Over time, all at KUBOTA have inherited the founder’s spirit

Two aspects of our founder Gonshiro Kubota’s character provided the basis for the company that bears his name. The first was the pioneering spirit that led him to face the challenges involved in becoming the first to mass produce cast iron water pipes in Japan and that also made him devote his expertise and a great amount of effort into creating products that would assist in the development of society. The second was his intense passion for manufacturing that has successively been handed down over the more than 120 intervening years with the aim of Kubota making great advances to becoming a truly global company.
At the beginning of FY2014, I declared that this would be a year of major change for KUBOTA in both its international and domestic operations. In FY2013, both revenues and profits grew. Why then, one might ask, is it necessary for KUBOTA to undergo these major changes? What is the end goal of all these changes? I answer these questions below while lightly touching on current conditions at KUBOTA.

Plotting a new path to growth through social contributions unique to KUBOTA

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Representative Director, Chairman, President & CEO Yasuo Masumoto

We are at the starting line of future growth.

In FY2013, KUBOTA returned to a growth path as revenues expanded in Japan and overseas, owing to a rebound in demand in Japan, strong growth in demand for agricultural machinery in Asia, and higher demand for tractors and construction machinery in North America. Consolidated revenues totaled ¥1,167.6 billion, slightly topping the previous peak set in FY2008 and finally recovering to a level last seen prior to the financial crisis five years ago. Marking this figure as our new starting line, we are embarking on a trek toward full-fledged growth.

In FY2014, we expect strong performance overall in both domestic and overseas operations. Nevertheless, we are not content to watch the year pass by frivolously. We will engage in business activities with the objective of creating a corporate structure able to achieve growth in excess of market expansion over the medium term. In our pursuit of contributing to society and remaining a sustainable corporation, we aim to foster a corporate culture where our employees are able to take an optimal course of action based on a firm grasp of current business conditions without being blinded by previous success. This, I believe, is my mission.

Aiming for Constant Corporate Growth

We have set two basic business policies for FY2014: “attain major growth by developing growth driver businesses,” and “reform business operations to that of a global corporation.”

Aiming to Attain Major Growth

KUBOTA contributes to the advancement of society through its businesses in food, water and the environment. These business fields are becoming increasingly important to the human race on a global scale, and KUBOTA aims to outperform market growth in these fields. To achieve this aim, KUBOTA will enhance development of core growth themes, or growth driver businesses.

One of these growth driver businesses is the large-scale agricultural machinery business for dry-field farming, an area in which we will ramp up operations. KUBOTA’s agricultural machinery business has grown around the rice farming market, which requires compact and lightweight machinery. However, KUBOTA believes it must enter the global market for dry-field farming, which covers an area that is seven times larger than land used for growing rice. Dry-field farming is the primary mode of agriculture in regions KUBOTA has yet to enter, such as Africa, Russia and South America. Management has determined that KUBOTA needs to enter the large-scale dry-field agricultural machinery business in order to help solve global food problems and sustain growth over the long term at KUBOTA.

Another growth driver business is the overseas water and environment business, in which we plan to accelerate business development in mainly Asian countries. The KUBOTA Group aims to speed up development of the water and environment business in Asia by stimulating growth at its existing subsidiaries in China that produces and sells water treatment systems and pumps, and by promoting business via Asian subsidiaries of a water treatment engineering company acquired in 2012.

Aiming to Reform Business Operations

The Company’s overseas sales ratio reached 54% in FY2013 as a result of ongoing efforts to augment its overseas production bases and sales network. Expansion of our overseas operations is key to future growth because growth driver businesses are in overseas markets. Our current business operations, however, are still focused on domestic businesses, a structure that we have yet to move away from. We aim to reform business operations from a multi-angled viewpoint to find the best path forward to becoming a genuine global corporation.

To attain this goal, we are implementing several measures. Our first measure is to strengthen marketing and R&D activities in tune with local needs. KUBOTA has to make inroads into existing markets overseas such as the dry-field farming market and water and environment market where there are already competitors, in order to fulfill its objectives of contributing.
to society and further expanding overseas operations. KUBOTA must also introduce products and services at prices that are fair for each region and of a quality that matches local needs. To realize these goals, we aim to strengthen marketing and R&D activities in tune with local needs.

Our second measure is to expand our overseas sales network. In fast-growing Asian markets, we aim to expand operations faster than the pace of average market growth, and we need to expand our sales network further in order to do so. KUBOTA turned a local affiliate into a subsidiary in the Philippines in 2011, and established an agricultural machinery sales company in Indonesia in 2012. The Company plans to expand its sales network further in preparation for business growth in China, Southeast Asia and South Asia. In regions where we do not have a presence, such as Africa, Russia and South America, we plan to start developing sales channels within five or ten years from now.

Our third measure is global promotion of our ways and capabilities of manufacturing, in other words, spreading “Made by KUBOTA” methods or technologies globally. KUBOTA is taking steps to expand overseas production with the aim of forming a production structure able to flexibly adapt to changes in market conditions. Since each region often requires different specifications for products, the first priority of this measure is to enable product development that fulfills local requirements. At the same time, having strong cost competitiveness is considerably more important in overseas markets than in Japan. I believe a key challenge for us will be to address these needs while upholding the trustworthiness of the “Made by KUBOTA” products. We believe that the high performance, durability and finely tuned specifications of our products are valued as quality in overseas markets.

The fourth measure is to strengthen local management and corporate governance. In accordance with expansion of overseas operations, it is becoming increasingly important for us to execute local decision-making so that local managers, who are knowledgeable of the local situation, can make appropriate and prompt decisions. To this end, we will strive to recruit and develop human resources through appointment to positions of management responsibility, delegating authority and updating our personnel system.

Meanwhile, it is also becoming increasingly important to strengthen corporate governance as the number of business mergers and acquisitions (M&A) increases. We will proactively tackle this issue by improving our framework and systems while leveraging IT to adopt uniform management and proper sharing of management resources.

KUBOTA will create business opportunities in Japan by enhancing its proposal capabilities and responding to changing needs.

Sales have increased for two consecutive fiscal years at the Company’s domestic operations, and this recovery in sales and profits in Japan has underpinned consolidated earnings. However, if we limit ourselves to our current business fields, there is scant hope of sustainable growth in sales and profits over the long term. KUBOTA will overhaul low-margin businesses and transform its business structure to one that focuses on developing new markets.

In the agricultural field, KUBOTA engages in business that contributes comprehensively to agriculture through proposals for improving agricultural efficiency and by introducing new ways of farming. In this context, we have already launched initiatives such as the promotion of rice farming that skips the raising of seedlings.

In the water and environment field, KUBOTA will work to further expand existing businesses in the public sector, such as equipment sales and plant construction, while aiming to create new business opportunities in the private sector by improving its readiness in the field of ongoing facility operation and maintenance, which is increasingly being subcontracted.

Contributing to Society as a Corporation

Around the world, we work hard at giving people reason to believe that KUBOTA is a promising company.

Engaging in the business fields of food, water and the environment, KUBOTA is proud to be a company with considerable potential to contribute to the welfare of society. That said, I believe there is still a lot more that KUBOTA can do, because there are so many roles that KUBOTA can fulfill for society while striving for further growth through business expansion. Not satisfied with the current state of operations, we ask ourselves if there is a better way we can address the needs of society. Desiring a corporate culture wherein all of our employees around the world ask themselves this very question, we formulated the Kubota Global Identity as the Group’s corporate philosophy in October 2012. I believe our responsibility to society is to contribute to society through our business activities and always do in good faith what is expected of us by society.

Another important issue for us is how to preserve the natural beauty of the environment for the next generation, amid significant changes in the global environment caused by rapid economic growth in emerging countries. As a company with operations that relate to environmental conservation, KUBOTA is always cognizant of how its products and services help the global environment, and strives to reduce the environmental impact of its manufacturing activities. The Company takes environmental considerations seriously, starting with initiatives to reduce CO₂ emissions and waste volume as well as manage chemical substances, and also deploying its own wastewater treatment technologies when constructing new production base overseas, so as to not adversely impact the local environment. KUBOTA has set up its own Eco Products Certification System for evaluating the environmental friendliness of its products, and makes concerted efforts to develop products that are easy on the environment.

We intend to help protect the beauty of the global environment and enrich people’s lives. With “For Earth, For Life” as our slogan, we are moving forward in the fields of food, water and the environment as a company that contributes to society. Through business growth and social contributions, KUBOTA will endeavor to be a promising company that everyone trusts, and a company that meets the expectations of its stakeholders. We ask for your understanding and support as we strive toward these aspirations.
Following the spirit and values established by the Company’s founder more than 120 years ago, KUBOTA Corporation is committed to tackling food, water and environmental issues on a global scale.

The first successful domestic production of cast iron pipes for water supply was accomplished in Japan in 1897. At that time, a significant number of lives were being lost in Japan as a result of water-borne diseases such as cholera. Founder Gonshiro Kubota established KUBOTA to protect people from such diseases and in the process contributed greatly to the modern water supply system. In that spirit, the manufacturing of iron pipes is now a cornerstone of business activity at the KUBOTA Corporation.

Amid serious food shortages after the Second World War, the Company directed its efforts toward agricultural mechanization as a means to increase food production and succeeded in commercializing cultivators in 1947. Inheriting the spirit of a company founded with a commitment to resolving social issues, KUBOTA continues to develop its business activities in step with the needs of society.

KUBOTA enacted the Kubota Global Identity as a universal corporate principles in order to promote business activities throughout the group based on the spirit and values passed down since the establishment of the Company.

The Kubota Global Identity recognizes that food, water and the environment are a singular theme, and the program’s “Mission” section states clearly that the goal of the Company is to contribute to the resolution of problems in these areas on a global scale.

Spirits

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

Brand Statement

For Earth, For Life

Mission

Food, water and the environment are indispensable for human beings. The KUBOTA Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.
Somewhere, today. A nearby presence throughout people’s lives.

Mobilizing the collective strength of KUBOTA’s business activities and contributing to solutions in the areas of food, water and the environment.
KUBOTA started with production and marketing of cast metal products. Ever since its foundation, it has provided a large variety of products that contribute to people’s lives and society, including iron pipes for waterworks, engines for agricultural and industrial purposes, and machine tools. All of its business organizations and products have been developed under the basic idea that “Society keeps corporations going forward.”

In 1893, not long after its establishment, the Company produces the first cast iron water pipes made in Japan. Having been exported to such countries as Indonesia in 1917 and the Netherlands in the 1950s, the technology is also highly regarded across the world.

Globalization

1972-1999 Full-Scale Overseas Business Development

KUBOTA, steadily expanding its overseas activities, builds water and cast steel businesses in North America, farming and construction machinery businesses in Europe, and the overseas production of vending machines. Entry into overseas markets begins after World War II, including through localization with product exports, construction work and other efforts.

2012-Present Aiming to Become a Truly Global Company

Through M&A, KUBOTA is making full-scale entries into the world’s dry-field farming markets and strengthening its water and environmental businesses. In addition, the Company is promoting the building of a global, optimized local production system by making further advances in consistent local product and production from the sourcing of castings and engine parts.

History of KUBOTA’s Products

1890 – Founded as KUBOTA Precision Works

1891 – Numerical control tools

1893 – Castings

1897 – Machinery

1914 – Steel

1917 – Steam engines

1922 – Agriculture/Industrial-use engines

1924 – Seesaw

1930 – Tractors

1932 – Vegetable production equipment

1936 – Cultivators

1939 – Mining machinery

1942 – Diesel pump

1946 – Combustors

1949 – Air-conditioning equipment

1954 – FRP bath tubs

1955 – Pumps

1959 – Centrifugal products

1960 – Parts machinery

1961 – Computers

1962 – Water treatment plants

1963 – Forestry machinery

1964 – FRP tanks

1965 – Sheet metal products

1968 – Bath scales

1970 – Pumps

1972 – Pneumatic products

1974 – Rollers for steel mills

1977 – Cement construction materials, Roofing and siding materials

1978 – Centrifugal products

1980 – Casting machines

1981 – Computer

1982 – Power amplifiers

1985 – Mitsubishi

1987 – Filling machines

1993 – Air-conditioning equipment

1994 – Engines

1995 – Air-conditioning systems

Revenues composition ratio by region

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>23.1%</td>
<td>23.2%</td>
<td>22.5%</td>
<td>22.4%</td>
<td>22.3%</td>
<td>22.2%</td>
<td>22.1%</td>
<td>22.0%</td>
<td>21.9%</td>
<td>21.8%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Japan</td>
<td>46.3%</td>
<td>46.2%</td>
<td>46.1%</td>
<td>46.0%</td>
<td>45.9%</td>
<td>45.8%</td>
<td>45.7%</td>
<td>45.6%</td>
<td>45.5%</td>
<td>45.4%</td>
<td>45.3%</td>
</tr>
<tr>
<td>North America</td>
<td>17.5%</td>
<td>17.6%</td>
<td>17.7%</td>
<td>17.8%</td>
<td>17.9%</td>
<td>18.0%</td>
<td>18.1%</td>
<td>18.2%</td>
<td>18.3%</td>
<td>18.4%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>6.2%</td>
<td>6.3%</td>
<td>6.4%</td>
<td>6.5%</td>
<td>6.6%</td>
<td>6.7%</td>
<td>6.8%</td>
<td>6.9%</td>
<td>7.0%</td>
<td>7.1%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Other</td>
<td>7.6%</td>
<td>7.7%</td>
<td>7.8%</td>
<td>7.9%</td>
<td>8.0%</td>
<td>8.1%</td>
<td>8.2%</td>
<td>8.3%</td>
<td>8.4%</td>
<td>8.5%</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

Revenues growth

<table>
<thead>
<tr>
<th>Region</th>
<th>FY ended March 2008</th>
<th>FY ended March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,021.4 billion yen</td>
<td>1,119.5 billion yen</td>
</tr>
<tr>
<td>North America</td>
<td>273.2 billion yen</td>
<td>319.9 billion yen</td>
</tr>
<tr>
<td>Europe</td>
<td>118.7 billion yen</td>
<td>146.7 billion yen</td>
</tr>
<tr>
<td>Other</td>
<td>92.0 billion yen</td>
<td>100.8 billion yen</td>
</tr>
<tr>
<td>Total</td>
<td>1,516.3 billion yen</td>
<td>1,762.0 billion yen</td>
</tr>
</tbody>
</table>

1946-1971 From the Postwar Recovery Period to Making Global Inroads

In 1946, KUBOTA exports irrigation pumps and power tillers to B unload (currently Myanmar). In Cambodia, KUBOTA becomes the first Japanese company to undertake water supply construction work. Also engaging in water supply-related work in other countries, including Laos, Afghanistan and Taiwan, KUBOTA is highly active in overseas business.

2000-2011 Sudden Acceleration in Globalization

KUBOTACommences full-scale production of tractors and combine harvesters in North America and Thailand and builds overseas sales bases for submerged membranes, construction machinery and pumps. The Company accelerates the localization of its businesses, including the production and sale of cast steel in the Middle East, and makes significant advances in globalization.
Corporate Data  (As of March 31, 2013)

Corporate Name  KUBOTA Corporation
Head Office  2-47, Takahagacho 1-chome, Nariai-ku, Osaka 556-8601 Japan
Established  1890
Capital  ¥6,070 million
Total number of shares issued  1,256,419,180
Number of shareholders  36,917
Revenue (Consolidated)  ¥11,167,628 million
Number of employees  (Consolidated)  31,436

Directors, Audit & Supervisory Board Members and Executive Officers  (As of June 21, 2013)

Directors

(Back row, from left)
Yuichi Kitao  Shinji Sasaki  Yujiro Kimura
Managing Executive Officers
(Back row, from left)
Toshihiro Kubo
Executive Officers
(Back row, from left)
Masaharu Tabata  Yuichi Sasaki
Senior Managing Officers
(Back row, from left)
Satoru Sakamoto
Managing Executive Officers
(Back row, from left)
Shigeru Kimura  Hiroshi Kawakami  Toshihiko Kurosawa  Kunio Suwa
Executive Officers
(Back row, from left)
Akira Negishi  Ryoji Sato
Outside Directors
(Back row, from left)
Haruyuki Yoshida  Dai Watanabe  Ryoji Sato*
Board Members
(Back row, from left)
Akira Negishi*  Masaharu Kawachi*  Hiroshi Shiaku
Outside Audit & Supervisory Board Members
(Back row, from left)
Hiroshi Matsuki  Taichi Itó  Yoshiki Fujita  Kazuhiro Kimura
Senior Managing Officers
(Back row, from left)
Yasuo Nakata  Yuzuru Mizuno*  Junichi Sato*
Executive Officers
(Back row, from left)
Yasuo Nakata  Yuzuru Mizuno*  Junichi Sato*
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(Back row, from left)
Yasuo Nakata  Yuzuru Mizuno*  Junichi Sato*
Executive Officers
(Back row, from left)
Yasuo Nakata  Yuzuru Mizuno*  Junichi Sato*

A drastic organizational realignment was conducted in April 2012. To facilitate management and rapid decision-making as well as to focus on a flatter, simple organizational structure, we decided to eliminate the consolidated division system in favor of a business division system after carrying out consolidation under the president’s direct supervision. Corporate staff divisions (indirectly managed departments) integrated into headquarters are working to enhance the business support and Group governance functions.
Global Network

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

### Global Network

#### The KUBOTA Group’s overseas business sites and main overseas affiliates

<table>
<thead>
<tr>
<th>Region</th>
<th>Main affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia &amp; Oceania</td>
<td>16 domestic agricultural machinery sales companies including Hisakado KUBOTA Corporation (16 of August, 2015) Sales of agricultural machinery</td>
</tr>
<tr>
<td>Europe</td>
<td>KUBOTA Precision Machinery Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>North America</td>
<td>KUBOTA Tractor Corporation (Champaign, Illinois, U.S.A.) 16 domestic sales offices and 6 domestic production bases</td>
</tr>
</tbody>
</table>

#### North America

- **Kubota Tractor Corporation**
  - California, U.S.A.: Sales of tractors, construction machinery, mowers and UVs
  - Georgia, U.S.A.: Retail financing of merchandise

- **Kubota Credit Corporation U.S.A.**
  - California, U.S.A.: Retail financing of merchandise

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

- **Kubota America Corporation**
  - Illinois, U.S.A.: Sales of engines and generators

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

- **Kubota Tractor Acceptance Corporation**
  - California, U.S.A.: Warehousing agencies in the United States

- **Kubota Membrane U.S.A. Corporation**
  - Washington, U.S.A.: Sales of water filter membranes

- **Kubota Canada Ltd.**
  - Ontario, Canada: Sales of tractors, construction machinery, mowers and UVs

- **Kubota Materia Canada Corporation**
  - Ontario, Canada: Manufacturing and sale of steel casting products, TWK (brake past material)

#### Europe

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

- **Kubota Baumaschinen GmbH**
  - Zweibrücken Rheinland-Pfalz, GERMANY: Manufacturing and sales of construction machinery

- **Kubota Construction Machinery (MUIX) Co., Ltd.**
  - Chachoengsao, THAILAND: Retail financing of merchandise

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

- **Kubota Construction Machinery (UK) Ltd.**
  - Oxford, UK: Sales of small-sized glass machines

- **Kubota Engine America Corporation**
  - Illinois, U.S.A.: Sales of engines

- **Kubota Engine Co., Ltd.**
  - Tokyo, Japan: Sales of engines, construction machinery, engines, mowers and UVs

- **Kubota España S.A.**
  - Madrid, SPAIN: Sales of engines

- **Kubota France S.A.**
  - Septeuil, FRANCE: Sales of tractors, construction machinery, engines, mowers and UVs

- **Kubota KASUI Corporation**
  - Sakai (Osaka), Japan: Manufacturing of vertical type diesel engines

- **Kubota Kura Komatsu Co., Ltd.**
  - Saitama, Japan: Manufacturing of steel casting products, TWK (brake past material)

- **Kubota Land Co., Ltd.**
  - Kobe, Japan: Retail financing of merchandise

- **Kubota Membrane Co., Ltd.**
  - London, U.K.: Sales of water filter membranes

- **Kubota Materia Canada Corporation**
  - Ontario, Canada: Manufacturing and sale of steel casting products, TWK (brake past material)

- **Kubota Materia Co., Ltd.**
  - Kobe, Japan: Retail financing of merchandise

#### Asia & Oceania

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

- **Kubota Construction Machinery (THAILAND) Co., Ltd.**
  - Pathumthani, THAILAND: Manufacturing and sales of combine harvesters and rice transplanters

- **Kubota Environmental Engineering (ANKU) Co., Ltd.**
  - Tokyo, Japan: Plant engineering of membrane bioreactors, and manufacturing and sales of membrane units, for the water treatment market

- **Kubota Engine Co., Ltd.**
  - Tokyo, Japan: Sales of engines

- **Kubota France S.A.**
  - Nanterre, FRANCE: Sales of tractors, construction machinery, engines, mowers and UVs

- **Kubota France S.A.S.**
  - Paris, France: Sales of engines

- **Kubota Vietnam Co., Ltd.**
  - Hanoi, Vietnam: Manufacturing and sales of steel casting products

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

- **Kubota Tractor Co., Ltd.**
  - Tokyo, Japan: Retail financing of merchandise

### Plants, offices and main affiliates in Japan

<table>
<thead>
<tr>
<th>Plants</th>
<th>Offices</th>
<th>Main affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factories, plants and buildings</td>
<td>Head Office</td>
<td>KUBOTA Corporation Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>Field offices</td>
<td>Head Office</td>
<td>KUBOTA Corporation (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>Regional office &amp; sales offices</td>
<td>Head Office</td>
<td>KUBOTA Corporation Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>Hisakado KUBOTA Corporation (Kobe)</td>
<td>Head Office</td>
<td>KUBOTA Corporation (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>KUBOTA Engine Co., Ltd.</td>
<td>Head Office</td>
<td>KUBOTA Corporation Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>KUBOTA KASUI Corporation (Sakai, Osaka)</td>
<td>Head Office</td>
<td>KUBOTA Corporation Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>KUBOTA Kura Komatsu Co., Ltd.</td>
<td>Head Office</td>
<td>KUBOTA Corporation Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
<tr>
<td>KUBOTA Materia Co., Ltd.</td>
<td>Head Office</td>
<td>KUBOTA Corporation Co., Ltd. (Kobe) Chemical and other sales; sales of pharmaceutical and other supplies related to water quality, etc.</td>
</tr>
</tbody>
</table>

### Related services and businesses

- **Kubota Insurance Corporation**
  - Underwriting non-life insurance

- **Kubota Tractor Acceptance Corporation**
  - Warehousing agencies in the United States

- **Kubota Membrane U.S.A. Corporation**
  - Washington, U.S.A.: Sales of water filter membranes

- **Kubota Materia Canada Corporation**
  - Ontario, Canada: Manufacturing and sale of steel casting products, TWK (brake past material)
KUBOTA Helps Fast-growing Asian Countries Resolve Issues Related to Food, Water and the Environment

KUBOTA’s businesses are intimately related to food, water and the environment, fields that will only increase in importance as essential aspects of human existence.

Based on the Kubota Global Identity, our corporate principles, we take on the challenge of solving world problems related to the fields of food, water and the environment through the provision of over a thousand different products and services. Our lineup of offerings mainly comprises: agricultural equipment that enhances food production by improving the efficiency of agriculture; equipment, facilities and engineering technologies for the stable supply of safe water; technologies for treating and reducing the volume of wastewater and waste; and materials, equipment and construction machinery that support the modernization of urban and living environments.

Over the past few years, rapid economic development in Asian countries has led to a host of intertwining problems, including populations being concentrated in major cities, a lack of modern infrastructure in cities, environmental destruction, food shortages, growing water shortages and declining rural populations.

Leveraging its technologies and comprehensive expertise cultivated over a 120-year history, KUBOTA helps resolve problems in countries in Asia and around the world, thereby contributing to their sustained development.

■ KUBOTA excels at making contributions in these fields:

“Food”  Contributing to abundant and stable production of food by streamlining of agriculture.
• Alleviation of agricultural labor shortages
• Mechanization of agriculture
• Localization of agricultural machinery production

“Water”  Contributing to supply and to restore viable water by enhancing water infrastructures.
• Maintenance of water supply and sewerage systems
• Preservation of environmental hygiene
• Prevention of water pollution

“Environment”  Contributing to create a comfortable living environment and to preserve the global environment by enhancing social infrastructure.
• Waste liquid and wastewater treatment systems
• Flue gas treatment systems
• Upgrading urban and living environments
KUBOTA has played a key role in the mechanization of agriculture in Asian countries, which account for 90% of global rice production, through its rice farming machinery and technologies developed in Japan. By promoting the spread of agricultural machinery, we have contributed greatly to labor-saving and labor-reduction innovations in agriculture. With the “Made by KUBOTA” brand widely trusted for genuine quality and durability, we have responded to local needs by improving and modifying our products and backing them up with finely-tuned services. In Thailand and China, KUBOTA has deepened its roots in regional communities by advancing the local production of agricultural machinery.

### Contributing to the Alleviation of Rural Labor Shortages and Mechanization of Agriculture through Localization

KUBOTA helped fast-growing Asian countries resolve issues related to food, water and the environment.

- **Thailand:**
  - Rural labor shortages have become a serious problem due to the development of the automobile industry and other industries.
  - KUBOTA has been exporting rice transplanter since 1998 and began manufacturing diesel engines for agricultural machinery in 2010. Since then, the company has been exporting rice production machinery to Thailand.
  - In 2019, KUBOTA introduced its first combine harvester and rice transplanter in Thailand, and commenced full-fledged development of the tractors business in China in 2012. We have contributed to the stable supply of food and the elimination of rural labor shortages caused by rapid economic development and urbanization in China.

- **China:**
  - In China, KUBOTA has contributed to the mechanization of agriculture, promoting the spread of highly efficient Japanese-made machinery for rice farming and dry field crop farming. In addition to the high functionality and durability of our products, we have built a responsive service structure for repairs and maintenance that has garnered the strong trust of our customers.

Around the world, there are still 870 million people on the brink of starvation. Every year, Asia has played an increasing role in the production of staple foods, and the region now produces half of the world’s grains.
Helping to Improve Water Quality and Ensure Safe and Secure Sources of Drinking Water

120 years ago, KUBOTA was the first company in Japan to produce cast iron water pipes. Our water-related operations have roots that can be traced back to our foundation as a company, and we have advanced in lockstep with the history of waterworks in Japan. UNESCO projects that the quantity of water intake in Asia will account for about 60% of the world total by 2025. With this in mind, KUBOTA aims to play a central role in modernizing water infrastructure in Asia, from water intake and purification to water supply and wastewater treatment, through a combination of its products (cast iron pipes, plastic pipes, pumps, valves, submerged membranes, etc.), water treatment technologies and engineering technologies.

Demand for water is expected to increase around the world. Consumption of water is growing especially strongly in Asia, raising the importance of having safe and secure water supplies.

In Vietnam, there is strong demand for wastewater treatment tanks, including those for treating industrial wastewater. In response, KUBOTA has installed over 300 wastewater treatment tanks, many of them in hospitals. In Myanmar, often called the "last frontier of Asia," we anticipate strong demand for wastewater treatment tanks.

KUBOTA’s submerged membranes are used in the treatment of sewage and industrial wastewater. Since delivering its first submerged membrane to the United Kingdom in 1999, KUBOTA has built up its reputation and supplied them to customers in Europe, North America and the Middle East. We now aim to accelerate business development in Asia. At our production bases recently constructed in Thailand and China, we have installed wastewater recycling systems using our own membrane filtration technologies so that operations are not affected by local environmental conditions.

KUBOTA helps fast-growing Asian countries resolve issues related to food, water and the environment.
In Asia, the modernization of sewage and other water treatment systems is an important social issue going forward as population growth and urbanization accelerates. In the world today, many lives are lost due to a lack of access to clean water supplies. Environmental preservation is our mission for the future.

<table>
<thead>
<tr>
<th>Proportion of population with insufficient sewage facilities (2.4 billion people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>Africa</td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>Asia</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diseases arising from poor water, public sanitation and cleanliness (2002)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diarrheal disease</td>
</tr>
<tr>
<td>Malnutrition due to protein insufficiency</td>
</tr>
<tr>
<td>Nutritional deficiency</td>
</tr>
<tr>
<td>Schistosome fluke</td>
</tr>
<tr>
<td>Intestinal filariasis</td>
</tr>
<tr>
<td>Lymphatic filariasis</td>
</tr>
<tr>
<td>Other (including drowning)</td>
</tr>
<tr>
<td>Malaria</td>
</tr>
<tr>
<td>Trachoma</td>
</tr>
<tr>
<td>Schistosome fluke</td>
</tr>
<tr>
<td>Intestinal filariasis</td>
</tr>
<tr>
<td>Lymphatic filariasis</td>
</tr>
</tbody>
</table>


In Asia, demand has been growing for construction machinery against a backdrop of brisk urban development and residential development. With the number one share of the world market for small-size construction machinery, KUBOTA has been proactively responding to demand for modern urban and residential environments by localizing production of its small-size construction machinery in China.

Environmental pollution has become a problem in Malaysia due to waste liquids released during the production process for palm oil, a key export. KUBOTA has received orders for its first waste liquid treatment facility and biogas recovery facility in Malaysia. Through these facilities, we will contribute to environmental preservation by helping solve the problem of environmental pollution while effectively utilizing energy.

In Japan, KUBOTA plays a role in the creation of comfortable and convenient communities by selling industrial air handling systems used in large buildings, hotels, factories, airports, hospitals and universities, as well as vending machines with excellent environmental performance characteristics.

KUBOTA helps fast-growing Asian countries resolve issues related to food, water and the environment.
Basic Policy for CSR* Management

All KUBOTA Group employees share the KUBOTA corporate principles of Kubota Global Identity and will contribute to our stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, they are aiming for the ongoing synergistic development of the KUBOTA Group and society.

*Corporate Social Responsibility

Ongoing Synergistic Development of KUBOTA Group and Society
- Ongoing sustainable growth
- Raise corporate value, raise corporate brand profile
- Build on society’s confidence in and high reputation for KUBOTA

Corporate Governance

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

Corporate governance structure (as of July 1, 2013)

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

Executive Officers’ Meeting
KUBOTA Corporation has adopted the executive officer system. The Executive Officers’ Meeting consists of the Representative Director, President & CEO (referred to below as “the President”) and the Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of their execution of duties.

Audit & Supervisory Board
KUBOTA Corporation is a company with Audit & Supervisory Board. The Audit & Supervisory Board consists of five Corporate Auditors (of whom three are outside Audit & Supervisory Board Members). In addition to regular meetings held on a quarterly or more frequent basis, the Audit & Supervisory Board Members also meet as and when required to discuss and make decisions with regard to auditing policy, audit reports and other matters.

Management Committee and Investment Council
The Management Committee meets to deliberate important management matters such as investments and loans, and mid-term management plans before they are discussed by the Board of Directors. Two of the full-time corporate auditors participate in the committee as observers. The Management Committee gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as on special matters. The council does not include the President, and one of the full-time corporate auditors participates in it as an observer.
**Internal Control System**

The KUBOTA Group’s internal control system is based on the recognition that risk management forms an essential part of business activities. In naturally ensuring compliance with relevant laws and regulations, the Company works to make operational-level enhancements, such as the standardization of established practices, by making steady, ongoing improvements in its business activities so that if there are any deficiencies, they are corrected immediately.

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**Business management (each operational division)**
- Business regulations
- Day-to-day business management based on business regulations
- Extract information on major risk to management
- Audits, feedback, etc.
- Risk management (each department in charge)
- Implement risk management based on risk management regulations

**Risk management item**
- Risk to be avoided
- Number of audited items (total) *1

<table>
<thead>
<tr>
<th>Risk management item</th>
<th>Risk to be avoided</th>
<th>Number of audited items (total) *1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal control over financial reporting</td>
<td>Risk on reliability in financial reporting</td>
<td>4,012</td>
</tr>
<tr>
<td>Fair trade</td>
<td>Violations of the Subcontractors’ Law</td>
<td>178,2</td>
</tr>
<tr>
<td>Environmental and health management</td>
<td>Violations of law</td>
<td>1,456</td>
</tr>
<tr>
<td>Health and safety</td>
<td>Occupational diseases</td>
<td>310</td>
</tr>
<tr>
<td>Internal control concerning corporate business functions</td>
<td>Infringing intellectual property of other companies</td>
<td>422</td>
</tr>
<tr>
<td>Compliance with the Construction Business Law</td>
<td>Violation of the Construction Business Law</td>
<td>261</td>
</tr>
<tr>
<td>Compliance with the disaster management</td>
<td>Violation of the Construction Business Law</td>
<td>24</td>
</tr>
<tr>
<td>Compliance with the Construction Business Law</td>
<td>Violation of the Construction Business Law</td>
<td>178</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>114</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>53</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>394</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>1,020</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>279</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>434</td>
</tr>
<tr>
<td>Compliance with the Business Risk management</td>
<td>Prevention of illegal payments</td>
<td>310</td>
</tr>
</tbody>
</table>
| *1 Details of activities with regard to other risks are posted in part on the Social Report pages.

**Operation of the Internal Control System**

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

**Fair trade**
KUBOTA holds training sessions related to the Antimonopoly Act on an ongoing basis, including at its overseas affiliates, and works to prevent any reduction in awareness of the Company’s past violations. In addition, with regard to dubious acts, KUBOTA conducts a consultation with a lawyer or the Fair Trade Commission and is adamant about preventing any recurrence of illegal behavior.

With regard to the Subcontract Law, KUBOTA proactively holds basic training workshops and practical consultations in addition to expanding and upgrading its risk management system.

**Information management (information security, confidential information management, protection of personal information)**
Preventing information leaks and the infection of computers by viruses via the ongoing installation of overseas-standard anti-virus software, the Company enhances security by means of audits. In addition, KUBOTA reinforces its system recovery measures in readiness for any disaster by maintaining recovery procedures and the implementation of disaster recovery (DR) measures. The Company also works to establish rules to cover the use of new services, including social networking services (SNS), and information devices such as smartphones.

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

[http://www.kubota-global.net/privacy.html](http://www.kubota-global.net/privacy.html)

**Import/export control**
In Japan, the Company checks operations of import/export control by conducting audits and provides instruction about this matter based on specific guidance, not only at its internal sections but also at Group companies. At its overseas affiliates, the Company examines the export situation and export management system (regulations, personnel, etc.) at each company by the use of checklists and provides guidance on any improvements. The Company promotes management system upgrades, particularly at companies that have newly commenced exports.

**Prevention of illegal payments**
The Company verifies that the mechanisms are in place for the early prevention of illegal payments by such means as annual audits and conducts double checks to ensure that there were indeed no such payments.

In response to the increasing number of companies that have been charged with the payment of bribes to foreign officials in the course of their overseas business operations, the Company is stepping up its efforts to prevent illegal payments overseas.

**Examples of strengthen measures overseas**
- Naturally, in respect to payments to restless and gangster organizations as well as the payment of bribes to foreign officials, the Company has clearly defined the prohibition in the Code of Conduct for all its employees, including those at overseas positions. The Company provides regular, detailed reminders of those standards.
- The Company has field training sessions for senior executives, managers and personnel in charge. Additionally, the Company holds briefings and provides education for all responsible individuals individually who are newly taking up posts at overseas positions.
- In the case of high-risk countries, the Company focuses on prevention by, for example, maintaining exchanges of information with people on the spot.

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* The number of audited items is the total of all of the items assessed in each of the divisions. See also Note 1 for the calculation of the number of audited items.*2 Based on the actual situation of each business, particularly thorough risk management is conducted with regard to fair trade, such as carrying out double audits at the division and Company-wide levels.
For the year ended March 31, 2013, revenues of Kubota Corporation and its subsidiaries (hereafter, the “Company”) increased ¥159.6 billion (15.8%), to ¥1,167.6 billion from the prior year.

In the domestic market, revenues increased ¥42.3 billion (8.5%), to ¥541.0 billion from the prior year. Domestic revenues in Farm & Industrial Machinery increased due to steady sales of farm equipment and robust growth in sales of construction machinery and engines. Revenues in Water & Environment also increased owing to sales growth of products related to public works. In addition, revenues in Other increased slightly.

In the overseas market, revenues increased ¥117.3 billion (23.0%), to ¥626.6 billion from the prior year. Overseas revenues in Farm & Industrial Machinery significantly expanded in North America, Europe and Asia outside Japan, and revenues in Water & Environment and Other rose. The ratio of overseas revenues to consolidated revenues was 53.7%, 3.4 percentage points higher than at the prior year-end.

Operating income increased ¥7.5 billion (7.1%) from the prior year, to ¥131.2 billion. The increase in revenues in Farm & Industrial Machinery and Water & Environment and the declines in material costs exceeded the impact of increases in other costs, such as higher pension cost.

Income before income taxes and equity in net income of affiliated companies was ¥1.4 billion. Accordingly, net income attributable to noncontrolling interests was ¥1.4 billion. Accordingly, net income attributable to Kubota Corporation was ¥120.5 billion, ¥19.5 billion (19.3%) higher than in the prior year, because of

### Financial Highlights (FY2013)

<table>
<thead>
<tr>
<th>Year ended March 31</th>
<th>Revenue</th>
<th>Operating Income</th>
<th>Income before Income Taxes</th>
<th>Capital Investments</th>
<th>R&amp;D Expenses</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>¥1,075.5</td>
<td>¥102.8</td>
<td>¥83.3</td>
<td>¥33.3</td>
<td>¥26.3</td>
<td>(¥50.5)</td>
</tr>
<tr>
<td>2010</td>
<td>¥1,030.6</td>
<td>¥69.7</td>
<td>¥73.5</td>
<td>¥26.0</td>
<td>¥25.2</td>
<td>(¥62.5)</td>
</tr>
<tr>
<td>2011</td>
<td>¥933.7</td>
<td>¥86.1</td>
<td>¥91.3</td>
<td>¥24.0</td>
<td>¥27.0</td>
<td>(¥54.5)</td>
</tr>
<tr>
<td>2012</td>
<td>¥1,008.0</td>
<td>¥105.7</td>
<td>¥100.9</td>
<td>¥31.1</td>
<td>¥31.9</td>
<td>(¥52.9)</td>
</tr>
<tr>
<td>2013</td>
<td>¥1,167.6</td>
<td>¥113.2</td>
<td>¥120.5</td>
<td>¥48.7</td>
<td>¥31.2</td>
<td>(¥43.0)</td>
</tr>
</tbody>
</table>

### Revenues and Overasie Revenue Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (¥)</th>
<th>Overseas Revenue Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>53.2%</td>
<td>45.4%</td>
</tr>
<tr>
<td>2010</td>
<td>56.9%</td>
<td>48.8%</td>
</tr>
<tr>
<td>2011</td>
<td>53.7%</td>
<td>51.0%</td>
</tr>
<tr>
<td>2012</td>
<td>57.3%</td>
<td>54.5%</td>
</tr>
<tr>
<td>2013</td>
<td>55.3%</td>
<td>52.9%</td>
</tr>
</tbody>
</table>

### Operating Income and Operating Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income (¥)</th>
<th>Operating Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>102.8</td>
<td>9.3%</td>
</tr>
<tr>
<td>2010</td>
<td>69.7</td>
<td>7.5%</td>
</tr>
<tr>
<td>2011</td>
<td>86.1</td>
<td>9.2%</td>
</tr>
<tr>
<td>2012</td>
<td>105.7</td>
<td>10.5%</td>
</tr>
<tr>
<td>2013</td>
<td>113.2</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

### Other 3.0% (percentage of total revenues)

Other comprises construction, services, and other business. Revenues in this segment increased 12.4%, to ¥34.6 billion from the prior year, and accounted for 3.0% of consolidated revenues. Revenues generated from construction and other business also increased.

### Operating Results by Segment (FY2013)

#### Farm & Industrial Machinery

Farm & Industrial Machinery comprises farm equipment, engines, and construction machinery. Revenues in this segment increased 19.2% from the prior year, to ¥851.0 billion, and accounted for 72.9% of consolidated revenues.

Revenues increased 12.3%, to ¥294.3 billion. Domestic sales of farm equipment increased, because sales in the Tohoku area rose owing to the rebound from stagnation in the prior year, and sales in other areas also increased due to higher rice prices and the government subsidies for farmers. Sales of construction machinery and engines substantially increased due to the demand for reconstruction work following the Great East Japan Earthquake.

#### Water & Environment

Water & Environment comprises pipe-related products (ductile iron pipes, plastic pipes, valves, pumps, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, spiral welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products).

Revenues increased 7.1%, to ¥382.1 billion from the prior year, and accounted for 24.1% of consolidated revenues.

Revenues increased 5.6%, to ¥245.8 billion. Revenues in environment-related products rose significantly owing to higher sales of water and sewage treatment equipment and plants. In addition, revenues in pipe-related products and social infrastructure-related products also increased. Overseas revenues rose 19.2% to ¥335.5 billion owing to increased sales in ductile iron pipes and valves.

### Reclassification of Segments

Following this realignment, the segments that had previously been classified as “Farm & Industrial Machinery,” “Water & Environment,” and “Other” were reclassified into “Farm & Industrial Machinery,” “Water & Environment,” and “Other.”
Strategy for Robust Growth: Expanding Business Fields through M&A

Farm & Industrial Machinery

Kverneland AS now a 100% subsidiary

In May 2012, KUBOTA turned Kverneland AS, a manufacturer of tractor implements in Norway, into a wholly owned subsidiary. KUBOTA plans to make inroads by using Kverneland’s sales networks to introduce its large-size and dry field farming machinery, as its first step into the global market for dry field farming, which is said to be seven times larger than the market for rice farming.

Establishment of KUBOTA KASUI Corporation

KUBOTA made the water treatment engineering company Fujikasu Engineering Co., Ltd. a consolidated subsidiary and re-launched operations in December 2012 as KUBOTA KASUI Corporation. Through this measure, our aim is to expand the scope of operations in water and the environment and speed up business development in Asia.

Creating a structure able to quickly respond to demand in each region: promoting localization

Pushing forward with an integrated production system for agricultural machinery in Thailand

In October 2012, Kubota Engine (Thailand) Co., Ltd. began to mass-produce diesel engines. We aim to build a global supply structure and strengthen cost competitiveness through an integrated production system, from casting components to processing and final assembly. KUBOTA Precision Machinery (Thailand) Co., Ltd., the production subsidiary of KUBOTA Precision Machinery Co., Ltd. that makes hydraulic equipment for agricultural machinery, has established a new factory featuring an integrated production system from processing through assembly. It is scheduled to begin mass production in January 2014. In January 2013, KUBOTA Procurement & Trading (Thailand) Co., Ltd. was established to procure and supply parts. We aim to build a global procurement structure that will strengthen the cost competitiveness of our production bases in Thailand and around the world.

Expanding the engine and tractor business in China

KUBOTA established Kubota Engine (Wuxi) Co., Ltd. as a diesel engine production company in December 2012 to fulfill growing demand for engines in China and other parts of Asia. Plans call for mass production to begin in July 2014 with the aim of further expanding business through a stronger supply capacity.

Kubota Agricultural Machinery (Suzhou) Co., Ltd. was established in December 2012. We aim to build a global procurement structure that will strengthen the cost competitiveness of our production bases in China and around the world.

Expanding the tractor business in North America

KUBOTA constructed a new tractor production plant in the United States and started mass producing 30-50 horsepower tractors in January 2013. We aim to increase cost competitiveness while shortening the time required from order receipt to product delivery. We are focusing on opening up the North American tractor market by leveraging the KUBOTA brand name.

Production of TXAX launched in Canada

Kubota Materials Canada Corporation, our manufacturing and marketing company in Canada, has begun production of TXAX, our product name for potassium titanate for friction materials used in brake pads and clutches for automobiles and other machinery. We expect demand for TXAX to expand in North America amid strengthening demand for environmentally friendly asbestos-free pads in new vehicles and as replacements in older vehicles. We plan to start mass production in 2013.

Strengthening our sales network to improve customer service

Dealer meeting held to commemorate 40th anniversary of North American sales company

In October 2012, Kubota Tractor Corporation, our North American sales company held a dealer meeting to commemorate its 40th anniversary in Dallas, Texas. Around 2,500 local dealers participated in the meeting, where new products were introduced and technological information was shared. We aim to enhance our services for customers by strengthening the sales network.

Strengthening our agricultural machinery business in Indonesia

KUBOTA has established a sales company for agricultural machinery in Indonesia, the third-largest producer of rice in the world. We expect the market for agricultural machinery to expand going forward amid strong economic growth in Indonesia. Accordingly, we plan to expand sales and operations of core agricultural machinery for rice paddies, such as tractors, combine harvesters, and rice transplanters.

Leveraging our technologies to contribute to food, water and the environment overseas

Food: Revitalizing agriculture in Japan by exporting and promoting Japanese quality rice

Kubota Rice Industry (H.K.) Co., Ltd. was established as a company that specializes in the import and milling of Japanese rice in Hong Kong and began full-fledged sales operations in 2012. To preserve freshness during shipments, brown rice is stored in a refrigerated warehouse and milled with our own facilities only after an order is received. By selling high-quality Japanese rice, we are fostering overseas demand for agricultural products made in Japan, which is a major issue facing the Japanese agricultural industry.

Water: Protecting water lifelines from earthquakes in the United States

KUBOTA has received an order from the Los Angeles Department of Water and Power for GENEX earthquake-resistant ductile iron pipes used in waterworks. KUBOTA’s ductile iron pipes were chosen by Los Angeles for their superior quality, as evidenced by the zero damage they took in the Great Hanshin-Awaji Earthquake or the Great East Japan Earthquake. This also marks the first time Japanese-made water pipes designed to survive earthquakes will be laid in the United States.

Environment: Contributing to environmental preservation in Malaysia

In Malaysia, a global producer of palm oil, waste oil emitted from palm oil mills has become a major issue facing the Japanese agricultural industry. We expect the market for agricultural machinery to expand going forward amid strong economic growth in Indonesia. Accordingly, we plan to expand sales and operations of core agricultural machinery for rice paddies, such as tractors, combine harvesters, and rice transplanters.

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Leveraging our technologies to contribute to food, water and the environment overseas

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Environment: Contributing to environmental preservation in Malaysia

In Malaysia, a global producer of palm oil, waste oil emitted from palm oil mills has become an environmental problem. KUBOTA has received orders from BBIC Bigosan Sdn. Bhd. in Malaysia to build a biogas recovery system (membrane methane fermentation technology) and an effluent treatment system (membrane bio rector technology) for its palm oil mill. With this order, KUBOTA will step up efforts in the waste liquid treatment business for palm oil mills in Southeast Asia with the aim of contributing to the improvement of the environment and the promotion of renewable energy.
Leveraging the KUBOTA Group’s Unique Position to Provide Reconstruction Assistance Following the Great East Japan Earthquake

The KUBOTA Group has provided relief and reconstruction assistance on an ongoing basis since the Great East Japan Earthquake. We have focused on reconstruction assistance that leverages our unique position, such as supporting farmers in their efforts to restore farmland and return to work, and fostering communities that reflect agrarian ideals. Through support matched to constantly changing needs, we are committed to providing ongoing reconstruction assistance. (This page introduces some of the reconstruction assistance provided by the KUBOTA Group.)

Ongoing support for volunteer activities

Many employees of the KUBOTA Group volunteered again in FY2013 to assist with reconstruction, training and education in regions affected by the earthquake. KUBOTA is in a unique position to provide assistance, such as by getting residents in temporary housing together and helping them create community gardens. New employees that volunteered were able to directly interact with people affected by the natural disaster and gain an understanding of actual conditions in disaster-stricken regions. These experiences provided them with an opportunity to learn more about themselves and grow as individuals, while providing insight on how they can contribute to reconstruction efforts.

Creating connections with people through community gardens

Amid prolonged residencies in temporary housing, concerns have risen that residents will become isolated after living so long in unfamiliar regions and communities. The KUBOTA Group is cooperating with local governments, NPOs and other companies to plan and build community gardens for the purpose of creating a space for residents to have fun and get to know each other better.
### Social Report

#### Summary of Fiscal 2013 Social Report, Priority Issues for Fiscal 2014 and Medium-Term Targets

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

#### Main focus of activity

<table>
<thead>
<tr>
<th>Customers and suppliers</th>
<th>Quality and Services to Improve Customer Satisfaction</th>
<th>Shareholders, etc.</th>
<th>Shareholder Value Creation for Continuous Improvement</th>
<th>Employees</th>
<th>Respecting Human Rights and Promoting Diversity</th>
<th>Maximizing our Human Resources with Appointments and Training to Support Global Business Development</th>
<th>Communities</th>
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<tbody>
<tr>
<td>Implementing proactive IR activities to help shareholders and investors understand KUBOTA’s businesses</td>
<td>Promoting specific measures based on the KUBOTA Wellness (Mental Health) Action Plan in addition to information sharing and consultation in labor-management committees</td>
<td>Promoting specific measures based on the KUBOTA’s “KUBOTA Wellness (Mental Health) Action Plan”</td>
<td>Creating a Safe Workplace for All Employees</td>
<td>Creating a Physically and Mentally Healthy Work Environment</td>
<td>Respecting Human Rights and Promoting the Human Rights of Workers</td>
<td>Maximizing our Human Resources with Appointments and Training to Support Global Business Development</td>
<td>Contributing to International and Local Societies</td>
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#### Activities in FY2013

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<th>Activities FY2013</th>
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<tr>
<td>Conducting quality audits to check activities to prevent quality problems</td>
<td>Conducting application of quality engineering to the whole Company</td>
<td>Inspecting the content of education and continuing to provide the education</td>
<td>Preparing for application to overseas suppliers</td>
<td>Conducting surveys on actual conditions for the application</td>
<td>Improving internal operations based on comments from customers</td>
<td>Enhancing coordination between services and parts to improve capacity to respond to inquiries and feedback</td>
<td>Implementing the PDCA cycle in each category.</td>
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<tr>
<td>Conducting quality audits inside and outside the Company</td>
<td>Conducted quality audits at 800 sites in FY2013 (13% more than in FY2012)</td>
<td>Quality and Environment Risk Assessments</td>
<td>Conducting surveys on actual conditions for the application</td>
<td>Surveyed results of business activities in an easy to understand format for each overseas region</td>
<td>Redressed efforts to share information on services and parts, newly integrated organization for customer support and outside sales</td>
<td>Improving internal operations based on comments from customers</td>
<td>Implementing the PDCA cycle in each category.</td>
</tr>
<tr>
<td>Conducting quality audits outside the Company</td>
<td>Conducted quality audits at 3,274 sites in FY2013 (50% more than in FY2012)</td>
<td>Promoting the establishment and application of the &quot;KUBOTA Global Human Resource Management Basic Policy&quot;</td>
<td>Conducting surveys on actual conditions for the application</td>
<td>Surveyed results of business activities in an easy to understand format for each overseas region</td>
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#### Check - Self-evaluation

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<td>Improving quality via quality audits</td>
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<td>Fostering a safety-first culture among employees</td>
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#### Plan - Medium-term Targets

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#### Summary of Social Activities - Together with Society

The KUBOTA Group recognizes sincerely that asbestos-related diseases have occurred among local residents and employees in the vicinity of the former Kansai Plant. From the standpoint of fulfilling its social responsibility as a company that handled asbestos in the past, KUBOTA needs to continue tackling this problem with sincerity in the future.

As of March 31, 2013, related payments had been made to 241 individuals pursuant to the internal policy of the "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the former Kansai Plant."

KUBOTA employees, including those already retired, suffering from asbestos-related diseases comprised a total of 184 persons as of March 31, 2013, of whom 163 are deceased and 21 are undergoing treatment.

KUBOTA has provided financial support for clinical and basic research projects conducted by Hyogo College of Medicine.

#### Portion of target not reached

- Target exceeded
- Target reached
- Portion of target not reached
- Target not reached

<table>
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<th>Priority issues for FY2014 from April 2013 to March 2014</th>
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<td>Improving quality via quality audits</td>
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<tr>
<td>Preventing quality problems by quality engineering and reinforcing checks at quality engineering and development</td>
<td>Improving quality via quality audits</td>
<td>38</td>
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<tr>
<td>Inspecting the content of education and continuing to provide education</td>
<td>Improving quality via quality audits</td>
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<tr>
<td>Managing supplier data (updating, etc.)</td>
<td>Improving quality via quality audits</td>
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<tr>
<td>Responding to conflict in a timely manner</td>
<td>Improving quality via quality audits</td>
<td>38</td>
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</table>

#### Other relevant information

- For items on internal control, see the Management section on p.27, and for environmental items, see the Environmental Report section on p.47.
Quality and Services to Improve Customer Satisfaction

Working to prevent quality problems

KUBOTA deploys quality engineering Company-wide as a problem-solving tool. In FY2013, we dispatched instructors to our bases to teach quality engineering in a personalized setting, and a large number of employees in technical positions learned about the concepts of quality engineering. We also worked diligently to prevent quality problems that often lurk in modifications and points of variation. As one such initiative, we began Design Review Based on Failure Modes (DRBFM), which is widely used in the automotive industry during the initial development phase.

Small-group activities

At KUBOTA, approximately 500 small groups at business sites in Japan work to improve quality. Once a year, KUBOTA holds an awards ceremony to recognize small-group activities that had a significant impact on quality improvements. The small group that is judged to have had the largest impact then tours business sites in Japan and overseas, giving presentations on its results.

At the International Convention on Quality Control Circles held in Malaysia in 2012, KUBOTA was the only Japanese company to win the 3 Star Award, the highest honor. Going forward, we will promote small-group activities to improve quality at Group companies in Japan and abroad.

Establishment of Procurement Headquarters

KUBOTA implemented a major reorganization in April 2013 in order to unify management of procurement across business boundaries. The Company aims to achieve the best in procurement practices by enhancing the level of quality, cost and delivery management through the integration of procurement policies and synergistic effects across businesses.

KUBOTA plans to build a global procurement network, establishing more procurement centers to globalize procurement in tandem with business development.

National Skills Competition

KUBOTA entered the lathe and machinery assembly categories of the National Skills Competition, where young technicians under 23 years of age engage in competition that puts their vocational skills to the test. The employees KUBOTA selected to participate in the competition had to fabricate specified objects within a limited time. This required intense concentration and precision down to the 0.001mm level, both of which they gained by training hard every day. Technical skills are passed down to younger employees as they pit their manufacturing skills against competitors from other companies at this best-in-class national competition.

Improving new employee (trainee) education

Under the policy of "no manufacturing without human resource development," KUBOTA is committed to the education of new employees who will engage in manufacturing at production sites. The current trainee system, which was launched in 1975, provides a residential training course for approximately one year at the two training centers in Saka and Hikarita in Osaka Prefecture. The training curriculum is mainly composed of "technical and skill training," "practical training at production line" and "personality development training." Throughout the training period, the trainees learn the basics as members of society and as new employees. This system is highly appreciated by visitors of the training centers including high school teachers.

Thorough improvement based on the “5-Gen” principle

Manufacturing at KUBOTA is based on the “5-Gen” principle [Gen-ba (Actual Site), Gen-butsu (Actual Things), Gen-jitsu (Actual Facts), Gen-ri (Principles) and Gen-soku (Basic Rules)] to promote improvement activities. In 2002, KUBOTA launched a training school called “5-Gen Dojo” to develop human resources that can practice the “5-Gen” principle. Employees in Japan and overseas attend the classes to inherit KUBOTA’s Spirit for manufacturing. In 2013, Koushi Shimamura, an employee who leads the lessons about the “5-Gen” principle at the Dojo, was awarded the national Medal of Honor with Yellow Ribbon (outstanding service) for achieving excellence in his field of work and for his meritorious deeds.

Voice

Unyielding will to create

In 1996, KUBOTA launched a new transmission production project. With the welding technology of that time not offering sufficient precision, however, the project ran into trouble producing quality components that were key to smooth transmission operations.

Setting out to solve this problem, we delved into technological development with an unyielding will, dedicating ourselves to achieving zero defective products, and went through the trial and error process countless times. We were not going to give up until we had succeeded. We ended up developing a welding method using electron beams that the world had never seen before. This development enabled the production of high-performance transmissions at lower cost, and it is still an essential welding technology for producing tractors today.

I am currently an instructor of the “5-Gen” principle at the “5-Gen Dojo.” I think we are faced with a mounting challenge of training personnel at our growing number of overseas bases.
Creating a Safe Workplace for All Employees

KUBOTA’s Basic Policies on Safety and Health

At KUBOTA, we consider health and safety to be the basis for performing our jobs at a high level as well as making the most of our lives. To prevent a repeat of the major accident that occurred in 2012 (including inexpert on-the-job fatalities), we went back to the drawing board to create a set of completely new safety measures that seek to eliminate such risks, especially in high-risk operations. In addition, we formulated the Fundamental Principles on Health and Safety in April 2013 to ensure that all KUBOTA Group employees make safety their highest priority in all activities.

The 9th KUBOTA Group Long-term Industrial Accident Reduction Plan

FY2014 marks the first fiscal year of the KUBOTA Group’s 9th Long-Term Industrial Accident Reduction Plan, which is specified every five years. To achieve the new plan’s safety objective—”eliminate accidents resulting in lost work time”—we have established such priority actions as “strengthen employee development,” KUBOTA Corporation Employee Safety Training.” Based on this, we will promote the creation of a safe and secure work environment that is free of accidents.

Workplace-focused health and safety activities

The KUBOTA Group promotes workplace-focused health and safety activities at its business locations both in Japan and overseas. To ensure that such activities continue to be implemented at a high level of quality, we repeatedly conduct safety training and drills for all relevant individuals, from front-line employees, workplace supervisors and managers to senior management.

Creating a Rewarding and Vibrant Work Environment

KUBOTA undertakes a diverse range of initiatives with the aim of creating a safe, secure, healthy and vibrant work environment that is rewarding for employees. We have also established new training programs to support our rapidly globalizing business operations.

Efforts to promote mental health

We implement various workplace mental health care measures at every KUBOTA business location. These measures include formulating the KUBOTA Wellness (Mental Health) Action Plan; making available our mental health handbook to and conducting training sessions for managers; and undertaking work stress examinations, self-care courses to detect stress and consultations by industrial health staff for all KUBOTA employees.

Efforts to promote work-life balance

KUBOTA Corporation has formulated various ideas based on the Act on Advancement of Measures to Support Raising Next-Generation Children to enable employees to work in a manner that is in harmony with their private lives. Its efforts along these lines were officially recognized, leading to receipt of “Kurumin” mark (Next Generation Recognition Mark) in 2009 and 2011. We are currently applying for this certification in 2013.

■ Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (the two-year period between April 1, 2013 and March 31, 2015)
  - Enhance the childbirth leave program for female employees
  - Continue the campaign to encourage male employees to use the childcare leave program
  - Campaign to encourage male employees to use the childcare leave program
  - Undertake educational activities that includes displaying posters, distributing pamphlets and giving presents to those who use the program

Launching the Return to Work Program

In recent years, KUBOTA Corporation has seen a rise in the number of employees who wish to continue working while raising children, looking after family members and meeting various other private obligations. Nevertheless, there are cases of employees who have resigned due to an inability to meet both work and family obligations. For these employees, KUBOTA Corporation has launched the Return to Work Program as a system that offers opportunities to rejoin the Company to former employees who resigned because of such personal reasons as childbirth, childrearing, nursing or a spouse’s job transfer.

Fostering a corporate culture that creates family time through childcare leave

Through the Company’s campaign to encourage male employees to use the childcare leave program, I took one week’s worth of childcare leave. I was able to make the most of my leave time, which included playing to my heart’s content with my daughter, helping my wife with household chores and going out with the family. In addition, the time off has given me a renewed appreciation for my wife and the physical demands that looking after a two-year-old child places on her every day. The leave program has also provided me with a new sense of how fathers can share parental roles. This opportunity for managers such as myself to take childbirth leave fulfills my desire to contribute to the creation of a corporate climate that emphasizes diversity. I truly appreciate everyone whose cooperation helped make this possible.

Voice

Toshiyuki Beppu
Former Employment Business Promotion Department, KUBOTA Corporation
Respecting Human Rights and Promoting Diversity

Raising awareness of human rights

In line with the Code of Conduct of the KUBOTA Group shown below (excerpts), the Group makes efforts to raise awareness of human rights in Japan and overseas, respect international human rights guidelines, and ensure thorough compliance with relevant laws in the respective countries and regions.

- We support the Universal Declaration of Human Rights, and respect the human rights of all people.
- We do not discriminate or violate human rights on the basis of nationality, race, age, gender, or for any other reason whatsoever.
- We do not permit forced labor or child labor, and also request our business partners for compliance in this regard.

Having established the Human Rights Advancement Planning & Coordination Committee, we are implementing human rights training in Japan based on the action guidelines of the committee. As a consultation station for harassment, the KUBOTA Group operates the KUBOTA Hot Line internal reporting system, which includes outside lawyers, and a consultation system at the Group’s domestic and overseas business locations. Seminars are held to improve counseling abilities of consultation system managers. In addition, audits are undertaken to determine if surveys, including credit administration, are being conducted from the perspective of respecting human rights and privacy protection. The content of these surveys are reviewed on an annual basis.

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

K-Wing activities

As part of its activities in FY2013, Kubota Women’s Initiative Diversity Network & Group (K-Wing), an organization that supports female employees, held a nationwide conference in May 2012. In addition, K-Wing actively participates in various external activities, including organizing and convening a forum for 500 participants representing 50 companies. Through the formation of this network, female employees from both inside and outside the Company can share common challenges, including creating detailed career plans for themselves. K-Wing has focused its energies on clarifying the actions required to achieve these aims. In FY2014, K-Wing will continue leveraging its internal and external network of female employees in an effort to further enable women to demonstrate their full abilities. The number of KUBOTA female managers is increasing each year, rising nearly threefold from 17 in 2008 to 49 in 2013.

Creating workplaces for disabled persons

KUBOTA has founded two specific subsidiaries, Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd., and created them to provide a job and work environment for disabled persons. Kubota Sun-Vege Farm Co., Ltd. engages in hydroponic cultivation of safe and reliable vegetables with the aim of seeking to promote the independence of persons with disabilities and their coexistence with local communities, as well as using abandoned fields to support the stimulation of agriculture in Japan. The vegetables produced by the company are not only used by the cafeterias at KUBOTA business sites in Japan and sold internally, but are also marketed in supermarkets in Osaka Prefecture.

Maximizing our Human Resources with Appointments and Training to Support Global Business Development

Strengthening the development of global human resources

KUBOTA aims to enrich its training curriculum in response to the globalization of its operations. In our training program, we have newly established classes given in English on negotiations, presentations and facilitation in order to improve their practical language ability.

Amid an increasing number of overseas production bases, the number of employees that work at production sites has increased. Many members join the KUBOTA Group. With the goal of bolstering the manufacturing capabilities of the KUBOTA Group, we have created a textbook that covers basic facts about KUBOTA, our fundamental approach to manufacturing and other topics as a tool for transforming new hires into KUBOTA Group employees.

Foreign language training for new hires

Since 2008, all new hires have undergone one-month-long language training (homestay) and visited local production sites overseas in order to improve the language abilities of new employees and expose them to different cultures. A cumulative total of 550 employees have participated in this training program. Starting in FY2013, KUBOTA began dispatching employees overseas who had built up their core English skills in Japan, and set up a new education program for employees with foreign language skills that have progressed beyond a certain level. We will continue to educate our employees while improving the training program.

Expanding the overseas trainee system

Since 1997, KUBOTA has dispatched a number of employees overseas each year for training purposes. We plan to send more employees overseas in FY2014 as a part of efforts to foster global human resources.

Growing into global human resources via the overseas trainee system

As a trainee on the engine division’s gasoline engine team, I was dispatched to Chicago in the United States (Kubota Engine America Corporation) for one year. In North America, demand has been growing for gasoline engines that comply with exhaust gas regulations. At KUBOTA, these types of gasoline engines are positioned as an essential field for business growth. As a trainee, I was involved in activities that were outside my regular work responsibilities, such as gathering information on technology-related requirements for engines from the market and customers.

Through this experience, I developed stronger relationships with local engineers and an appreciation of the importance of moving quickly to develop products that satisfy the needs of our customers. I hope to put to good use the knowledge and experiences that I gained as a trainee in future global business development activities.

Cover of newly created textbook

Takahiro Tokunaga
Farm & Industrial Machinery International Operations Headquarter
KUBOTA Corporation
Dispatched to Kubota Engine America Corporation
Contributing to International and Local Societies

The KUBOTA e-Project

Six e-perspectives

In an effort to contribute to society in the areas of food, water, and the environment, the KUBOTA Group commenced the KUBOTA e-Project in 2008. The KUBOTA Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth. Through this promise to everyone, we seek the understanding and cooperation of stakeholders as we contribute to the creation of a sustainable society.

Coexisting positively with local residents through company sports activities

KUBOTA operates the corporate rugby team called Kubota Spears, which is based in Funabashi City, Chiba Prefecture. In addition to playing in Japan’s top rugby league, the Spears are working to become a beloved team throughout the area thanks to players’ involvement in exchange activities with local residents such as rugby coaching events and local cleanup activities. In the “One for All, All for One” spirit, the Spears will continue working to coexist positively with local residents.

Developing regional brands and advertising farm-fresh crops

KUBOTA GENKI Agriculture Experience Workshop

This program aims to deepen understanding of agriculture and provide educational opportunities through rice-growing agricultural experiences such as rice transplanting and harvesting as well as tasting the harvested rice.

Support for the restoration of abandoned farmland

We support efforts to restore abandoned farmland throughout Japan by offering agricultural machinery.

KUBOTA “TERRA-KOYA” summer camp

We sponsor the KUBOTA “TERRA-KOYA” summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since 2011, we have been inviting children from disaster-affected areas to this summer camp as part of our efforts to assist reconstruction efforts following the Great East Japan Earthquake.

Supporting the construction of wells in India

With the intention of improving global water environments, KUBOTA is providing financial support for the construction of wells in India being undertaken by the Japan Asia Association and Asian Friendship Society, both of which have been active in Asia for many years.

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

“UCHIMIZU” solution for heat island

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

Providing assistance to regions affected by natural disasters

In an effort to play a useful role in areas of the United States struck by Hurricane Sandy in October 2012, the KUBOTA Group provided monetary donations and relief supplies along with donating utility vehicles to transport reconstruction materials. These efforts were coordinated via non-profit organizations providing aid to disaster victims in stricken areas of New York and New Jersey.

-Other regions where KUBOTA provided assistance-

-December 2012: The Philippines, Typhoon Bopha (monetary donations)
- April 2013: Sichuan, China, Lushan Earthquake (monetary donations)
Environmental Management at the KUBOTA Group

In line with its Brand Statement “For Earth, For Life,” the KUBOTA Group contributes to the preservation of the global environment through business activities that are concerned about the environment. As the basic direction of corporate environmental management, we have established three objectives, namely to “Stop climate change,” “Work towards a recycling-based society” and “Control chemical substances.” To achieve these objectives, we focus on “Reducing the environmental impacts of production activities” and “Improving the environmental performance of our products.”

History of Environmental Conservation Initiatives at the KUBOTA Group

- 1972: Established Pollution Management Department
- 1992: Created the KUBOTA Global Environment Charter
- 1996: Formulated the Voluntary Plan on Environment
- 1999: Published the KUBOTA Environmental Report
- 2000: Obtained ISO 14001 certification for all KUBOTA production sites in Japan
- 2001: Created the Green Procurement Guidelines and the Voluntary Environmental Action Plan
- 2006: Created the KUBOTA Group Environmental Charter
- 2010: Approved as an Eco-First Company by the Ministry of the Environment
- 2011: Created certification system for Eco-Products

Preservation of the Global Environment to Realize “For Earth, For Life”

Environmental Management System

- Work Towards a Recycling-Based Society
  - Zero emissions
  - Reduction in industrial waste
  - Diversification of recyclable product items
  - Improvement in usage ratio of recycled materials, etc.
- Stop climate change
  - Energy conservation
    - Conversion from usage of fossil fuels
    - Expanded usage of natural energy
    - Reduction in product weight
    - Reduction in product energy consumption during use, etc.
- Control Chemical Substances
  - Reduction in use of chemical substances
  - Development and usage of substitute materials
  - Promotion of detoxification
  - Conservation of the global environment (pollution prevention, etc.)
- Sustainable Society
  - Reduction in release and transfer volume of PRTR-regulated substances
    - CO2 emissions
    - Emission of volatile organic compounds
    - Emission of heavy metals
- Environmental Communication
  - Waste reduction
  - CO2 reduction
  - Waste discharge reduction
  - Reduction in release and transfer volume of PRTR-regulated substances
The KUBOTA Group Environmental Action Guidelines (Summary of Guidelines)

1. Environmental Conservation Efforts in All Business Activities
2. Global Environmental Conservation
3. Environmental Protection to Create a Symbiotic Relationship with Local Societies
4. Our Voluntary and Organized Efforts in Environmental Conservation

Access our website for further information about the KUBOTA Group Environmental Action Guidelines: http://www.kubota-global.net/environment/ecofirst.html

As an “Eco-First Company”

In May 2010, KUBOTA made the “Eco-First Commitment” pledge to the Japanese Environment Minister to carry out environmental conservation activities on a Group-wide basis, and was officially approved as an “Eco-First Company.” The pledge was made with regard to the following four points, which are being implemented together with our “Medium-Term Environmental Conservation Plan.”

- Stop climate change
- Work towards a recycling-based society
- Control chemical substances
- Conserve biodiversity

The environmental information in this document (KUBOTA REPORT 2013-Business and CSR Activities), in combination with that given on the website http://www.kubota-global.net/csr/report/r2013.html, has received the third-party assurance from KPMG AZSA Sustainability Co., Ltd. Indices covered by this assurance are indicated by the 

Overview of the KUBOTA Group’s Environmental Loads

This is an overall summary of the KUBOTA Group’s environmental loads that are associated with its diverse domestic and international business activities. (FY2013 results, global data) The KUBOTA Group has analyzed the environmental loads and is working on load reduction efforts.

Environmental Management Basic Policy

- The KUBOTA Group aspires to create a society where sustainable development is possible on a global scale.
- The KUBOTA Group contributes to the conservation of global and local environments through its environmentally friendly operations, products, and technologies.

Medium-Term Environmental Conservation Plan and Targets/Results for FY2013

In accordance with the Basic Direction of Corporate Environmental Management, the KUBOTA Group has promoted the Medium-Term Environmental Conservation Plan (FY2010-FY2013). In FY2013, the final year of the plan, we were unable to achieve targets set for reducing CO2 emissions and achieving zero waste emissions, leaving issues to address in the future.

Setting Targets for FY2016 in Medium-Term Environmental Conservation Plan

The KUBOTA Group has created new medium-term targets for environmental conservation through FY2016. The Group systematically advances environmental conservation activities at the production and product development stages.

Management

Economic Report

Social Report

Environmental Report
**Eco-Products**

**Voice**

**Results for FY2013**

**Environmental Report**

from the FY2009 level

**Targets for FY2013**

- CO2 emissions per unit of sales: Reduce by 10% of sales
- Waste discharge per unit of sales: Reduce by 8% of sales

**Trends in CO2 emissions and consumption per unit of sales**

- **CO2 emissions from non-energy sources (Group companies)**
  - 2009: 1,091,000 t
  - 2010: 1,047,000 t
  - 2011: 1,026,000 t
  - 2012: 1,005,000 t
  - 2013: 984,000 t

- **CO2 emissions from non-energy sources (KUBOTA production sites)**
  - 2009: 412,000 t
  - 2010: 386,000 t
  - 2011: 372,000 t
  - 2012: 360,000 t
  - 2013: 348,000 t

**Trends in waste, etc. discharge (including valuable resources) and waste discharge per unit of sales**

- **Volume of valuable resources**
  - 2009: 160,000 t
  - 2010: 130,000 t
  - 2011: 120,000 t
  - 2012: 110,000 t
  - 2013: 100,000 t

- **Resource recycling and volume reduction**
  - 2009: 574,000 t
  - 2010: 683,000 t
  - 2011: 769,000 t
  - 2012: 800,000 t
  - 2013: 844,000 t

**Trends in total water consumption and consumption per unit of sales**

- **Total water consumption**
  - 2009: 250,000 m³
  - 2010: 220,000 m³
  - 2011: 200,000 m³
  - 2012: 180,000 m³
  - 2013: 160,000 m³

**Results for FY2013**

**Working towards a Recycling-based Society**

We attained our target for FY2013 by reducing waste discharge per unit of sales 9.6% compared to FY2009 level, due to the separation of waste, in-house recycling and extraction of valuable resources from waste. We also achieved our target for water consumption per unit of sales with a reduction of 16.2%, thanks to initiatives to conserve water and reuse wastewater.

**Targets for FY2013**

- Waste discharge per unit of sales: Reduce by 8% from the FY2009 level
- Water consumption per unit of sales: Reduce by 4% from the FY2009 level

**Improving Environmental Performance of Products**

Based on the Eco-Products Certification System, an in-house certification of the environmental friendliness of products, the Group certified six Eco-Products in FY2013. We will continue to focus on reducing environmental impacts throughout the life cycle of its products.

**Controlling Chemical Substances**

We achieved our target for FY2013 with a 33.2% reduction in the release and transfer per unit of sales of PRTR-designated substances compared to the FY2009 level. Our focus going forward is to reduce the six volatile organic compounds (VOCs)* that are most common in our handling volumes and atmospheric emissions.

*The six VOCs are xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.

**Targets for FY2013**

- Release and transfer of PRTR-designated substances per unit of sales: Reduce by 8% from FY2009 level

**Trends in release and transfer of PRTR-designated substances*, release and transfer per unit of sales**

**Example of an Eco-Product label**

Eco-Products feature a label that shows that the product has fulfilled KUBOTA’s internal requirements.

**Evaluation criteria**

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

- Eco-Products
  - Products with high environmental friendliness that have fulfilled KUBOTA’s internal requirements

**Evaluation items**

- Eco-Products
  - Super Eco-Products
  - **Energy conservation**
  - Using recycled plastics and rare metals, etc.

- Eco-Products
  - Using recycled plastics and rare metals, etc.

- Eco-Products
  - Using recycled plastics and rare metals, etc.

- Eco-Products
  - Using recycled plastics and rare metals, etc.

- Eco-Products
  - Using recycled plastics and rare metals, etc.
To ensure compliance with environmental laws, the KUBOTA Group has set and thoroughly manages its own control values at each of its business sites to prevent exceeding the controlled values. In 2012, exhaust gas and wastewater emissions at a Group company in China exceeded regulated values. The Company is implementing improvement measures to prevent a reoccurrence and to protect the surrounding environment.

**Compliance with Environmental Laws**

Since FY2003, the KUBOTA Group has received the third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The symbol is used to indicate information assured by the third party. Based on the third-party assurance in this fiscal year, its environmental report was accorded the environmental report assurance and registration marking of the Japanese Association of Association Organizations for Sustainability Information (J-SUS). This mark indicates that the reliability of environmental data presented in the KUBOTA REPORT 2013 – Business and CSR Activities satisfies the requirements for the environmental report assurance and registration marking specified by J-SUS.

**Third-Party Assurance on Environmental Reports**

**Activities with Local Communities to Conserve Biodiversity**

The KUBOTA Group engages in activities with local communities to conserve biodiversity, which include the participation of families in the release of young fish in rivers and streams.

**Environmental Management Efforts**

KUBOTA also proactively engages in environmental management. Compared with level in the base fiscal year, it has improved the level of CO₂ emissions, waste discharge volume, and the release and transfer of PRTR-designated substances, both in terms of gross volume and per unit of sales. However, KUBOTA was unable to achieve its CO₂ reduction target for stopping climate change, owing in part to an increase in the CO₂ emissions coefficient for electricity in Japan, and an increase in the number of overseas sites. The increase in the CO₂ emissions coefficient for electricity in Japan was an unanticipated event when the targets were initially set. I therefore think it would be prudent for KUBOTA to reconsider its targets in light of current conditions, such as by resetting its targets altogether, or by using the emissions coefficient at the time it originally set the targets. Furthermore, improving environmental management at overseas sites is an extremely important issue for KUBOTA as it expands globally.

**Third-Party Comments**

**Comments on the KUBOTA REPORT 2013 - Business and CSR Activities**

**The Kubota Global Identity**

In October 2012, KUBOTA declared the Kubota Global Identity as its corporate philosophy. The Top Message by President Yasuo Masumoto strongly conveys the meaning of this new corporate philosophy. I believe that for KUBOTA to fulfill its role in society, it must follow a path toward business growth while contributing to society. For this reason, I have great hopes that the infusion of the spirit of the Kubota Global Identity throughout the KUBOTA Group will lead to further growth and benefits for society globally.

**Promoting Regional Revitalization and Reconstruction**

This report contains a detailed explanation of KUBOTA efforts during the fiscal year under review to help with the revitalization and reconstruction of regions affected by the Great East Japan Earthquake. The report has given me an excellent understanding of the important contributions KUBOTA is making. I wish to express my heartfelt appreciation to KUBOTA for doing these extremely important activities. While continuing to help the region, I think it is necessary to create a system where many companies cooperate together in providing assistance, since there is so only much one company can do on its own.

**In response to the above comments**

We have received comments from Professor Kokubu since 2009. KUBOTA would like to thank him for providing his opinion again this fiscal year. The KUBOTA Group contributes to solving problems related to food, water, and the environment, all of which are essential to the survival of the human race. Based on this idea that its business is in itself a part of CSR, KUBOTA will continue to strive for excellence in operations. As Professor Kokubu pointed out, the KUBOTA Group will redouble efforts to respond to the ever-changing demands and expectations of society by rethinking the nature of its businesses as it expands globally.

To this end, all employees of the KUBOTA Group around the world need to share the vision of the Kubota Global Identity. As each employee thinks about how they can contribute through their roles and responsibilities at work, the Group will strive to generate synergies with society on an ongoing basis.
The Environmental Report Assurance and Registration Symbol indicates that KUBOTA REPORT 2013 has met certain standards of reliability as determined by the Japan Sustainability Organizations for Sustainability Information (J-SUS). http://j-sus.org/english.html

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