-based products		

* The website provides detailed information on the Medium and Long-Term Environmental Conservation Targets and the results thereof.



For more details, please see the Full Report version on our website.
<http://www.kubota-global.net/report/index.html>

Reducing Environmental Loads at Business Sites

Activities to Reduce Environmental Loads

Toward achieving the Medium and Long-Term Environmental Conservation Targets, various activities to reduce environmental loads are being conducted at each business site.

VOICE

Developing pre-paint treatment solution available at room temperature to reduce the consumption of natural gas for boilers



Tanong Praisiri

SIAM KUBOTA
Corporation Co., Ltd.
Amata Nakorn Plant
Foreman of B Tractor &
Part Production
Department

At SIAM KUBOTA Corporation Co., Ltd. Amata Nakorn Plant (Thailand), we have succeeded in enabling room-temperature management of the pre-paint treatment solution, which used to require heating up to 45 to 50°C, in the painting line (development started in 2011 in cooperation with the manufacturer). As a result, operation of the four boilers, which had consumed approx. 60% of the natural gas used at the plant, became unnecessary, resulting in substantial reduction of the use of natural gas.

Example of VOC Emissions Reduction Activity



KUBOTA Baumaschinen GmbH (Germany) has installed the VOC removal equipment that employs zeolite as the adsorbent for emissions treatment of the painting line, thereby reducing VOC emissions into the atmosphere.

Environmental Management

Environmental Management System

Based on its internal control system, the Kubota Group is establishing environmental management systems at each site and enhancing its risk management activities. In recent years, we have engaged in activities to strengthen environmental management at our overseas sites.



Kubota Industrial Equipment Corporation (U. S.)

Environmental Auditing and Risk Assessment

By conducting two types of risk management activities from different viewpoints at its production sites both inside and outside Japan, Kubota aims to further reduce risks.



Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China)

Receiving Environmental Awards

Several overseas sites have been awarded by local government organs for their proper operation of the environmental management system and compliance with local laws and regulations.

Environmental Education and Enlightenment

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

Compliance with Environmental Laws and Regulations

To ensure compliance with environmental laws and regulations, the Kubota Group has set own control values that are stricter than the relevant laws and regulations, thereby implementing the thorough management of exhaust gas and wastewater. Despite these efforts, however, we had three inappropriate incidents in 2016 (exceeding of the wastewater regulation value, the leakage of cooling water, and the inappropriate treatment of a PCB-containing device), and a case of exceeding the wastewater regulation value in 2017. None of these cases resulted in any serious incidents, and we implemented necessary countermeasures and are working to prevent recurrence.

Expanding Environment-friendly Products and Services

Internal Certification System for Eco-Products

The Kubota Group's internal certification system for Eco-Products was introduced to internally certify products with exceptional environmental friendliness. We evaluate products in accordance with each item stipulated in the Basic Direction of Corporate Environmental Management established by the Kubota Group; namely, "Stopping Climate Change," "Working towards a Recycling-based Society" and "Controlling Chemical Substances", and certify those products that satisfy our internal standards as Eco-Products.



Please refer to our website for a list of certified Eco-Products.

<http://www.kubota-global.net/company/environment/ecopro/>

Eco-Products

Products with high environmental friendliness that have fulfilled Kubota's internal requirements



Super Eco-Products

Products that have achieved outstanding environmental friendliness by being the first of their kind, receiving high external evaluations, etc.

Products certified as Eco-Products in 2016 (excerpt)



Tractor
Slugger Series
SL35HQ

Compliant with exhaust
gas regulations



Construction
Machinery
Compact Excavator
U-40-6E

Saving energy

Compliant with exhaust
gas regulations



Earthquake-Resistant Ductile Iron Pipe
GX-type
Nominal dia. 400

Conserving resources

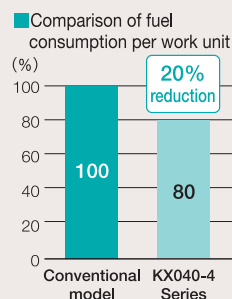
Reducing environmentally
hazardous substances

Environmental Considerations in the Product Life Cycle

The Kubota Group handles a diverse range of products, from agricultural and construction machinery to pipe systems and water treatment equipment. Since each product life cycle has a different rate and scale of environmental load generation, it is important to employ an approach to reducing the environmental load appropriate to the characteristics of each product.

Example of environmental consideration in construction machinery

For the Compact Excavator KX040-4 Series, Kubota has reduced fuel consumption during use by 20% compared to conventional models, by employing Kubota's unique hydraulic system¹ and energy-saving engine.²



Compact Excavator KX040-4 Series

¹ Equipped with the "eco PLUS" function to perform optimal hydraulic control according to the work load

² Downsized engine with a direct-injection combustion system

Commitment to Society

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

Relationships with Our Customers

Offering superior products, technologies and services

Based on the Customer First Principle, Kubota aims to offer products and services that exceed customers' needs at a speed that exceeds their expectations. To this end, we seek what we have to do to maximize customer satisfaction based on the "Priority Onsite" perspective, and put into immediate action whatever we can. We will establish a "Global Major Brand" that is trusted by the largest number of customers and can make the greatest social contribution.

- The Kubota Group seeks to win customer satisfaction and confidence by offering innovative products, technologies, and services that meet their needs.
- The Kubota Group strives to produce superior quality products while securing product safety.

—From the Kubota Group Charter for Action

VOICE

We worked at the Sakai Plant as trainees from KEW for about two months.



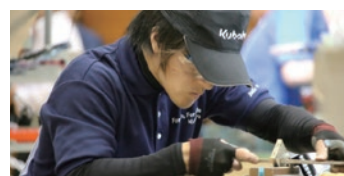
**Xu Lin,
Zhou Linlin**

Kubota Engine (Wuxi)
Co., Ltd.

We discovered many things to learn in manners and attitudes toward work. For example, at the Sakai Plant, we saw all the members greeting each other loudly and briskly. We were also impressed by their attitude of voluntarily improving their work processes and inspecting equipment. After returning to our country, we are making use of what we have learned through this training in our operations. At the same time, we have also summarized important points and use them in our training of new members.



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



National Skills Competition



Service Technical Skills Contest

R&D

To offer products that impress customers throughout the world, Kubota clarifies the role of the development sites and promotes the establishment of a global R&D system Japan as global hub. Kubota also promotes collaborations with external partners, in order to accelerate development.

Production and quality

Kubota promotes initiatives to establish a global production system toward the realization of "Global Major Brand Kubota," as well as proactive quality activities to prevent problems in advance, periodic quality auditing, and standardization of quality management systems.

Services

The Kubota Smart Agri System, with a new service added to support the stable operation of machinery, has enabled the provision of an appropriate maintenance service for each customer. Kubota also holds contests to compete on service skills and proposals, and conducts customer satisfaction surveys.

Recent Recall Status

- ER combine harvester recall (recall notification No. 3784) ▶
Total 3,650 units (began on March 25, 2016)
 - ER combine harvester recall (recall notification No. 3785) ▶
Total 1,234 units (began on March 25, 2016)
- For details, please see <http://www.kubota.co.jp/important/index.html> (Only in Japanese)
We deeply apologize for the inconvenience caused to our users.

Relationships with Our Shareholders and Investors

Timely and appropriate release of information

Kubota strives to enhance its corporate value in the mid-to-long term by maintaining a continuing dialogue with its stakeholders through proactive IR activities. With disclosure in a timely and appropriate manner, Kubota also aims to earn the trust of its stakeholders and establish a broad base of shareholders. Furthermore, Kubota will further enhance communication through such initiatives as providing easy-to-understand corporate information and product information, and revising the structure of the entire Group website.

- The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities.

—From the Kubota Group Charter for Action

Relationships with Business Partners

Promoting fair and equitable trade

The Kubota Group procures materials according to its Procurement Policy, which is formulated based on the key ideas of providing fair opportunities, economic rationality, mutual trust, social trust, and CSR procurement. Also, in line with rapidly increasing procurement at overseas production bases, the Kubota Group promotes Kubota Global Optimum Procurement through the establishment of a global supply system. Having established the Group CSR Procurement Guidelines and by requesting business partners to submit a consent form indicating their intention to observe the terms of these guidelines, Kubota is encouraging their initiatives that target safe work practices, respect for human rights, and other important factors. Kubota also requests the cooperation of business partners in surveys on conflict minerals.

- The Kubota Group conducts its corporate activities with high moral standards while observing the letter and spirit of the laws and regulations of the relevant countries and regions in which we do business; while embracing sound social ethical principles and integrity.

—From the Kubota Group Charter for Action



For more details, please see the Full Report version on our website.
<http://www.kubota-global.net/report/index.html>

Involvement with Regional Society

Contributing to local communities

The Kubota Group respects the cultures and customs of each country and region in which it conducts businesses, and endeavors to establish relationships of trust with local communities. Moreover, to fulfill its responsibilities as a corporate citizen, Kubota proactively engages in social contribution activities in the areas of food, water and the environment, as well as through corporate sporting events, while conducting various activities overseas. The Group also continuously promotes activities to support the revitalization and reconstruction of areas affected by natural disasters.

■ The Kubota Group respects the cultures and customs of all countries and regions and seeks to build relationships of trust through our actions and communications with local societies, while striving to be a good corporate citizen.
 —From the Kubota Group Charter for Action

Response to Asbestos Issues

Kubota takes very seriously the fact that some residents and employees living in proximity of the former Kanzaki Plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.
 For details please see: <http://www.kubota.co.jp/kanren/index.html> (Only in Japanese)

Kubota e-Project

Started in FY2008 in an effort to contribute to society in the areas of food, water and the environment.



Kubota TERRA-KOYA summer camp

Overseas activities

Supporting well construction in India, providing education for next-generation farmers in Thailand, holding charity events in the U.S., etc.



Supporting well construction in India

Corporate sporting events

Managing a rugby league team Kubota Spears, to teach rugby to children



Tag rugby lesson

Supporting disaster-affected areas

Supporting the revitalization and reconstruction of disaster-affected areas in Tohoku and Kumamoto through offering educational programs for next-generation farmers, providing products, and various other activities.



Helping with rice transplanting practice at agricultural high schools in Miyagi and Fukushima Prefectures.

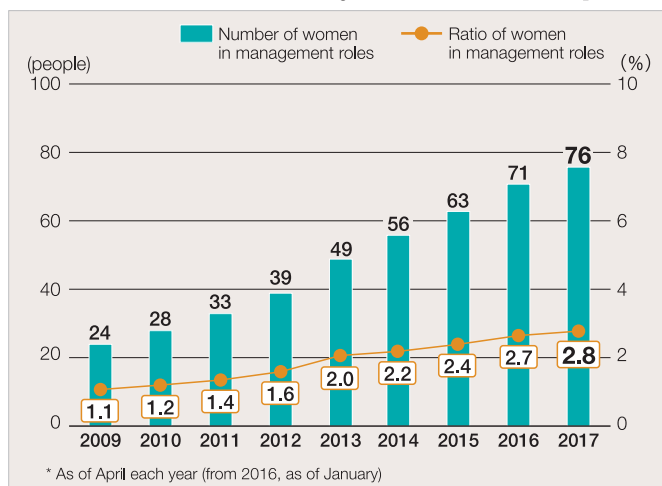
Relationships with Employees

Providing safety and motivation in workplaces

The Kubota Group aims to create a corporate culture wherein its employees feel pride and joy in working for the Group, and to create vibrant workplaces where employees can work safely and securely and feel motivated. Efforts are also made overseas to improve the employee-related measures of the entire Group by conducting audits and interviews, based on the Kubota Group Charter for Action & Code of Conduct.

■ The Kubota Group maintains a safe and healthy working environment and continually works to improve and safeguard workplace conditions.
 ■ The Kubota Group respects the human rights and dignity of all people, and does not violate human rights.
 ■ The Kubota Group respects the diversity, creativity, and challenging spirit of its employees and promotes a vibrant work environment.
 —From the Kubota Group Charter for Action

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



Safety

Formulated the Kubota Group Basic Policies on Safety and Health in 2013 for the purpose of creating a safer and more secure workplace for all employees



The Kubota Group Safety and Health Meeting

Diversity

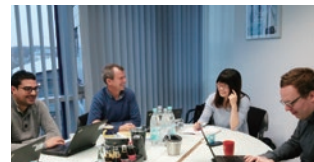
Empowering women in the workplace by developing human resources systems and training programs. Also, establishing two special subsidiaries to promote the independence of people with disabilities



Training for women in managerial positions (joint sessions with supervisors)

Globalization

Expanding the overseas trainee system, formulating guidelines for accepting trainees, continuously offering language training programs for new recruits, etc.



Overseas trainee system

Human rights

Declaring respect for human rights in the Code of Conduct, carrying out activities to raise awareness of human rights both in Japan and overseas, holding human rights training, and setting up consultation hotlines



Human rights training concerning LGBT-related issues for directors and managers

Healthy and lively work environment

Promoting early detection and prevention of mental health problems, while enhancing initiatives to secure a work-life balance



Mental health training session

CSR mindset

Offering training sessions for the purpose of instilling the corporate philosophy, while hosting CSR forums for management-level employees and conducting CSR awareness surveys among employees



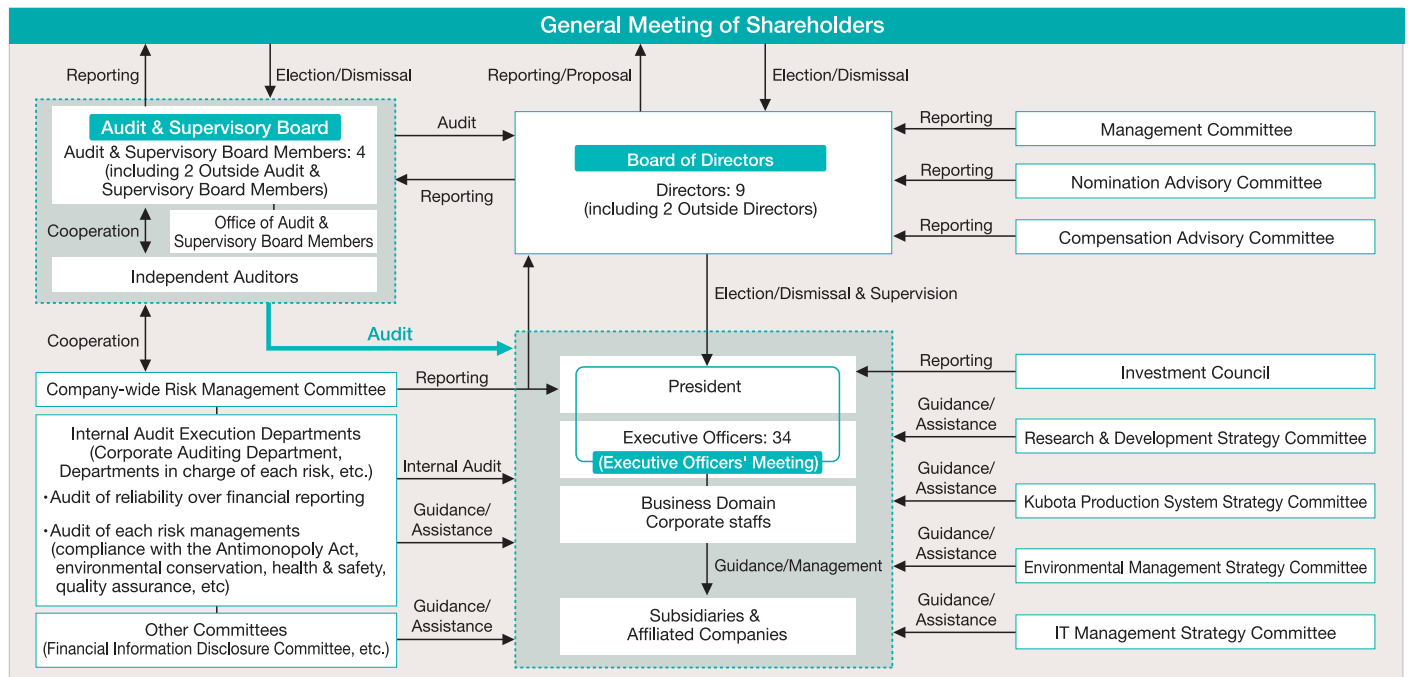
Activities to instill the Corporate Philosophy

Commitment to Corporate Governance

In order to speed up its response to management conditions and improve transparency in its management, Kubota has been committed to enhancing its corporate governance structure. 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 (as of March 24, 2017)



	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
Objective	To make strategic decisions and oversee the execution of duties by Executive Officers	To oversee and audit the execution of duties by Directors	To enhance the execution of duties in regions or operation sites and make prompt and proper management decisions
Members	9 Directors (including 2 Outside Directors) • Attendance rate of Outside Directors (Jan.-Dec. 2016) Yuzuru Matsuda (100%), Koichi Ina (83.3%)	4 Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members) • Attendance rate of Outside Audit & Supervisory Board Members (Jan.-Dec. 2016) Akira Morita (100%), Teruo Suzuki (100%)	President and Representative Director (hereafter, "President") and Executive Officers (34 members)
Meeting frequency	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)
Contents	Discuss and make decisions on important management issues (Matters relating to management planning, financial planning, investment, business restructuring, etc.)	Discuss and make decisions with regard to auditing policy, audit reports, etc.	The President instructs 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.



Kenshiro Ogawa
Director and Senior
Managing Executive
Officer

Satoshi Iida
Director and Senior
Managing Executive
Officer

Yuzuru Matsuda
Outside Director

Nomination Advisory Committee, Compensation Advisory Committee

Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

The Nomination Advisory Committee met once during the fiscal year for the purpose of discussing the election of newly selected candidates for the Board of Directors and the reappointment of existing Directors. The Compensation Advisory Committee met three times to revise the compensation system for Directors and Executive Officers and discussed the introduction of a system for compensation through the granting of shares of Kubota Corporation. (One of these meetings was for the approval of written resolutions.)

Training for Executives

The Company holds executive forums related to CSR, human rights, safety, environment, quality and other subjects, and provides opportunities for acquiring and updating knowledge necessary for the supervision of operations. During the period from January to December 2016, a total of 140 executives participated in the forums. In overseas subsidiaries and affiliated companies, and at the regional offices in Japan, the Company holds the Meetings of the Board of Directors, conducts inspections and engages in discussions with on-site executives (once or more a year each in Japan and overseas) in order to advance their understanding of the activities of these businesses and make appropriate management decisions.



CSR Forum
(Lecture session for management-level employees)



For more details, please see the Full Report version on our website.
<http://www.kubota-global.net/report/index.html>

Internal Control System

The internal control system of the Kubota Group is a mechanism to determine the rules to be observed in performing business operations and to check whether business operations are managed in compliance with such rules. This system consists of the segments of "business management," which entails the performance of business operations based on rules, and "risk management," which entails the management of major risks in management. Each department in charge implements the actions to be promoted and conducts audits of the relevant operational division, and reports the results to the Board of Directors as a report on the results of risk management activities. The Board of Directors verifies that there are no inadequacies in the internal control system that could have a serious impact on corporate management with regards to the organization and operation of the management system for key risks identified by Kubota.

While accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

Risk management items

Internal control over financial reporting

Financial reporting

Internal control over the basic functions of the company

Fair trade / Environmental conservation / Health and safety / Quality assurance / Labor management / Information security / Intellectual property

Internal control over compliance

Compliance with rules and regulations related to equipment / Earthquake and other disaster response management / Compliance with the Construction Business Act / Human rights advancement / Safe driving management / Prevention of illegal payments / Confidential information management / Protection of personal information / Import and export control / Compliance in logistics

Whistleblowing System (Kubota Hotline)

As a framework to support risk management, Kubota operates a whistleblowing system. This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture.

Types of contact points and matters handled

CSR Planning Department (issues other than human rights), Human Rights Advancement Department (human rights issues), consultation by external lawyers

Available to

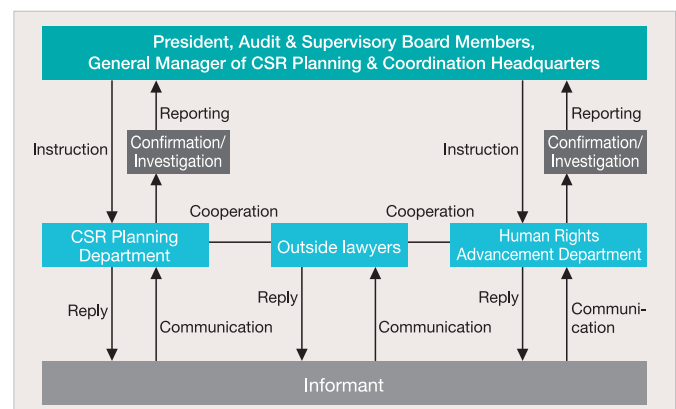
Full-time, part-time and temporary employees of Kubota and its group companies in Japan

Number of cases reported

January to December 2015: 37 cases;
January to December 2016: 30 cases

* Each overseas location handles reporting individually and notifies the head office of any significant issues.

Kubota Hotline Flowchart



Major Products of the Kubota Group

Mobilizing the Kubota Group's collective strength and water and the environment

Farm & Industrial Machinery



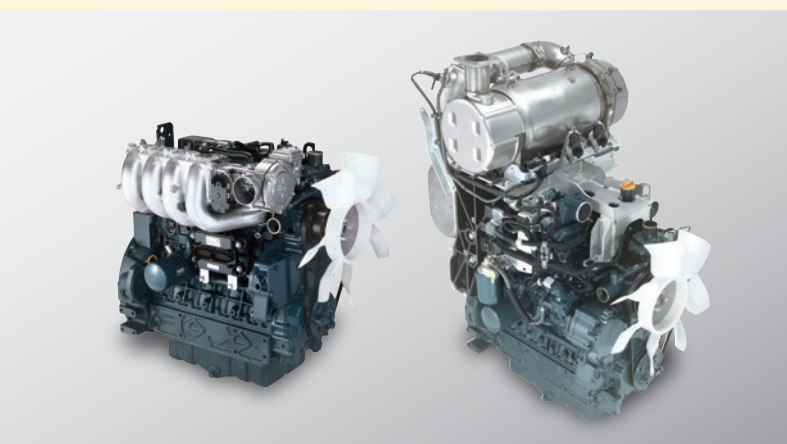
Tractors:

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



Combine harvesters:

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



Gasoline engine (left) / Diesel engine (right)

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



Compact excavators:

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

Water & Environment



Ductile iron pipes:

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



Plastic pipes:

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

contributing to solutions in the areas of food,



Rice transplanters:

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



Utility vehicles:

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



Implements:

connected to tractors and used for a variety of tasks.



Riding mowers:

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



Mini power tillers:

used in smaller farms for tilling and other agricultural operations.



Air-conditioning:

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



Wheel loaders:

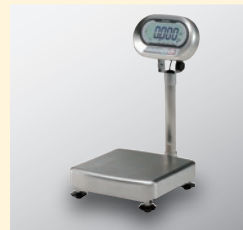
used mainly for transporting and stacking tasks at construction sites, farms, etc.



Compact truck loaders:



Skid steer loaders:



Platform scales:

used for measurement in plants or for the agricultural or fishery industry.



Vending machines:

used for the automatic sales of products, including drinks.



Pumps:

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



Valves:

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



Cast steel:

used at petrochemical plants for ethylene purification and other operations.



Submerged membranes:

used to purify wastewater, including industrial and domestic sewage.



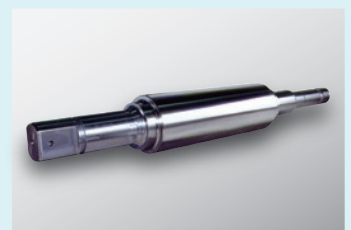
Wastewater treatment tanks:

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



Spiral welded steel pipes:

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



Rolls:

used in the rolling process, mainly at steel plants.

History of Kubota



Still Carrying on the Pioneering Spirit of the Founder, Gonshiro Kubota

Gonshiro Kubota
(1870–1959)

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

Kubota's history began in February 1890, when the 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. Against the backdrop of many companies failing in the manufacture of water pipe, Gonshiro engaged in research maintaining the strong beliefs of "It can be done" and "Don't be afraid of making mistakes." Undergoing much hardship, he became the first in Japan to succeed in the mass production of iron water pipe in 1893, and built a business based on providing people with safe and secure drinking water.

Promoting the Mechanization of Agriculture Due to Post-War Food Shortage

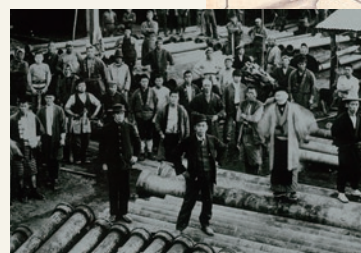
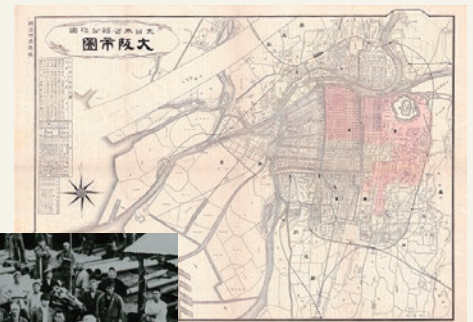
Believing that "In the future, machines will replace shovels and hoes," Gonshiro began researching the mechanization of agriculture around 1935. In 1947, he succeeded in developing a cultivator to meet the expanding post-war food demand. This cultivator rapidly grew in popularity due to labor shortages 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 exhausting labor in agricultural work.

Pioneering Spirit Still Going Strong After Nearly 130 Years

Kubota contributes to society with products, technologies and services that resolve issues relating to food, water and the environment. This success derives from the spirit passed down from Gonshiro Kubota, who believed "For the prosperity of society, we need to put all of our efforts into creation," and "Our products should be not only technically excellent, but also useful for the good of society." The pioneering spirit of the founder Gonshiro Kubota remains strong in the hearts and minds of Kubota's employees even today, nearly 130 years later.

History

- 1890 Founded a 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 stock exchange
- 1947 Developed 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 U.S. 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 Minister of the Environment
- 2011 Established regional headquarters in China and completed construction machinery plant
- 2012 Established global corporate philosophy—the Kubota Global Identity—and adopted a new brand statement logo, "For Earth, For Life"
Acquired Kverneland AS of Norway and made it a subsidiary
- 2014 Established a large upland farming tractor manufacturing company in France
- 2015 Launched multipurpose tractors in India
- 2016 Acquired Great Plains Manufacturing, Inc. of U.S. and made it a subsidiary

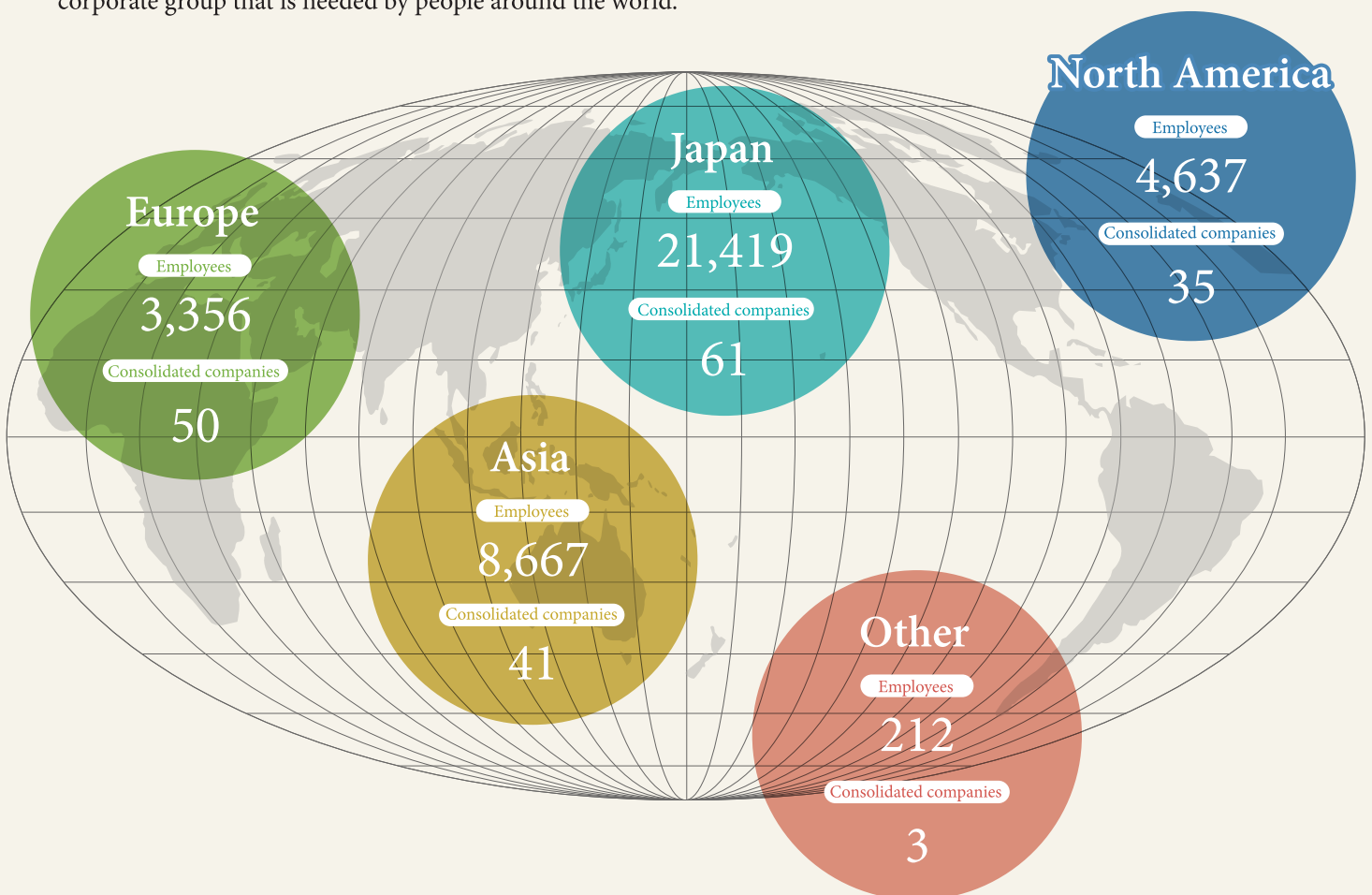


Young Gonshiro Kubota (front center in photo)

Kubota's place of origin around (now) 2-Chome, Nihonbashi, Chuo-ku, Osaka City (approx. 400 m northeast of the present Head Office)

From the corner of an old tenement house to the world

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. Kubota will further enhance its global management, thereby continuing to grow as a corporate group that is needed by people around the world.



Corporate Data (as of December 31, 2016)

Corporate name	Kubota Corporation
Head office	1-2-47, Shikitsu-higashi, Naniwa-ku, Osaka 556-8601 Japan
Established	1890
Capital	¥84.0 billion
Total number of shares issued	1,241,119,180
Number of shareholders	36,121
Revenues (consolidated)	¥1,596.1 billion
Employees (consolidated)	38,291

With the strong belief
of “It can be done,”
you can achieve anything.

————— from Gonshiro Kubota’s sayings



KUBOTA Corporation

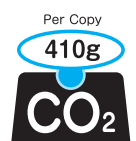
1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka 556-8601, Japan

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