Earth... We protect the environment of this beautiful earth.

Life... We support the prosperous life of human forever.

We Kubota promise above as a business group that challenges global problems of food, water, and environments.

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Basic Concept

The KUBOTA Group views our “Corporate Mission Statement,” which indicates the posture of the company, and “Management Principles,” which declares the mission of the company, to be the foundations behind company activities. A “Charter for Action” consisting of 7 items is also provided as an indicator of the corporate actions necessary for accomplishing the “Management Principles.”

In commemoration of KUBOTA’s 120th anniversary, we adopted a new “KUBOTA Group Slogan” to communicate our determination to contribute to global society in the areas that concern all of humanity: “food,” “water,” and the “environment.” All KUBOTA Group members, both domestic and overseas, are committed to joining efforts and taking concerted actions to achieve this goal.

(For more detailed information, please refer to “Celebrating the 120th anniversary of the company’s foundation” on p.7.)

The KUBOTA Group Slogan

Kubota
For Earth, For Life

Earth…We protect the environment of this beautiful earth. Life…We support the prosperous life of human forever.

We Kubota promise above as a business group that challenges global problems of food, water, and environments.

Corporate Mission Statement

• Work for the development of society by drawing on all 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

Management Principles

The Kubota Group contributes to the development of society and the preservation of the earth’s environment through its products, technologies, and services that provide for the foundation for society and for affluent lifestyles.

Charter for Action

1 Winning Customer Satisfaction
   The Kubota Group seeks to win customer satisfaction and confidence by working to ensure product safety and offering products, technologies, and services that meet customer needs.

2 Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
   The Kubota Group conducts its corporate activities while observing the letter and spirit of legal regulations applicable to its business operations, in accordance with social ethical principles and good conscience.

3 Respecting Human Rights
   The Kubota Group bases its activities on the Universal Declaration of Human Rights, respects human rights, and does not violate human rights. Moreover, the Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

4 Creating a Safe and Vibrant Work Environment
   The Kubota Group maintains a safe and healthy working environment and works to improve workplace conditions. In addition, the Group respects the diversity and creativity of its employees and promotes a vibrant work environment.

5 Preserving the Natural Environment
   The Kubota Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.

6 Achieving Synergy with International and Local Societies
   The Kubota Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

7 Fulfilling Responsibilities for Improving Management Transparency and Accountability
   The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities.

In Editing the CSR Report 2010

This report was compiled in order to report on the CSR activities of the KUBOTA Group in an easy to comprehend manner. The CSR Report 2010 reviews the missions of the KUBOTA Group, which celebrates its 120th anniversary this year, and focuses on corporate activities in the areas of food, water, and the environment, among other issues of material importance for the KUBOTA Group.

Published in the milestone year of the group’s 120th anniversary, the CSR Report 2010 devotes space to introducing the KUBOTA Group’s corporate attitude, which has remained unchanged over the years, and the missions to be pursued into the future. In the “Commitment by Top Management” section, the president talks about his enthusiasm for CSR management in an interview by employees.

This year’s report features two special opening articles—one concerning “water” and the other concerning the “environment”—following a special article on “food” highlighted in the CSR Report 2009. The special report on “water” focuses on the KUBOTA Group’s initiatives to contribute to the improvement of water resources, infrastructure around the world, while the special report on “environment” summarizes discussions held with external experts on the responsibilities of manufacturers in preventing global warming.

The content on corporate activities touches on three (economic, social, and environmental) perspectives and is composed in line with our Charter for Action. The Economic Report introduces KUBOTA’s new products and corporate activities, from the perspective of how these have contributed to society.

The Social Report presents the KUBOTA Group’s activities and achievements in terms of the priority issues for FY2010 and medium-term goals (p.30), while the Environmental Report highlights the group’s environmental efforts under the New Medium-Term Environmental Conservation Plan (p.36). The Social Report also focuses on the PDCA cycle, providing information on corporate activities. The map (p.37) indicates activities newly launched by the KUBOTA Group.

A special article, “progress achieved,” indicates activities that have achieved outstanding progress compared to the previous year.

The CSR Report 2010 highlights various comments from external experts and employees so that feedback from different perspectives will be incorporated into the future CSR activities of the KUBOTA Group.

Information on the CSR activities of the KUBOTA Group is given both in this report and on the official website. For more detailed information not shown in this report, please visit our website at: http://www.kubota.co.jp/english/c-data/csr/2010.html

Scope of the CSR Report 2010

The CSR Report covers the entire KUBOTA Group, in principle.

Economic Report
The Economic Report contains data on the consolidated accounting that was performed based on U.S. accounting standards.

Fiscal year 2010: 105 consolidated subsidiary companies and 19 affiliates accounted for under the equity-method.

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

Environmental Report
The Environmental Report contains the results of environmental management, which are carried out by KUBOTA Corporation itself as well as 70 domestic and 35 overseas consolidated subsidiary companies.

Period covered for this report
The content of this report focuses on activities during fiscal 2010 (April 2009 to March 2010). Some portions may include information on recent events.

Data in the Environmental Report are aggregate totals of domestic (April 2009 to March 2010) and overseas activities (January 2009 to December 2009).

Referenced guidelines
Environmental Report Guidelines (Fiscal Year 2007 version), Ministry of the Environment (Government of Japan)
Sustainability Reporting Guidelines (JRSR: Japan Global Reporting Initiative) [G4]

Publication dates
This report was released in August 2010.

Next scheduled issue: September 2009 “CSR Report 2009”

Notes:

The laws and government and municipal offices and organs, etc., mentioned in this CSR Report are those in Japan, unless otherwise indicated. The term “operations” as used in this CSR Report refers to the areas comprising the country of Japan, while “overseas” indicates countries and regions outside of Japan.

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Contributing to the well-being of society through corporate activities

KUBOTA’s management principles have remained unchanged since its establishment and chart a clear course to the future.

Given that the corporate activities of the KUBOTA Group directly contribute to the betterment of society, the outcomes of its CSR activities serve as an important management indicator for the group. During an interview by employees of CSR-related departments, President Yasuo Masumoto, who has launched a group-wide policy to further strengthen CSR, talks about the significance of CSR for the KUBOTA Group and the future vision of the company, which has just celebrated the 120th anniversary of its establishment.

(The interview was held on April 5, 2010 at the head office of KUBOTA Corporation.)

Promoting CSR management to better address food, water, and environmental problems

Nagamine: At the CSR Planning Department, we began two major programs in the last fiscal year with the recognition of the necessity of raising CSR awareness among all employees to further promote CSR management. One of the programs, which has so far been participated by about 6,000 employees, aims at encouraging all KUBOTA employees to read our CSR report. The other program consists of a training session aimed to help develop ideas for social contribution initiatives, and this was joined by about 600 employees.

I believe that, through these programs, participants now have a better understanding of CSR, which covers such extensive areas that its big picture is often hard to see. Thus, what I would like to ask you, Mr. Masumoto, is this: What does CSR mean to KUBOTA in the first place? Or, why is it necessary for the KUBOTA Group to emphasize CSR management?

Masumoto: What do you think made KUBOTA look toward CSR?

Nagamine: I think compliance efforts were the starting point.

Masumoto: That’s right. Initially, we aimed at enhancing compliance with laws and regulations, and over time, the term “CSR” was introduced to replace “internal control.” This is because KUBOTA assumes an especially important responsibility for society, due to the nature of our corporate activities. There is no doubt that food, water, and environmental problems will impose serious threats to humanity in the 21st century, and I take pride in KUBOTA’s ability to find solutions to these three major problems using state-of-the-art technologies. Taking the water problem as an example, how many people in the world do you think can access safe and sanitary tap water?

Hara: Very few.

Masumoto: Yes, very few people. Aware of this fact, 40 to 50 years ago, KUBOTA set out constructing waterworks in Cambodia, Laos, and other locations. In doing so, KUBOTA made a really impressive contribution: it directly served as a provider of water service.

Once water becomes accessible, the contamination issue has to be addressed, as a next step. If KUBOTA can launch additional efforts to cope with this contamination issue, perhaps we can be helpful in settling various problems that threaten people around the world, and if it becomes possible, we may say that the implementation of our corporate activities itself serves the purpose of CSR management. What do you think?

Nagamine: I feel that CSR has now become a new social indicator. I think that CSR management aims at “building a company with a dream that contributes to the well-being of humanity and that facilitates personal growth,” as you often mention, Mr. Masumoto.

Masumoto: Even if you conquer a number of small mountains, you will never be able to reach the summit of Mt. Everest. I am of the opinion that if you are a climber, you should aim for Mt. Everest right from the beginning. Even when you climb a mountain of 100 meters, you should at least have the 8,000-meter peak of Mt. Everest in your mind. You must set your sights on the highest goal. If you are only content with conquering a 100-meter mountain, then you can never go beyond it. The way you set your target is important.

Hara: I would like to emphasize that you should set your goals tremendously high. If all the employees could succeed in climbing the highest mountain, then KUBOTA would have tremendous strength.

Promoting the diversity management that is indispensable for the growth of KUBOTA as a truly global company

Takeuchi: The promotion of diversity management is upheld in the management policy of the 120th business term of KUBOTA, and as the first step, the Diversity Promotion Office was established to create a workplace environment where female employees are fully supported and can play a leading role in the company.

Hara: Active in environmental areas, KUBOTA is working to become the top company in terms of environmental management rankings. We, at the Environmental Protection Department, are also committed to our environmental preservation efforts.

To be specific, during FY2010, we formulated the New Medium-Term Environmental Conservation Plan, under which we began activities to steadily reduce CO2 and other environmentally harmful substances, in a phased manner. In relation to this, I would like to ask you, Mr. Masumoto, to share your view with us concerning the strengthening of environmental preservation efforts—one goal of the management policy.

Masumoto: I encourage you to achieve the highest position in the environmental management rankings, as this cannot be done using a lukewarm approach. If we are fully dedicated to achieve this goal, I am sure we can develop highly attractive environmental technologies, and if we can apply such technologies to our corporate activities, then KUBOTA will be able to better contribute to environmental preservation and become a more appealing company.

Therefore, I think it is important for you to change your viewpoint a little, and try to work on relevant departments to develop environmentally friendly products, instead of simply trying to achieve the numerical targets set in the Medium-Term Environmental Conservation Plan.

For example, why don’t you urge R&D personnel to develop agricultural machinery that can cut CO2 emissions by 50% compared with conventional products? Accumulation of such efforts will eventually bring about opportunities that can change the way agriculture is practiced. Haven’t you ever thought in such a way?

Hara: We, too, are considering conducting such in-depth activities. However, instead of requesting R&D personnel to reduce CO2 emissions by 50% in a leapfrog fashion, we think it is better to set a more realistic target and ask them to achieve it, like conquering a smaller mountain before challenging a larger one.

Masumoto: I say that you should start your way to success even if you cannot reach the highest peak. Even if you conquer a number of small mountains, you will still be able to reach the summit of Mt. Everest. I am of the opinion that if you are a climber, you should aim for Mt. Everest right from the beginning. Even when you climb a mountain of 100 meters, you should at least have the 8,000-meter peak of Mt. Everest in your mind. You must set your sights on the highest goal. If you are only content with conquering a 100-meter mountain, then you can never go beyond it. The way you set your target is important.

I would like to emphasize that you should set your goals tremendously high. If all the employees could succeed in climbing the highest mountain, then KUBOTA would have tremendous strength.

Commitment by Top Management
Commitment by Top Management

Interview with the President

Yasu Masumoto
Representative Director,
President & CEO of KUBOTA Corporation

Born in 1947. Graduated in 1971 from Department of Precision Mechanics, Faculty of Engineering, Kyotou University, and joined KUBOTA Tekko (now known as KUBOTA) the same year. Rose to position of General Manager of Construction Machinery Manufacturing Department at Hirokata Plant, Director of Utsunomiya Plant, and General Manager of Farm Machinery Division, before being appointed a Director in 2002. Appointed Managing Director in 2004, Executive Managing Director in 2006, Executive Vice President and Director in 2008, and Representative Director, President & CEO in 2009.

Commitment by Top Management

Conducting in-depth risk management to ensure that the KUBOTA Group around the world will make it routine to do what is obviously necessary

Nagamine: For four years now, KUBOTA has been conducting risk management, led by the indirect departments of the head office, to avoid material management risks. Last year, we surveyed the level of compliance awareness among employees and found that the level had improved significantly from five years ago. In January 2010, we introduced external lawyers to add to the internal points of contact, as part of our efforts to enhance the internal reporting system. What do you think of the in-depth risk management in place at KUBOTA?

Masumoto: In conducting risk management, you use check sheets, don’t you? However, with check sheets, we can only address standard questions. Check sheets are not suitable for assessing items that are hard to describe in quantitative terms. Therefore, there can be some latent problems, even if a perfect score is achieved as a result of risk auditing.

Hara: Yes. We are inclined to use simple “yes/no” questions only.

Masumoto: Even if the number of risk items identified on the check sheets is reduced, it may be because risk auditing has not covered all of our routine procedures. Therefore, we should explore ways to assess risks in a manner that better reflects reality. Furthermore, it is also necessary to consider how we should conduct risk auditing on a group-wide basis. This issue is especially important for our overseas business bases.

Nagamine: In your opinion, what is the most important point in risk management?

Masumoto: The purpose of conducting risk management is to make it routine to do what is obviously necessary. We should prevent our risk management system from becoming merely formal and unable to serve its original purpose.

On the occasion of celebrating its 120th anniversary, the KUBOTA Group has renewed its determination to contribute to finding solutions to the food, water, and environmental problems that are affecting the entire globe.

Nagamine: Lastly, I would like to ask you, Mr. Masumoto, to share your view on the new slogan, which the KUBOTA Group adopted on the occasion of its 120th anniversary.

Masumoto: I think our new slogan, “For Earth, For Life,” is a very good one—it perfectly matches our management principles and really represents our desire to contribute to the improvement of social development and the global environment. It is our responsibility to put the slogan “For Earth, For Life” into practice. I am sure we will become a more valuable company by further developing our business in a manner that can improve conditions surrounding food, water, and the environment.

Nagamine: The issue of corporate quality control is now a focus of attention. What do you think about this issue?

Masumoto: Any company that has taken on a technology-first attitude and forgotten to act and think from a customer point of view is bound to fail. Companies, if growing arrogant, will never change for the better. KUBOTA is no exception. Quality holds the key to the survival of all manufacturers, including KUBOTA. Corporate groups that lack confidence in the quality of their products have no value in society.

Nagamine: You place special importance on the e-Project* in an effort to increase KUBOTA’s worldwide presence in the areas of food, water, and the environment. Thus, please tell us your views on global-scale social contribution.

Masumoto: If we are to promote social contribution on a global scale, we should enhance the visibility of KUBOTA in the first place. In other words, it is necessary for us to achieve tangible results in our social contribution efforts in various parts of the world. I hope that KUBOTA’s proprietary technologies will promote these social contribution efforts and eventually bring success in business, thereby creating a virtuous cycle that leads to the development of both society and KUBOTA.

Years ago, KUBOTA was implementing a greening project, which was one of the earliest industrial efforts toward the realization of a low-carbon society. I hope that such an initiative will be revived.

Nagamine: Thank you very much for your time today.

* The e-Project is one of the initiatives that the KUBOTA Group has undertaken in its efforts to contribute to society. For more details, please see pp.31-32 of this report.
The KUBOTA Group Mission

We will continue to tackle new challenges.

Our business field is ever-expanding, from Japan to the world, with emphasis shifting from the competitiveness of each product to combined corporate strength.

Management Principles

The KUBOTA Group contributes to the development of society and the preservation of the earth’s environment through its products, technologies, and services that provide the foundation for society and for affluent lifestyles.

The KUBOTA Group Slogan

For Earth, For Life
Earth. Joi protect the environment of this beautiful earth.
Life…We support the prosperous life of human forever.

KUBOTA’s history of success in overcoming social challenges

The 120 years of KUBOTA is a history of unceasing efforts to find solutions to social problems.

KUBOTA’s missions in its 120th year

Food, water, and the environment hold the key to the future survival of humanity. KUBOTA will continue its efforts to address these critical issues without being limited by time or national borders.

Food

Since the beginning of the 21st century, the global population has grown from 2.5 billion to more than six billion. It is now conceivable that a serious food shortage could occur in the future. Against this backdrop, it is indispensable for KUBOTA to contribute to finding solutions to this problem. We believe that comprehensive solutions to this problem for supplying food and water to the world, including the establishment of the three missions—Food, Water, and Environment—will contribute to finding global solutions to this problem.

KUBOTA will contribute to finding global solutions to this problem by supplying its iron valves, as well as its comprehensive range of related water-related technologies, which have been accumulated through its involvement in water services in Japan.

Water

Today, environmental changes and destruction are seriously threatening the entire globe. It is our responsibility to save the world and future generations from any environmental crises. For this purpose, KUBOTA is contributing to finding solutions to global environmental problems through its comprehensive range of related technologies for waste recycling and efficient purification of the technology of which is derived from its water services.

Environment

Humanankind can use only 0.01% of the total volume of water on Earth. Considering the increasing demands in population, water shortage will eventually become a greater threat to the world. Against this backdrop, KUBOTA will contribute to finding global solutions to this problem by supplying its iron pipes, pumps and other exceptional products, as well as its comprehensive range of water-related technologies, which have been accumulated through its involvement in water services in Japan.
Special Report 1

Contributing to the Improvement of Global Water Resources and Infrastructure

As a company with tremendous knowledge of water and water resources, KUBOTA is committed to fulfilling its responsibility to society.

In 1893, KUBOTA embarked on the production of Japan’s first iron pipes for water services. Since then, KUBOTA has been steadily expanding its scope of water-related products, such as valves and pumps. The water treatment technologies amassed over years of efforts enabled KUBOTA to the sewage treatment field. Today, KUBOTA boasts being the only general manufacturer in the world that offers products for both water and sewage services.

Water is the source of life, and water services are essential for society. Against the backdrop of the growing importance of water resources, KUBOTA is taking on an even greater responsibility.
KUBOTA’s commitment to contributing to the solution of global water problems

The Earth is often referred to as a “watery planet.” However, of all the water on the Earth, only 0.01% is actually available to us. Today, the world faces the serious threat of water shortage, stemming from population increase, growing industrial demand for water, water pollution, and global warming. Especially, the Middle East, Africa, and the northern part of China are constantly suffering from water shortage, while newly emerging economies in Asia and other regions, such as India and Vietnam, are pressed to develop water and sewage infrastructure in response to rapid economic and population growth. With more than century-long experience in water-related business behind us, KUBOTA is striving to offer solutions to the water problems of Asia and the rest of the world through a variety of approaches.

Special Report 1   Contributing to the Improvement of Global Water Resources and Infrastructure

Supplying safe and clean water
Development of a water service system in a manner to cater to specific local needs

In Japan, there is a pressing need to renew aging water pipes, enhance the earthquake-resistance of pipes, and disseminate advanced water supply technologies. To meet these needs, KUBOTA provides solutions to the entire process of water service management with its products and know-how, to be specific. KUBOTA has developed next-generation earthquake-resistant water pipes, and has been involved in the renewal of water pipes, starting from the planning and design stage and progressing to the maintenance and management stage. In this way, KUBOTA has made extensive contribution to the improvement of the quality of Japanese water services.

Oversea
Supplying safe and clean water through KUBOTA’s proprietary water technologies

In newly emerging economies in Asia, rapid growth of urban populations and industrialization have given rise to serious water problems, such as pollution and drought. On a daily basis, these countries also face water leakage problems and stolen water resources. KUBOTA, thanks to its ductile iron pipes, pumps, and valves to the markets of these countries, will cooperate with local manufacturers to develop and supply water-related products with quality and specifications better tailored to local needs. In addition, KUBOTA will positively engage in water management and water supply services, taking advantage of its state-of-the-art technologies amassed over years of involvement in water and water infrastructure, to ensure that safe and clean water will be available to everyone.

Promoting the Recycling of Water Resources

KUBOTA proposes an innovative way of water recycling utilizing its submerged membrane technology

Today, sewage and wastewater treatment is attracting greater attention as an effective way of dealing with scarce water resources. KUBOTA’s submerged membranes were used extensively around the world as an innovative means of improving the efficiency in water treatment, outstanding durability, its simple processing system, and its ease of maintenance. In China, for example, KUBOTA’s submerged membranes are expected to contribute to solving serious environmental problems affecting aquatic areas, caused by rapid economic growth. Additionally, KUBOTA will expand the scope of its activities to further promote the recycling of water resources by offering its submerged membranes to a wider range of users and by constructing and operating wastewater and sewage treatment plants utilizing these submerged membranes.

Improving Water Infrastructure
Developing local water service infrastructure through use of a wastewater treatment plant

In many parts of Asia, untreated wastewater flowing into rivers and other water sources causes serious water pollution, due to lack of sewage treatment plants. To cope with the situation, KUBOTA is introducing wastewater treatment tanks in these areas as part of its wastewater treatment plant initiatives. KUBOTA’s wastewater treatment tank incorporates a consistent sewage treatment mechanism combined with the company’s advanced know-how in the area of water treatment. Because these tanks can be installed easily and yet demonstrate high water treatment efficiency, they can perfectly serve the needs of plants and hospitals in sparsely populated areas, as well as in residential areas still under development. KUBOTA will remain committed to improving water resources/infrastructure for the people of Asia.

KUBOTA’s water-related products

- Water intake pump
- Ceramic membrane filtration system
- Water purification plant
- Wastewater treatment tank
- Butterfly valve
- Resilient seated gate valve
- Ductile iron pipe
- Sewage sludge concentrator
- Sewage sludge incinerator
- Sewage sludge dehydrator
Contributions toward the Prevention of Climate Change

The responsibility of KUBOTA as a manufacturer for preventing climate change

Sesaki: The COP 15 Conference was held in Copenhagen in December 2009, where the Japanese government announced a highly ambitious target: to reduce Japan’s greenhouse gas emissions by 25% by 2020. How should manufacturers, industries, or Japanese companies at large, act in response to this announcement?

Miki: I think the most important thing for Japanese companies is to demonstrate how they can best contribute to achieving this target by introducing technologies and products. How far each national government can commit to reducing CO2 emissions depends on the availability of technologies that contribute to CO2 reduction, such as photovoltaic and wind power generation. KUBOTA has continued efforts to achieve challenging targets. Thus, why don’t you take the perspective of the challenging target of a 25% reduction as your own ambitious target and explore how you can take up the challenge?

Funahashi: Speaking of the announcement of the Japanese government to target reducing greenhouse gas emissions by 25% by 2020, we should not forget that this is not a final goal, but a step toward a higher goal. I think that KUBOTA should take toward the 2020 target announced at the COP 15 Conference.

Concerning the approach that KUBOTA should take, the following is a report on a discussion among experts in corporate environmental activities, who offered valuable advice to the KUBOTA Group.

Promotion of corporate activities in a manner that can contribute to the prevention of climate change and that can help support developing countries

Sesaki: While growing environmental concern can be considered a chance for business development and economic growth on one hand, we are also expected to respond to the request of developing countries for technical support on the other. Considering this connection, let me ask you this: In what manner should KUBOTA expand its business into developing countries?

Funahashi: You can never mean more extensive support to developing countries only by transferring machinery to them. This is because they don’t know how to make the best use of the machinery provided. Thus, when selling machinery to developing countries, you also have to show them in what manner the machinery can be used to serve their interest. In other words, you must be able to offer know-how when selling products to developing countries. By offering both products and know-how, you can help developing countries foster sustainability. If KUBOTA can draw up such a scenario on its own, then KUBOTA can differentiate itself from competitors.

Miki: In a broader sense, what has been said can be reduced to the creation of added value based on the principle of co-existence. Namely, though short-term returns cannot be ignored, you must seek long-term returns, so that we can achieve co-existence. In the case of KUBOTA, you can play a leading role in introducing advanced agricultural technologies to developing countries, for one thing. By training agricultural personnel locally and introducing environmentally friendly, high-performance and safe agricultural machinery to developing countries, you can make quite a meaningful contribution in terms of both agriculture and water, for which you will become highly appreciated by local people.

Yukuta: So we should be able to support the self-help efforts of developing countries. This also means that we should be a company rooted in the local community. The keywords that often appear in the remarks of the president of KUBOTA are “globalization” and “CSR.” Your advice provides us with very important clues to deepen the understanding of the true meaning of these keywords. I understand that what we should bear in mind is to not have a short-term perspective, but a long-term one; not to act in haste, and, more importantly, to work in cooperation with local people.

Miki: I think that if KUBOTA maintains such an attitude, you will eventually help foster the visibility of developing countries to reduce CO2 emissions on their own. And this is a more meaningful achievement than simply selling high-performance, made-in-Japan products that emit less CO2 to developing countries. If this positive attitude of KUBOTA takes root in developing countries, then local industries can achieve CO2 reduction in their own way.

Promotion of technologies to reduce CO2 emissions from products in use and the importance of information disclosure

Sesaki: Today, growing attention is paid to carbon footprints (CO2) as the total amount of greenhouse gas emissions over the life cycle of a product from manufacturing to disposal. Do you think that we can add to our competitiveness by disclosing the amount of CO2 emissions from our products in use, especially from our production sites, to be specific, we have been striving for a reduction of energy consumption by setting up divisions responsible for efficient energy management and by introducing energy efficient production equipment. However, against the backdrop of growing concern over climate change, further efforts are called for regarding a reduction of greenhouse gas emissions across society. At KUBOTA, we reduced CO2 emissions from our domestic production sites by about 24% in FY2009 from the FY1991 level. In FY2010, we also launched new measures across the entire KUBOTA Group, including overseas affiliates, to achieve the target of a 15% reduction in CO2 emissions by FY2013 from the FY2009 level. We give first priority to reducing CO2 emissions through our group-wide environmental preservation measures and expeditious efforts to prevent climate change.

KUBOTA/TAC CO2 emission target to be achieved by FY2013

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*For FY1991, CO2 emissions from KUBOTA production plants were calculated.

KUBOTA/TAC CO2 emission rates of our net sales

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<td>0.76</td>
<td>0.75</td>
<td>0.74</td>
<td>0.72</td>
</tr>
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</table>

Other energy conservation measures

As a measure to reduce energy consumption at business sites, we replaced fuels used for heating to coal and melon and improved the combustion efficiency of melter furnaces in the casting production process. We are also encouraging the introduction of new equipment, as well as eco-friendly cars, such as hybrid vehicles, for company use.

In May 2010, KUBOTA made an “Eco-First Commitment” pledge to the Ministry of the Environment to carry out environmental preservation measures on a group-wide basis, and was officially approved as an “Eco-First company” by the Japanese Ministry of the Environment. The “Eco-First Program” was introduced in April 2008 by the Japanese Ministry of the Environment, which seeks to encourage the environmental preservation activities of leading companies by requiring them to commit to the Ministry of the Environment in undertaking voluntary environmental protection initiatives, such as climate change prevention measures. We will check the progress of our environmental efforts under this program and report the results to the Ministry of the Environment, while also displaying them on our websites.
**Special Report 2 Contributions toward the Prevention of Climate Change**

Keisuke Sesaki
General Manager, Environmental Protection Department, KUBOTA Corporation

**Social contribution through corporate activities:**

What can corporate activities do to conserve biodiversity?

Miyazaki: I think KUBOTA’s corporate activities are deeply associated with the national security of Japan, in a broad sense. Japan is faced with extremely low food and energy self-sufficiency rates, as well as a serious water problem. In this light, KUBOTA occupies a very important position in Japan.

Yukuta: Our president often says that food, water, and the environment are the most important issues facing the world today, and now the time has come for KUBOTA to demonstrate its competence to the fullest extent, to prove that our proprietary technologies best serve the needs of today’s society and that our corporate activities can directly contribute to the betterment of society. This view is shared by all of us, and we take pride in KUBOTA’s ability to do so.

Miyazaki: Food and water issues are very important because they expose us to especially huge risks. They have great importance, aside from their economic impacts.

Sesaki: On the other hand, the environmental preservation activities that we are carrying out to reduce environmental impacts will eventually lead to the conservation of biodiversity, we hope. At present, these activities are sort of undertaken as philanthropic activities, separate from our core business. Thus, I would like to seek your advice as to how we can contribute to the conservation of biodiversity through our corporate activities.

Miki: It is true that the conservation of biodiversity is a task that is most difficult to accomplish for any company. However, in the case of KUBOTA, you can address this task in the viewpoint of how your products or technologies can contribute to conserving biodiversity. If you are too obsessed with achieving “biodiversity” and have to force yourself to tackle the task, your activities cannot be sustainable.

Miyazaki: By enhancing agricultural productivity, we can eventually achieve the preservation of nature on a global basis. Additionally, by increasing the farmland that can be used for a prolonged period of time, we can contribute to maintaining the global environment and conserving biodiversity.

Therefore, in manufacturing agricultural machinery, KUBOTA should be aware that your agricultural machinery helps to enhance agricultural productivity, which eventually results in global environmental preservation.

Miki: That is a very interesting view.

Funahashi: I feel that KUBOTA should be more focused on the issue of biodiversity than any other company. This is because most of KUBOTA’s corporate activities, such as offering machinery to grow crops, are connected with nature and therefore directly affect biodiversity. Thus, KUBOTA should look squarely at the direct impacts of its corporate activities on biodiversity and assess such impacts honestly, without any easiness. I think this is very important.

**Expectations for the KUBOTA Group as a company that can cater to the needs of society**

Funahashi: Your e-Project (see p.31) is a very meaningful attempt. I encourage you to upgrade this project by two, three, or more levels in a manner that can create an upward spiral of positive influence. For example, Japan is seriously affected by the current unemployment problem. I hope your e-Project will be helpful in solving this problem by generating job opportunities.

In addition, if KUBOTA is to remain a desirable company from a global point of view, you should address the issue of biodiversity in the most serious manner and explore how you can implement your business activities in accordance with the laws of nature. At KUBOTA, all corporate activities are connected to the environment, CSR, and social contribution. Thus, what you should do is create a scenario that allows you to declare with confidence that KUBOTA is a company with such value.

Miki: Even if the amount of CO2 emissions from KUBOTA increases, users of KUBOTA’s products can reduce CO2 emissions by 50 or 25%. If this fact is known publicly, you can convince society that the amount of CO2 emissions reduces as a whole. If you take pride in continuing to manufacture products that contribute to the reduction of greenhouse gas emissions, you should make efforts to convince the public, more enthusiastically, that the reduction of CO2 emissions from KUBOTA’s users more than offsets the increase of the CO2 emissions from KUBOTA.

Miyazaki: KUBOTA invests a considerable portion of its profit in R&D and directs most of its R&D efforts to energy conservation and the reduction of environmental impacts from products in use. In this light, I think it is your responsibility, or accountability, to make public how far you have succeeded in reducing environmental impacts from your products in use. Without fully disclosing such information, you cannot convince investors of the significance of investing such a huge amount of money for this purpose.

By presenting the results of your efforts objectively in numerical terms, KUBOTA can take an additional step forward.

Sesaki: Today, we could learn a lot of things from different perspectives. Thank you very much for your valuable advice.

Yutaka Miki
Chief Researcher, The Japan Research Institute, Ltd.

**Masayuki Yukuta**
General Manager, CSR Planning Department, KUBOTA Corporation

**Miyazaki**
Professor, International Christian University

**Nobuyuki Miyazaki**
CEO, Funahashi Environmental Institute Co., Ltd.

**Funahashi**
CEO, Funahashi Environmental Institute Co., Ltd.

**Yasuki Funahashi**
CEO, Funahashi Environmental Institute Co., Ltd.

**Yutaka Miki**
Chief Researcher, The Japan Research Institute, Ltd.
The Fundamental Principles of KUBOTA’s CSR Management

Fundamental Ideas on CSR Management

At the KUBOTA Group, we are performing management activities in a manner meant to heighten the overall value of the company, while bringing satisfaction to our stakeholders and maintaining a balance among the company’s economic, social, and environmental value. In so doing, we aim to put into practice our management principle to “contribute to the development of society and the preservation of the earth’s environment through our products, technologies, and services that provide the foundation for society and for affluent lifestyles.”

Raising CSR Awareness among Employees

Each and every employee should be involved in the implementation of CSR management. At KUBOTA, we are carrying out various kinds of educational activities in order to ensure that all our employees are constantly aware of the importance of CSR.

We implemented a program to encourage employees throughout KUBOTA to read our CSR report.

If we are to successfully implement CSR management, it is necessary to ensure that each and every employee recognizes what society expects of us and what attitude the KUBOTA Group should take. Between July and September 2009, departments and business sites across KUBOTA implemented a program to encourage employees to read the KUBOTA CSR report and conducted a questionnaire survey on the report, which was joined by 5,872 employees in total.

Excerpt from the questionnaire survey concerning the CSR Report 2009 “Is the CSR Report 2009 easy to understand?”

<table>
<thead>
<tr>
<th>Answer No. of answers</th>
<th>%</th>
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<tbody>
<tr>
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<td>720 36%</td>
</tr>
<tr>
<td>Neither easy nor hard</td>
<td>1,797 91%</td>
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<tr>
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KUBOTA was awarded the Gold Prize at the “Third CSR Plus Awards 2009,” as chosen by the public in an internet poll.

In November 2009, KUBOTA was awarded the Gold Prize in the “Company recommended by the Local Community” category of the Nippon Foundation’s CSR Plus Awards, by way of a public internet poll. The criteria selected for KUBOTA’s determination and efforts to contribute to society in the areas of food, water, and the environment through our manufacturing activities are highly appreciated by the public. We also received messages from 1,376 individuals who expressed their expectations for the role of KUBOTA.

Raising CSR Awareness among Employees

At the KUBOTA Group, we recognize it as materially important to contribute to society in the areas of food, water, and the environment through the group’s manufacturing activities and technologies.

The internal questionnaire survey concerning the CSR Report 2009 includes the question: “What do you think is most important for the KUBOTA Group?” Majority of the respondents to this question, not to mention KUBOTA’s management principles and the KUBOTA Group slogan, correspond with the messages of the public who chose KUBOTA as the winner of the Gold Prize.

We organized a training session to develop ideas for social contribution activities through our corporate activities.

Between July and March 2010, we implemented a training session throughout KUBOTA’s business sites to “consider how we can contribute to society through our corporate activities” mainly for those employees who had completed a course to learn about CSR management in the previous year. This session was attended by a total of 644 employees, who actively joined in discussions and shared ideas about contribution activities to be carried out on a day-by-day or company-wide scale.

We surveyed the level of compliance awareness among employees.

In July 2009, we conducted a survey to measure the level of compliance awareness among 587 randomly selected KUBOTA employees in the same manner as we did in 2003, and found that employees’ awareness improved significantly since the last survey. We will continue our efforts to ensure full compliance with all applicable laws and regulations through various awareness-raising programs, based on the candid comments that many of the employees survey submitted to us.

Important points concerning the implementation of CSR management

1. Top management should clearly indicate their stance in regard to CSR management.

2. A “system used to implement CSR management should be integrated into the company’s management.

3. Introducing and strengthening an “internal control system”

Ensuring thorough “compliance”

We ensure the strict observance of laws, regulations, and corporate ethics, which underlies all of our corporate activities (e.g., educational programs implemented by relevant departments in charge).

Establishing “corporate governance”

We objectively evaluate and check the decision-making process and contents concerning top management policies and management issues (e.g., Board of Corporate Auditors, Board of Directors, Board of Executive Officers, Management Committee, Management Council, and various strategy and other committees).

The service of external lawyers was introduced as new points of contact in KUBOTA’s internal reporting system.

At KUBOTA, thorough compliance with rules and corporate ethics is ensured by means of an internal reporting system called the “KUBOTA Hot Line,” which is designed to encourage employees to report any illegal or unethical conduct by members of the KUBOTA Group that may come to their knowledge. In January 2010, we introduced a service of external lawyers as new points of contact for the KUBOTA Hot Line to facilitate early detection and prevention of undesirable conduct.

Various kinds of brochures are available to offer easy-to-understand explanations concerning how a company and its employees should conduct their business so as well as points to note regarding compliance issues.

KUBOTA GROUP CSR Report 2010

KUBOTA GROUP CSR Report 2010

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KUBOTA GROUP CSR Report 2010

KUBOTA GROUP CSR Report 2010
### Economic Report

#### KUBOTA Group Profile (as of April 1, 2010)

**Outline of KUBOTA Corporation**

**Corporate name:** KUBOTA CORPORATION  
**Head office address:** 1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, Japan  
**Founded:** February 1930  
**Established:** December 1930  
**Capital:** ¥84,070,280,304*  

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**KUBOTA Group’s Performance Report for FY2010***

Sales of the KUBOTA Group during FY2010 declined from the previous year to 930.6 billion yen. Domestic sales totaled 501.7 billion yen. In the Farm & Industrial Machinery segment, sales of tractors and farm machinery increased, but the segment as a whole posted a revenue decline, due to a decrease in the sales of engines and construction machinery. The Water & Environment System segment also showed a decline in revenue, due to a decrease in the sales of pipe-related products, such as ductile iron pipes and plastic pipes, and a fall in revenue from environment-related products.

Overseas sales declined from the previous fiscal year to 429 billion yen. In the Farm & Industrial Machinery segment, farm machinery and other products achieved solid sales, especially in the Asian market, while sales of tractors, engines, and construction machinery dropped in Europe and the U.S. Accordingly, the segment posted a sharp decline in revenue as a whole. On the other hand, the Water & Environment System segment achieved a drastic increase in revenue, backed by sharp growth in ductile iron pipes and pumps. The Social Infrastructure segment reported a drop in sales, especially in the Water & Environment System segment. The Other segment, as well, showed a decline in revenue.

The ratio of overseas sales to total sales declined from the previous year to 46.1%.

Operating income dropped from the previous year to 69.7 billion yen. Though a decrease in foreign exchange losses and valuation loss on other investments led to the improvement of other revenue (expenses), net income attributable to Kubota Corporation dropped from the previous year to 42.3 billion yen.

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**KUBOTA Group overseas plants, offices and main affiliates**

*FY2010 refers to the year ended March 31, 2010.

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The KUBOTA Group will remain dedicated to contributing to society in the three areas that are critical to the development of a sustainable society: food, water, and the environment. This section introduces new products and technologies that are attracting attention as possible solutions to the problems that threaten today’s society in each of these areas.

**Food**

KUBOTA’s agricultural machinery helps Asian countries promote agricultural mechanization.

In recent years, the need for agricultural machinery is rapidly growing in Asia. In Thailand, where the agricultural market is expanding drastically, there are growing needs from rice farmers for tractors with greater water resistance and durability, while small-scale farmers required more reasonably priced tractors. In response to these needs, KUBOTA developed new tractor models, L3008 and L3608, which are manufactured in Thailand with locally procured parts. With enhanced user-friendliness, these models enjoy great popularity among local farmers and help in the promotion of agricultural mechanization in Thailand.

In March 2010, KUBOTA also began manufacturing in Thailand conventional-type combine harvesters. KUBOTA plans to increase local production capacity to 13,000 units a year and establish a system to supply its products to Thailand and other Asian countries in the future.

In China, on the other hand, the national government is encouraging agricultural mechanization by offering subsidies to purchase agricultural machinery under the Laws of the People’s Republic of China on Promotion of Agricultural Mechanization. In the Chinese market, which is undergoing rapid development, KUBOTA has been steadily increasing its share with its rice transplanters and combine harvesters, which are renowned for outstanding durability and substantial after-sale service. With the beginning of the production of tractors in China in 2010, KUBOTA is positioned to better satisfy the needs of the local growth market.

The KUBOTA Group will take on greater responsibility for the enhancement of agricultural productivity in Asia. Aware of this responsibility, the KUBOTA Group is determined to continue dedicated efforts to develop a substantial range of high-performance products to contribute to the needs of agricultural communities worldwide.

**Water**

KUBOTA developed a “hybrid standby pump” to mitigate damage from “guerilla” rain.

Recently, Japanese urban areas are repeatedly hit by local, sudden heavy rain, known as guerilla rain, and it is urgently required that appropriate measures be taken promptly to discharge rainfall from low areas for flooding prevention. While some local governments are trying to address this problem by constructing underground pump stations, the Pumps Division of KUBOTA has catered to this need by developing a “hybrid standby pump” that can discharge water from a lower level than conventional standby pumps.

A “standby” pump can be activated in advance regardless of water levels. Because of this capability, a standby pump can begin pumping water simultaneously with the rise of the water level, unlike conventional pumps, which require several minutes before they start pumping water after being activated.

KUBOTA’s newly developed hybrid standby pump combines a conventional air-water discharge switching system, which ensures steady operation control, with an air-water mixing discharge system, which allows users to pump water from lower level. Using KUBOTA’s unique method, this pump boasts higher reliability, with its ability to cater to the need of pumping water from lower level.

The pump’s durability has also been improved drastically by the employment of ceramic bearings supported by special rubber, which do not require water supply. KUBOTA’s hybrid standby pump is expected to fully prove its effectiveness for preventing damage by “guerilla” rain, which is said to take place even more frequently.

**Environment**

Changing the fuel of sewage sludge incinerators results in a reduction of both CO2 emissions and treatment costs.

KUBOTA’s Water & Sewage Engineering Department completed the renovation of a sewage sludge incinerator to achieve a reduction in both CO2 emissions and operation costs by changing fuel from oil to natural gas.

The renovation was implemented at the second incinerator of the Chubu Sewage Treatment Center in the city of Hamamatsu, Shizuoka Prefecture, which had used oil to incinerate sludge for about three years since 2005, when it was first delivered by KUBOTA. Against the backdrop of the rise of oil prices, however, the pressure on the municipal government to reduce treatment costs mounted. Accordingly, they contacted KUBOTA, the developer of the incinerator, to consider the possibility of switching the fuel to a more stably-priced natural gas.

In Japan, the task of changing the fuel of a sewage sludge incinerator while in operation had never been undertaken before. However, engineers from both the Hamamatsu municipal government and KUBOTA, as a result of repeated discussions, determined that the technical difficulties could be overcome and that CO2 emissions could also be reduced drastically by using natural gas instead of oil.

The renovation began in January 2009, and the renovated incinerator began operation in August 2009. The Hamamatsu municipal government formulated the “Action Plan of the Hamamatsu Municipal Government to Prevent Global Warming” in 2008, and has since been working to achieve the target of reducing emissions of greenhouse gases by 6% from the FY2006 level by FY2011. KUBOTA estimates the renovation of the incinerator can contribute to a 25% reduction of CO2 emissions from levels before the renovation. Thus, this renovated incinerator is expected to help the city in achieving the target of its action plan and in reducing the treatment costs as well.

This “circuiting fueled bed incineration” is highly evaluated for being superior to general sewage sludge incinerators in terms of energy efficiency and size. This is also an environmentally friendly facility, where incineration ash is recycled into cement-making material.

**Voice**

**KUBOTA’s prompt and enthusiastic attitude was behind the success of this ambitious project, which is unprecedented in Japan.**

Masaki Saito
Water and Sewage Department
City of Hamamatsu

**KUBOTA’s dedication and technical excellence supported the spirit of "Yaramakai"**

Motoki Nasu
Water and Sewage Department
City of Hamamatsu

The renovation of the incinerator was an ambitious project that had never been undertaken in Japan before, and at the beginning, opposition was raised from many people who feared that the incinerator might stop operation during the renovation. However, thanks to the quick and enthusiastic response of KUBOTA to our request, we could convince relevant parties of the necessity of the renovation.

In Hamamatsu, we have an old saying, "Yaramakai," which means: "Let us be positive toward everything and try anyway!" With their dedication and technical excellence, KUBOTA supported our belief that no improvement could be achieved without introducing new technologies.
KUBOTA's response to the asbestos issue

KUBOTA is sincere in its acceptance of the grave fact that a number of our employees and local residents around the Old Kanazawa Plant have contracted asbestos-related diseases, and we are continuing to work with good intentions towards the direct resolution of this problem from the standpoint of clarifying our social responsibility as a corporate entity that for years manufactured products containing asbestos.

Relief payments were made to 191 individuals up to March 31, 2010, pursuant to the "Rules for Relief Payments to Persons with Asbestos-Related Diseases and Their Families around the Old Kanazawa Plan":

- 148 cases of cancer
- 2 cases of gastrointestinal disease
- 2 cases of asbestosis
- 1 case of asbestosis and lung cancer
- 21 cases of asbestosis and non-malignant disease

Asbestos-related diseases, up to March 31, 2010, was 170 (144 deaths, and 26 currently under medical care).

We offered financial support to clinical and basic research projects conducted by the Hyogo College of Medicine and the Osaka Medical Center for Cancer and Cardiovascular Diseases.

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Winning Customer Satisfaction

The KUBOTA Group seeks to win customer satisfaction and confidence by working to ensure product safety and offering products, technologies, and services that meet customer needs.

Improving sales and service skills

At KUBOTA, efforts are constantly underway to improve the skills of employees so that they can be trusted and appreciated by customers. For example, KUBOTA's domestic agricultural machinery business divisions and KUBOTA Farm & Industrial Machinery Service Ltd. jointly organize the annual “National Sales and Service Skills Contest” to encourage employees to continue efforts to improve their sales and service skills.

Improving prior inspection and maintenance services

We have developed tools to facilitate machinery inspection and maintenance proposals (which include inspection advice, inspection and maintenance work sheets, and a PPI package for inspection and maintenance for exhibitions, etc.) common to the KUBOTA Group, especially domestic agricultural machinery group divisions. These tools, combined with an inspection and maintenance list (written proposals) developed by the sales companies, enable us to offer meaningful proposals to our customers that precisely cater to their needs to ensure efficient and safe agricultural work.

Providing education on quality control and product safety

We have continued to implement an educational program on quality control, including product safety, separately for different levels of overseas affiliates and conducting on-the-spot audits.

Strengthening our quality assurance system

At KUBOTA, a quality assurance system is in place in each of the consolidated divisions and regular divisions to satisfy the diversifying needs of customers for pipes, agricultural machinery, and KUBOTA's other products and services, thus maintaining high-quality and product safety.

To enhance the efficiency of this system, we conducted a quality audit, in addition to the conventional ISO 9001 audit, at KUBOTA and its domestic subsidiaries. During FY2010, an on-site audit was also conducted at major overseas affiliates. By conducting audits that suit local business practices by covering important items and employing an evaluation approach with corresponding criteria, we aim to further improve our quality assurance activities.

Passing down manufacturing skills and building a culture of ingenuity through participation in the National Skills Competition

The 47th National Skills Competition was held in Ikari Prefecture from October 22 to 26, 2009. In this competition, seven employees participated from KUBOTA’s Sakai Plant and Hirakata Plants, fully demonstrating their skills, developed under the guidance of senior staff at their respective plants. Competing with young selected workers from other companies in Japan, the seven employees of KUBOTA won a prize for good performance in the category of “machine assembling” (finishing).

Customer satisfaction activities at KUBOTA's Pipe System Division

Improvement of the customer service system

Customer service (CS) groups at KUBOTA’s Pipe System Division have introduced a sales information management system to ensure that prompt action will be taken upon receipt of orders or complaints from customers (sales agencies). This system allows the sharing of information concerning orders received and shipments between KUBOTA and its customers, and enhances work efficiency.

Product exhibitions

In order to introduce products that are more attractive and more useful, the KUBOTA Group actively holds product exhibitions and works to enhance communication with our customers.

Customer satisfaction activities at KUBOTA’s customer service center

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Passing down manufacturing skills and building a culture of ingenuity through participation in the National Skills Competition

The 47th National Skills Competition was held in Ikari Prefecture from October 22 to 26, 2009. In this competition, seven employees participated from KUBOTA’s Sakai Plant and Hirakata Plants, fully demonstrating their skills, developed under the guidance of senior staff at their respective plants. Competing with young selected workers from other companies in Japan, the seven employees of KUBOTA won a prize for good performance in the category of “machine assembling” (finishing).

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Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles

The KUBOTA Group conducts its corporate activities while observing the law and relevant legal regulations applicable to its business operations, in accordance with social ethical principles and good conscience.

Respecting Human Rights

The KUBOTA Group bases its activities on the Universal Declaration of Human Rights, respecting human rights and freedoms and human rights in its worldwide activities.

Promotion of Human Rights awareness-raising

We implement various activities to increase human rights awareness among employees during Human Rights Week in December.

1. "Unreasonable restraint of trade" refers to acts or attempts by two or more businesses with the same degree of market power that are controlled by a common controlling person or group, and that act together to restrain competition in a relevant market. This practice is also called "cartel behavior."

2. A "special subsidiary" refers to a subsidiary that makes certain conditions on its employees with disabilities required by law. The conditions are based on the Civil Law for Persons with Disabilities and the General Assembly of the United Nations in 1948. A "special subsidiary" is a type of employment that is planned to increase the employment of people with disabilities. An "expanded group-wide human rights awareness-raising" is a new program designed to increase the participation of employees in group-wide human rights awareness-raising activities.

3. A small-scale vocational training center is a type of training center that is dedicated to training employees with disabilities. It is a type of employment that is planned to increase the employment of people with disabilities. An "expanded group-wide human rights awareness-raising" is a new program designed to increase the participation of employees in group-wide human rights awareness-raising activities.

Human rights advancement system

As part of our efforts to increase human rights awareness among employees under the leadership of the Human Rights Advancement Planning & Coordination Committee, the Human Rights Advancement Planning & Coordination Committee set up an organization responsible for human rights advancement activities and used the PDCA cycle to promote the policy and activities. We also conduct surveys to discover how human rights awareness activities are carried out at our overseas affiliates, and based on the findings, offer guidance for improvements and follow-up support as necessary.

Human Rights Advancement Planning & Coordination Committee

The Committee is in charge of fostering the advancement of human rights and الأممیهی دانشمندانی در حوزه حقوق بشر. At these sites, we are taking various measures to increase the human rights awareness of employees, such as providing guidance and business seminars that call for the prevention of sexual harassment, in order to create a more comfortable work environment.

Conducting harassment awareness survey

To discover the realities of sexual and power harassment, we conducted a questionnaire survey across the entire KUBOTA Group. Based on the results of the survey, we change our rules and procedures to the current practice, while applying the results to enhance our human rights training and consultation service.

Enhancement of the Human Rights Implementation System

We offer consultation services, both internally and externally, to prevent human rights violations, and we take prompt measures if human rights violations are discovered.

Company-wide consultation services:

1. "Company-wide consultation services": Offer consultation services to KUBOTA employees who are also available to receive employees. At our regional office, we organize human rights training sessions so that each employee can join at least one session a year; however, we could not achieve the goal set for any reason whatsoever, and do not permit forced labor or child labor" (excerpt).

We offer consultation services to employees in our overseas affiliates. As an example of this, we offer consultation services to employees in our overseas affiliates.

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Creating a Safe and Vibrant Work Environment

Ensuring that health and safety management is fully in place

Promoting specifically targeted accident prevention measures

Under the five-year Long-Term Occupational Accident Prevention Program, and pursuant to the annual health and safety guidelines, we are promoting health and safety management activities, focusing especially on reducing to zero the numbers of serious accidents (accidents that can result in material damage); serious illnesses (occupational illnesses for which preventive measures should be reinforced); and workplaces at which environmental improvement is urgently required.

Trends in the number of workers subject to legally required work environment assessment: 2005-2010

* The number of workers examined for control classification 3 in the result obtained in 2005 was 42,311,000 people.

Health promotion activities

We are carrying out our health promotion program, “Health KUBOTA 21,” jointly with our health insurance union by assigning promotional staff at each business site who are leading workplace-based activities that emphasize the preventive care of lifestyle-related diseases.

Involvement in mental health care

At KUBOTA, various systems are in place to improve the mental health of our employees, including:

- Simplified Occupational Stress Diagnosis System
- Mental health clinic
- KUBOTA Women’s Initiative Diversity Program
- Return-to-work Support Program**

Implementation of health and safety audits

In order to further strengthen health and safety efforts across the entire KUBOTA Group, we are expanding the coverage of our health and safety audits year by year, which were conducted at only domestic plants and offices in the past.

(Audits have also been conducted at KUBOTA’s overseas production subsidiaries since FY2007, at the plants, and construction departments of the domestic affiliates since FY2008, and at the domestic agricultural and construction machinery sales companies since FY2010.)

Health and safety audit results

Plants and offices that have acquired OHSAS18001 certification

Keio Plant (Fundamentals) Acquired in December 2002
Keio Plant (Fundamentals) Acquired in February 2002
Hiranuma Plant (Fundamentals) Acquired in February 2006
Hiranuma Plant (Fundamentals) Acquired in February 2007
Hirasaka Plant Acquired in May 2007

* For other plants or offices, we are constructing an Occupational Health and Safety Management System centered on this assessment.

Trends in the number of females hired

In the past fiscal year, the ratio of females hired to males was 1:23.

Labor of appointment given to 15 members of the K-Wing sharing committees

2007 2008 2009 2010 2011 (FY)
16 18 23

* The number of women employed in the K-Wing sharing committees is 15.

Talk with the President

In August 2009, we began an event titled, “Talk with the President,” in which KUBOTA’s president directly speaks to young mid-career employees who were promoted to management positions during this fiscal year. This event was held 14 times, joined by about 140 employees in total. Each session consisted of a small group of about 10 people, and offered an ideal venue for increasing awareness among young employees as next-generation leaders, and for the process of taking about individual dreams and the sharing of visions for the future.

Overview of Kubota Sun-Vege Farm Co., Ltd.

Location of operation: Osaka Prefecture (rented land)
Outline of farming facilities:
- Lot area: Approx. 3,500 m²
- Greenhouse area: Approx. 2,500 m²
- Capital: 10,000,000 yen

* We will apply for special subsidiary status for this new company, following KUBOTA Works Co., Ltd., in which persons with disabilities engage in clean-up and planting activities.

Talk with the President

In March 2010, the company established a new company, Kubota Sun-Vege Farm Co., Ltd., with the view to “assist persons with disabilities in their self-support efforts to achieve symbiosis with local communities” and “utilize abandoned farmland to promote the revitalization of agriculture in Japan.” With its 10 disabled employees, the company will engage in the hydroponic cultivation of vegetables, which will initially be sold for use at KUBOTA Group company cafeterias.

Kubota Sun-Vege Farm Co., Ltd.

Field trials of hydroponic culture

Talk with the President

In June 2008, we established a new company, the KUBOTA Women’s Initiative Diversity Program (K-Wing), for offering support to female employees in developing their careers.

Organizing training sessions and information exchange meetings through K-Wing

Talk with the President

Though the participants in the session came from different divisions, the president gave us a lot of meaningful advice concerning topics of interest common to all of us. I was especially impressed with his remarks: “Do not confuse who our customers are You and me; rather, who our customers are KUBOTA.” This session inspired me to do whatever I can to contribute to KUBOTA as a whole.

The next fiscal year

Priority issues: Offering support to female employees in developing their careers

* For more detailed information on “personnel policy and systems,” visit our website at: https://www.kubota.co.jp/english/ir/ir-data/2010/6/
The KUBOTA Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

The Six ‘E’s of the KUBOTA Project

In 2008, the KUBOTA Group launched the KUBOTA e-Project to open up the future of agriculture. During FY2010, we expanded the scope of this project, e.g., by beginning activities to improve overseas water resources/infrastructure and to better contribute to society by addressing problems in areas of social importance, namely, food, water, and the environment.

Support for the restoration of abandoned farmland

Nationwide, the amount of abandoned farmland totals 380,000 ha. Against this backdrop, KUBOTA supports the activities of community farms, private cooperatives, and citizens’ groups to restore abandoned farmland, by offering agricultural machinery and staff to operate them.

Support for the KUBOTA “TERRA-KOYA” educational camp

KUBOTA lent its support to the KUBOTA TERRA-KOYA 2009 educational camp, an experience-based summer youth camp held between the 21st and 24th of July 2009 by BeGood Café, an NPO working towards a sustainable society. Over four days and three nights, children were taught about the riches of nature, the importance of agriculture, and consequently the importance of the global environment through programs such as nature-observation in forests and working in rice fields using the “aigamo” organic farming method. (This event began in 2007, and was participated in by 21 children.)

Science and Environment Academy

As part of our social contribution to the field of education, we organize the Science and Environment Academy annually for junior high school and high school students who are interested in science. The topic of the 42nd term academy (held on August 7 and 8, 2009) was “Preserving Water Resources: Learning from Mt. Fuji and Considering Global Water Problems.” After listening to a lecture by a specialist, the participating students observed how water quality was measured at the Yamanshi Institute of Environmental Sciences, and then visited the Shingen Lake, a historical flood-control facility, and a pond fed by spring water from Mt. Fuji. (This year, a total of 78 students joined this event, which is sponsored by Asahi Shimbun and the Asahi Culture Center. This event was first held in 1985.)

Promotion of local-brand agricultural products and crops fresh from the farms that grew them

To promote the branding of local agricultural products and to increase public recognition, we invite farmers to sell their agricultural products at the Regional Brand Produce Corner at the exhibitions of the KUBOTA Company. This促销活动 has been held in various regions, with the participation of about 9,150 employees from the KUBOTA Group. Activities include the tasting of harvested crops, and working in rice fields using the “aigamo” organic farming method. (This event began in 2007, and was participated in by 21 children.)

KUBOTA Active Agriculture Experience Workshop

Intended mainly for elementary school children, the KUBOTA Active Agriculture Experience Workshop aims to deepen understanding of agriculture and promote the emotional well-being of children through agricultural experience, such as rice transplanting, rice harvesting, and the tasting of harvested crops.

Achievements:
- FY2009: Support extended to 23 areas from Iwate Prefecture in the north (including about 380 students)
- FY2010: Support extended to 27 areas from Akita Prefecture to Miyazaki Prefecture in the south (joined by approx. 1,500 children)
- FY2011: Support extended to 30 areas (about 5,000 participants)

The KUBOTA Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

Achieving Symbiosis with International and Local Societies

Inspiring citizens to create a clean and vibrant local community

On July 5, 2009, we conducted a clean-up of Fukutsukai-Sakura Park and the riverbed plaza for the second time, which first began in 2008, with the cooperation of nearly 150 KUBOTA employees. I am extremely grateful for the participation of so many people despite the summer heat. Due to an increase in the environmental awareness of our citizens, the volume of waste (empty cans, bottles, and non-combustible waste) thrown away at parks and in rivers in the city has significantly reduced from the level of 20 years ago. However, there is still a long way to go in the battle to protect the environment. I hope KUBOTA will continue this meaningful program as it will inspire and encourage many of our citizens to create a clean, waste-free, and vibrant community.

Voice

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Kansai Region: About 1,500 participants

Kobe Area: About 2,000 participants

Note: Most of the activities are held in parks such as Kashiwakami Park, Fukuoka City, and Tsuruma Park, Nagoya City.

For the latest information, please visit our ‘KUBOTA e-Project’ website at http://www.kubota.co.jp/e-project/
Achieving Symbiosis with International and Local Societies

Contributing to international society and enhancing social and cultural activities

- Assisting in the response to natural disasters
  - Earthquake in Sumatra, Indonesia, October 2003
  - Rainfall in Haiti, January 2006
- Providing monetary support and relief supplies
- Earthquake in Chile, March 2010
- Assisted in recovery by providing monetary support.

Activities of the KUBOTA Spears rugby club

The KUBOTA Spears rugby club plays in the Japan Rugby Top League and, as a demonstration of their intent to make a social contribution through rugby, the club is involved in various activities around its home ground in Funabashi City, Chiba Prefecture.

- Members of the KUBOTA Spears coach rugby to children ranging from elementary school pupils to high school students. They also coach rugby to children ranging from elementary school pupils to high school students.
- KUBOTA Spears organizes the Funabashi Rugby Festival at their home ground in Funabashi City, Chiba Prefecture, in order to interact with local residents and rugby fans. This event is open to anyone, and we look forward to your participation.

Activities

- Supporting the activities of the Canadian 4-H Club
  - The 4-H Club, located in over 80 countries worldwide, carries out various educational activities geared toward youth, focusing especially on agricultural education, through local volunteers. One of KUBOTA’s overseas affiliates, Kubota Canada Ltd., has been extending support to the activities of the Canadian 4-H Club in cooperation with local dealers since 2008, for young people interested in agriculture.
  - *H* stands for Head, Heart, Hands, and Health.

- Supporting the Mainichi International Exchange Awards
  - The Mainichi International Exchange Awards honor international exchange, cooperation, and support activities inside and outside Japan for the purpose of supporting international exchange on the grassroots level and promoting international understanding. KUBOTA has been a sponsor since the first award in 1989.
  - In 2008, at the 21st occasion of recognizing award winners, an award was granted to the Japan Association for Refugees, an authorized NPO involved in activities to assist refugees in Japan to live in comfort within the Japanese community and to help complete necessary legal procedures. An award was also given to Mrs. Kazuko Katagiri, a representative of the “Sawayaka Kikakushitsu for Education and Environment” NPO, as well as to her husband, Mr. Shigo Katagiri, who both subsidized and constructed accommodation and educational facilities, known as the Children’s Holiday Learning Home, for street children in India. (The awards are hosted by Mainichi Newspapers)

- Supporting the activities of the Mainichi International Exchange Awards
  - The Mainichi International Exchange Awards honor international exchange, cooperation, and support activities inside and outside Japan for the purpose of supporting international exchange on the grassroots level and promoting international understanding. KUBOTA has been a sponsor since the first award in 1989.
  - In 2006, at the 19th occasion of recognizing award winners, an award was given to the “Sawayaka Kikakushitsu for Education and Environment” NPO, as well as to her husband, Mr. Shigo Katagiri, who both subsidized and constructed accommodation and educational facilities, known as the Children’s Holiday Learning Home, for street children in India. (The awards are hosted by Mainichi Newspapers)

IR activities and the provision of corporate information

- Holding general shareholders’ meetings in an easy-to-understand manner
  - Since 2001, we have refrained from scheduling our general shareholders’ meeting on what is known as “Concentrated Day,” the day on which shareholders’ meetings of most Japanese companies are held, to ensure that our meeting is open and accessible to as many shareholders as possible. In 2009, we held our general shareholders’ meeting on June 19, one week before Concentrated Day, and had a record high participation of 619 shareholders. In the meeting, corporate information was offered to shareholders in an easily understandable format: graphs and product photographs were displayed on large screens (one 200-inch screen, and two 150-inch screens), accompanied by professional narration. We also exhibited and gave explanations on our newest products at the entrance of the meeting site and distributed the CSR Report and a booklet about our corporate activities titled “GLOBAL INDEX” to all the participating shareholders to facilitate an understanding of KUBOTA.

- Providing corporate information
  - Starting from January 2010, KUBOTA aired a new TV commercial, titled “KUBOTA makes people smile.” By repeatedly showing smiling children holding rice and vegetables fresh from the farm in their hands, the commercial symbolically implies that KUBOTA’s global corporate activities are the reasons for their smiles.

Activities for shareholders/investors and external evaluation of KUBOTA’s social responsibility

At KUBOTA, we are actively communicating with our shareholders, investors, and securities analysts by promoting IR activities. As part of our efforts for fair and prompt disclosure of our corporate information, we post our IR information (e.g., securities reports, earnings releases, and annual reports) on our website so that necessary information is accessible by anyone at any time. Additionally, KUBOTA is included in the major SRI (Sustainability Investment and Accounting) indices, such as the Dow Jones Sustainability Indices, FTSE4Good, and the Morningstar Socially Responsible Investment Index.

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New official website

We have entirely renewed the top page and corporate site of KUBOTA’s official website, this time placing emphasis on enhancing accessibility and usability, as well as visual effects. We will develop design guidelines to increase the sense of unity in our website as a whole, including the corporate site, and will manage and further improve the website in a more integrated manner, in accordance with these guidelines.

Message from the Officer in Charge

Kunio Suwa
General Manager of CSR Planning & Coordination Headquarters
KUBOTA Corporation

We are sure-footedly promoting CSR management while introducing new programs.

At the KUBOTA Group, we believe that the continued growth and survival of a company depends on whether or not the company will remain respected by society. To continue gaining this respect, each and every employee needs to have greater CSR awareness and should take part in corporate CSR efforts. During FY2010, we launched a new program to encourage all KUBOTA employees to read our CSR report. We think this program was successfully implemented, as many of the participants now consider CSR as their own responsibility to achieve through practical activities. Through this program, we also strengthened our belief in building CSR from the grass-roots up in order to support those with disabilities in their self-help efforts and to improve water resources/infrastructure. We will continue to promote CSR management step by step.
Environmental Report

The KUBOTA Group has made global environmental conservation a high priority goal of its CSR management, and is bolstering the standards of its corporate activities group-wide to ensure that greater consideration is given to the global environment in all aspects.

Basic Policy

The KUBOTA Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.

1. The KUBOTA Group takes initiatives for the protection of the natural environment in all its activities.
   (1) By setting specific goals on its own initiative while remaining in compliance with all laws and regulations.
   (2) By adhering to international environmental standards and environmental management systems.
   (3) By taking proactive actions to ensure the proper administration of the KUBOTA Group's business.

2. The KUBOTA Group works to protect the environment and create a symbiotic relationship with the community.
   (1) By conducting environmental impact assessments, working to reduce environmental risk, and providing environmental education.
   (2) By engaging in business activities that fully account of environmental protection in the community, including pollution prevention.

3. The KUBOTA Group undertakes systematic initiatives to protect the environment.
   (1) By introducing environmental management systems and conducting initiatives in everyday operations.
   (2) By effectively monitoring and evaluating activities related to the environment and working to reinforce awareness of the environment.

4. The KUBOTA Group implements a thorough program of environmental management.
   (1) By promoting environmental management and setting targets for reducing environmental impact.
   (2) By working to solve environmental issues, including prevention of global warming, creation of a recycling society, and reduction of the release of harmful substances.

5. The KUBOTA Group is proactive in communicating its environmental perspective.
   (1) By issuing timely and easily understandable environmental information.
   (2) By conducting environmental impact assessments, working to reduce environmental risk, and preventing environmental pollution.

The New Medium-Term Environmental Conservation Plan

The KUBOTA Group has adopted and is promoting the Medium-Term Environmental Conservation Plan in order to put into practice the basic policy of our corporate environmental management.

In FY2010, the KUBOTA Group has set up the New Medium-Term Environmental Conservation Plan and Targets/Results for FY2010.

Issues

<table>
<thead>
<tr>
<th>Management Indicators</th>
<th>Base FY</th>
<th>Targets FY2010</th>
<th>Results FY2010</th>
<th>Self-evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce CO2</td>
<td>2009</td>
<td>(−0.2%); (−1.2%); (−1.9%); (−1.4%)</td>
<td>(−0.4%); (−1.4%); (−1.9%)</td>
<td>(−1.2%); (−1.4%); (−1.9%)</td>
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<tr>
<td>Reduce PRTR-designated substances</td>
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<td>(−26%); (−26%); (−26%); (−26%)</td>
<td>(−26%); (−26%); (−26%); (−26%)</td>
</tr>
</tbody>
</table>

Future Tasks and Actions to be Taken (for failing to achieve targets for FY2010)

1. To develop technologies that can reduce CO2 emissions during the production process.
2. To promote efforts by the company to enhance operational efficiency and reduce CO2 emissions.
3. To encourage introduction of higher-efficiency equipment.
4. To conduct real-time monitoring of energy consumption and the management of performance per unit of sales by increasing production rates.
5. To contract with recycling companies.
6. To more strictly encourage waste separation.
7. To contact recycling companies.
8. To reduce water consumption.
9. To reduce waste.
10. To reduce CO2 emissions.

Message from the Office in Charge

Environmental management pursued by the KUBOTA Group

In April 2010, KUBOTA celebrated its 120th anniversary of establishment. Though today’s social situations are greatly different from those of the early days of our inception, over the years we have remained consistently and sincerely committed to contributing to the development of society and the preservation of the global environment through our manufacturing activities.

At the KUBOTA Group’s 2010 shareholders’ meeting, the group decided to combine the group's CSR activities into one comprehensive plan with the goal of achieving the final goals set forth in both the group’s New Medium-Term Environmental Conservation Plan and the group's Environmental Management System. The group established a new Environmental Management System, which incorporates the group's past environmental conservation activities, including the enhancement of the “Environmental Management System” and “Environmental Communication” as the foundation of our efforts toward these goals.

KUBOTA Group

The KUBOTA Group, a company with a history of more than a century, has been managing activities aimed at the global environment in all aspects.

Conservation Plan, due to the New Medium-Term Environmental Conservation Plan and Targets/Results for FY2010.

Stop Climate Change

Reduction of chemical substances

Controlled and reduced: 74.7%

Stop Climate Change

Reduction of chemical substances

Controlled and reduced: 74.7%
Environmental Report

KUBOTA Group Business Activities and Environmental Loads

The numerical data and an overview of the environmental load resulting from the KUBOTA Group's corporate activities both in Japan and abroad are shown below. We remain committed to further reducing the environmental load and improving our eco-efficiency by collecting and analyzing accurate data on the environmental load.

**INPUT**

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<thead>
<tr>
<th>Energy</th>
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<tr>
<td>Heavy oil</td>
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<tr>
<td>Electricity</td>
<td>503,40 GWh</td>
</tr>
</tbody>
</table>

**Water**

- Service water: 0.93 million m³
- Industrial water: 2.69 million m³
- Groundwater: 1.04 million m³

**Total**: 4.66 million m³

**Chemical substances** (PRTR-designated substances)

(Data for business sites in Japan)

- Cement: 8 kilotons
- Used iron: 50 kilotons
- New pig iron: 8 kilotons
- Flat bars: 71 kilotons
- Polyvinyl Chloride Resin: 122 kilotons

**Recycled raw materials**

- Steel scrap: 253 kilotons

**Release into the water systems**

(Data concerning business sites in Japan shown for the items marked with an asterisk.)

- CO₂: 478 kilotons-CO₂
- (Ecological related): 470 kilotons-CO₂
- SO₂*: 39 kilotons-CO₂
- NOX*: 49 tons
- Soot and dust*: 3.8 tons

**Release into the atmosphere**

(Data concerning business sites in Japan shown for the items marked with an asterisk.)

- Water discharge: 3.86 million m³
- COD: 15.4 tons
- Phosphorous*: 0.25 tons
- PRTR-designated substances*: 33 tons

**Sewage**

- Water discharge: 0.99 million m³
- PRTR-designated substances: 20 tons

**Waste**

(Amount of waste discharge)

- Landfill waste: 74,296 tons
- amount of waste discharge: 3,859 tons

* Including 100 ton, the landfill amount of company's own landfill site

**OUTPUT**

**Eco-efficiency indicator**

(Starting from FY2010, data for "Release into water systems" includes that of overseas business sites, excluding the items marked with an asterisk.)

**Environmental management activities at PT Metec Semarang**

PT Metec Semarang manufactures vending machines and related parts in Semarang City, Indonesia, and we are in charge of the company’s environmental management. We celebrated the company’s 15th anniversary in March 2010. Since our inception, we have conducted a variety of environmental activities while enhancing our ability to produce environmentally friendly products. During FY2010, we launched activities aimed at enhancing energy efficiency by enlarging the diameters of our air pipes, recycling materials used in the production process, such as WEEE, and reducing resource consumption by improving the yield of steel products of our product. In response to the growing concern over climate change and other environmental problems, we will continue our efforts to enhance environmental impacts in a well-planned manner; so that we can be recognized as a "company more friendly to both people and the global environment.”

**Voice**

Mohamad Saetori (left)
Uzwar Handiansyah (right)
PT. Metec Semarang

**Environmental auditing**

We conduct annual “KUBOTA Group Environmental Audits,” pursuant to the “Environmental Risk Management Regulations and Environmental Preservation Rules and Guidelines” that were formulated by the internal control system of the KUBOTA Group. The environmental audit of FY2010 focused on the “development and implementation of operations/inspection procedures and standards of environment-related facilities,” in addition to the matters covered annually, and corrective measures were immediately implemented for all the inadequacies identified during the audit.
Environmental Report

As a manufacturer, the KUBOTA Group has placed special emphasis on its production process in implementing measures to prevent climate change. To add momentum to our group-wide activities to reduce CO₂ emissions from FY2010, we have set new medium-term goals and are concentrating our efforts on their achievement.

Reducing CO₂ emissions

Total CO₂ emissions amounted to 478 kiloton-CO₂, down 17.0% from the FY2009 level; while CO₂ emissions per unit of sales also declined by 1.2% from the previous year. Thus, we have achieved the target for CO₂ reduction. In spite of the significant decline in sales, we could still achieve a reduction in CO₂ emissions per unit of sales (CO₂ emissions/Consolidated net sales), which is mainly attributable to a decline in production at our casting plants and the improvement of the CO₂ emission factors of the electric power companies. During FY2010, we improved the combustion efficiency of our melting furnaces mainly attributable to a decline in production at our casting plants and the improvement of the CO₂ emission factors of the electric power companies. During FY2010, we improved the combustion efficiency of our melting furnaces.

Reducing CO₂ emissions during distribution (amount of freight shipped and CO₂ emissions)

320 million ton-km of freight were shipped in Japan in FY2010 and the amount of CO₂ emissions resulting from these shipments was 99 kiloton-CO₂. The CO₂ emissions during distribution per unit of sales increased by 1.1% from the previous year and the target was not achieved due to the decline in sales, while CO₂ emissions were reduced by 15.1%.

Promoting the 3Rs (Reduce, Reuse, Recycle)

Waste discharge

Waste discharge per unit of sales in FY2010 declined by 6.0% from the FY2009 level; thus, the target for the year was achieved. Total waste discharge amounted to about 74,900 tons, down 21% from the previous year.

Working towards a Recycling-based Society

The KUBOTA Group encourages recycling and reduction of waste to achieve zero emissions and contribute toward the formation of a recycling-based society.

Promoting the 3Rs (Reduce, Reuse, Recycle)

Waste discharge

Waste discharge per unit of sales in FY2010 declined by 6.0% from the FY2009 level; thus, the target for the year was achieved. Total waste discharge amounted to about 74,900 tons, down 21% from the previous year.

Zero emissions

The zero emissions achievement ratios in FY2010 were 55% for business sites in Japan, 22% for overseas business sites, and 49% in total. Thus, the target for FY2010 was achieved. The landfill ratio in FY2010 improved significantly to 3.2% (1.0% for business sites in Japan only) compared with 6.2% (for business sites) in FY2009. This reduction in landfill ratio is attributable to the contracting of slag recycling companies and to greater efforts for the separation of waste at each business site. We will continue our efforts toward further waste reduction by conducting more meticulous waste management.

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Environmental Report

Chemical Substance Controls

The KUBOTA Group has continued concerted efforts to provide appropriate control over chemical substances and achieve the targets for reducing them.

Reducing PRTR-designated substances

PRTR stands for Pollutant Release and Transfer Registry. The PRTR Law, or the Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in their Management, is designed to improve management of specific chemical substances by identifying the amount of such substances released to the environment.

Measures taken to reduce PRTR-designated substances

We are working for the reduction of PRTR-designated substances by replacing conventional products with alternative ones that do not contain these substances, introducing waste thinner recycling units, and improving the production process. In FY2010, we achieved a 16.4% reduction in the amount of PRTR-designated substances released and transferred from the previous year, but the target was not achieved on a per-unit-of-sales basis because sales declined to a greater extent.

Promoting activities friendly to the natural environment and biodiversity

Biodiversity conservation principles incorporated into the KUBOTA Group Environmental Action Guidelines

At the KUBOTA Group, various environmental measures have been underway, such as creating biotopes and green areas at business sites. To further encourage biodiversity conservation and sustainable use of the natural environment, biodiversity conservation principles were newly incorporated into the KUBOTA Group Environmental Action Guidelines in December 2009. Under these guidelines, we will continue our efforts to provide appropriate control over the environmental impacts of our corporate activities, in order to protect the diverse range of regional ecosystems.

Promoting activities friendly to the natural environment and biodiversity

I hope to contribute to labor efficiency in agricultural activities and the protection of the beautiful rural environment.

Yoshihisa Fujita
Rice Transplanter Engineering Department
KUBOTA Corporation

Frontline Voice

It is tough work to apply agricultural chemicals manually across a vast rice paddy. The work also entails the risk of adversely affecting the environment due to the scattering of chemicals, while occluded inhalation of chemicals can cause health problems. KUBOTA’s devices are effective in various ways: they contribute to labor efficiency, let users know the correct amount of chemicals used, have less environmental impact, and reduce cost by preventing the excessive application of chemicals.

Recently, agriculture is attracting growing interest. I really hope that our devices will help both practicing and prospective farmers in their agricultural work, and contribute to protecting and preserving the habitats of a diverse range of living creatures and beautiful rural environments.

Report from the Front

Responding to the European REACH Regulations

The REACH regulations* require manufacturers to register chemical substances and provide information on “Substances of Very High Concern” contained in their products.

* REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals.
Independent Review on the Environmental Report

Since FY2005, our Environmental Report has been subject to an independent review by a third party to ensure the credibility and completeness of the environmental information contained within it. The information in the KUBOTA CSR Report 2010 that has been reviewed is given this review mark ( ). As a result of this year’s review, the KUBOTA CSR Report 2010 has been determined eligible to use the environmental reporting assurance and registration mark of the Japanese Association of Assurance Organizations (J-SUS) (http://www.j-sus.org/). This indicates that the environmental information contained in the KUBOTA CSR Report 2010 is reliable enough to meet the eligibility criteria to use the mark set by the J-SUS. (*The mark is shown on the back cover of this report.*)

On-site inspections

Funabashi Office, Keiyo Plant

Kyuhoji Business Center

Kubota C.I. Co., Ltd.

Odasawa Plant, Kubota C.I. Co., Ltd.

As a part of our efforts to ensure the credibility and integrity of our environmental reporting, we have engaged in an independent review of our Environmental Report. This review process is in accordance with the Japanese Association of Assurance Organizations (J-SUS) standards, and it is conducted by Ernst & Young ShinNihon Sustainability Institute Co., Ltd., an independent assurance provider.

Outline of the assurance procedures performed

The Independent Review Process was performed in accordance with the 2009 International Standard on Assurance Engagements (ISAE 3000). The review was conducted by Ernst & Young ShinNihon Sustainability Institute Co., Ltd., and the assurance report was issued by the Independent Reviewer.

1. Purpose and scope of our assurance engagement

The assurance engagement was conducted in accordance with the ISAE 3000 standard. The Independent Reviewer assessed the company's Environmental Report for compliance with the J-SUS standards for sustainability reports. The engagement involved examining the company's environmental performance and reporting practices.

2. Outline of the assurance procedures performed

The assurance procedures performed included reviewing the company's environmental data, assessing the accuracy of the reported information, and verifying the completeness of the reporting. The procedures involved on-site inspections of key facilities and interviews with relevant personnel.

3. Conclusion

The Independent Reviewer concluded that the company's Environmental Report was prepared in accordance with the J-SUS standards and that the information was presented accurately and comprehensively. The report was considered to be a reliable representation of the company's environmental performance.

4. Independence

The Independent Reviewer confirmed that there were no conflicts of interest and that the review process was conducted independently.

Comments on the CSR Report

Published in the milestone year of the company's 120th anniversary, this particular CSR Report is especially significant. For 120 years, KUBOTA's corporate activities have always aimed to contribute to society. KUBOTA takes this commitment seriously and relies on it in designing measures to improve its corporate activities.

Environmental activities from medium- and long-term perspectives

KUBOTA has made concerted efforts toward environmental preservation activities and has achieved steady results, which is something that should be highly regarded. Considering that the reduction in production volume adversely affected various environmental indicators during the fiscal year under review, introduction of indicators that are independent of changes in production volume or CO2 emission coefficient is recommended. Additionally, evaluating the current environmental efforts in medium- and long-term perspectives by setting targets for 2020 or 2050 will be effective in bringing about innovations in KUBOTA's environmental activities. In this light, KUBOTA should consider introducing more comprehensive, integrated numerical indicators, such as a resource productivity indicator.

Introduction of the perspective of a value chain

By specifying areas of importance and using the PDCA cycle in environmental and social areas, KUBOTA is implementing CSR activities in a highly advanced manner. KUBOTA should integrate all the areas of its activities and create a value chain involving suppliers and customers as well, in a systematic fashion. By developing a plan that allows KUBOTA's value to be shared globally and explaining that plan to the public, KUBOTA will be able to achieve further success in its CSR activities.

In response to the above comments

As always, our company is committed to contributing to society. In the past year, we have continued to focus on our CSR activities and have seen positive results. We believe that our efforts in the future will be even more effective in achieving our goals.

May 25, 2010

Professor Katsuhiko Kokubu
Graduate School of Business Administration
Kobe University

Masaaki Yukata
General Manager, CSR Planning Department
KUBOTA Corporation
Earth...We protect the environment of this beautiful earth.
Life…We support the prosperous life of human forever.

We Kubota promise above as a business group that challenges global problems of food, water, and environments.

Natural energy was used to generate the electricity required for printing this report (1,700 kwh). This material was printed on FSC-certified paper, which indicates that the paper comes from forests managed in a socially and environmentally responsible way.

The ink used was a vegetable-based soy ink, which places a lower load on the environment.

This report was printed using a waterless process, which does not use any dampening solution that contains alkaline developer or isopropyl alcohol.