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CSR Management of the Kubota Group

*CSR=Corporate Social Responsibility

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


Contributing to the abundant and stable production of food by streamlining of agriculture.

Contributing to supply and to restore reliable water by enhancing water infrastructures.

Contributing to create and preserve a comfortable living environment by enhancing social infrastructures.

795 million people out of world population of 7.3 billion people suffer from hunger.

As of 2015

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

Trends in world population and water consumption

Residential wastewater treatment rate Avg. by region

Europe

North America

Middle East

East Asia

Southeast Asia

Africa

South America

Oceania
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.

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 Principles

Implementation of Kubota Global Identity

Rule of Conduct

Compliance with KUBOTA Group Charter for Action & Code of Conduct

1. Winning Customer Satisfaction
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
3. Respecting Human Rights
4. Building up a Safe and Vibrant Work Environment
5. Contributing to the Global and Local Environment
6. Actuating Synergy with International and Local Societies
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

CSR Management of the Kubota Group

CSR through Business Activities

- Promotion of business activities in food, water and the environment areas (business growth by providing products and services that meet the negotiations and needs of society)
- Efforts that stakeholders will deem sincere and appropriate

CSR as Basis for Business Activities

- Establish governance system
- Thorough compliance (conduct based on compliance with relevant laws, ethical and moral principles)
- Formulate and strengthen internal control system

Providing Value to Society

| Customers | Offering of superior products, technologies and services |
| Business Partners | Promotion of fair and equitable trade (green procurement) |
| Shareholders and Investors | Maintain stable profits and appropriate dividends |
| Local Society | Contribute to local social, economic and beautify the environment |
| Global Environment | Reduce environmental loads and risks |
| Government | Payment of taxes, compliance with laws and regulations |
| Employees | Provision of job satisfaction and workplaces where it is good working environment |
Focusing on exemplary initiatives implemented to address global issues through business activities, this report is easy to understand and will keep all stakeholders informed.

Relationship with the information provided on our website

Digest Version: Focusing on visualization, the overall image of the Kubota Group is introduced in an easy to understand way.
Full Report Version: Detailed information disclosure centered on Kubota's business and CSR activities.
- Digest Version
- Full Report Version

Boundary of the KUBOTA REPORT 2016

The KUBOTA REPORT 2016 covers the entire Kubota Group, in principle.

Note: Where stated, some portions cover Kubota Corporation only.

Financial Report

The nine months ended December 31, 2015: 153 consolidated subsidiaries and 18 affiliated companies accounted for under the equity method.

Environmental Report

The Environmental Report contains the results of environmental activities carried out by Kubota Corporation as well, 153 consolidated subsidiaries and 14 affiliated companies accounted for under equity method (partial).

Social Report /others

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

Period covered by this report

Financial report, social report, etc. (excluding Environmental Report): April 2015 - December 2015

Note: Some entries may be outside of the terms stated above.

Referenced guidelines

- Environmental Reporting Guidelines (2012 version), Ministry of the Environment (Government of Japan)

Questionnaire concerning KUBOTA REPORT 2016

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

http://www.kubota-global.net/report/questionnaire.html
The Kubota Group has top brands in many business areas

### Agricultural Machinery

Since the food shortage following World War 2, Kubota has contributed to the evolution of Japan’s agricultural industry and produced agricultural machinery focused on rice cultivation that ensures customers’ trust through solid technology and quality. As a leading company in the domestic agricultural machinery market—tractors, combine harvesters, rice transplanters—Kubota contributes to streamlining and labor-savings in the agricultural industry. Moreover, in Asia, North America, and Europe, in addition to farming, our products are used in numerous applications such as mowing lawns and light construction work. From Japan to the world, from rice cultivation to upland farming, the Kubota Group continues to advance in leaps and bounds.

### Engines

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

### Construction Machinery

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

### Pipe systems and water treatment facilities

Represented by the ductile iron water pipes passed down from the founder as its core business, boasting the top share in Japan, Kubota is a comprehensive manufacturer of water-related products, from the intake of water to its discharge, including major products such as pumps, valves and water treatment facilities. Within Japan, in addition to our flagship ductile iron pipes, we have made several accomplishments as a top brand in the water treatment field.
Contributing to people’s affluent life in Japan and around the world

**Europe**
- Revenues: 150.0 billion yen
- Number of employees: 3,331 persons
- Subsidiaries and affiliated companies: 46 companies

**Japan**
- Revenues: 401.9 billion yen
- Number of employees: 21,396 persons
- Subsidiaries and affiliated companies: 64 companies

**North America**
- Revenues: 395.6 billion yen
- Number of employees: 8,217 persons
- Subsidiaries and affiliated companies: 17 companies

**Rest of Asia**
- Revenues: 241.0 billion yen
- Number of employees: 3,100 persons
- Subsidiaries and affiliated companies: 41 companies

- Contributing to increasing food production around the world by providing large-scale agricultural machinery for upland farming

**Farmland area comparison**

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

- Contributing to development of the water infrastructure around the world using technologies fostered in Japan

**Percentage of population with access to safe drinking water**

**Percentage of population with access to safe drinking water**

Percentage of population with a minimum of 20 liters per person per day of safe water within 1 kilometer of their residence:

- 100%
- 75% or more, less than 90%
- 90% or more, less than 100%
- Less than 25%
- 25% or more, less than 50%
- No data

**Source:** "Human Development Report 2006", United Nations Development Programme (UNDP)
**Corporate Data** (As of December 31, 2015)

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>Kubota Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan</td>
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<tr>
<td>Established</td>
<td>1890</td>
</tr>
<tr>
<td>Capital</td>
<td>¥84.0 billion</td>
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<tr>
<td>Number of shares issued</td>
<td>1,244,919,180</td>
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<tr>
<td>Number of shareholders</td>
<td>31,207</td>
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<tr>
<td>Consolidated revenues</td>
<td>¥1,244.8 billion (a nine-month period*)</td>
</tr>
<tr>
<td>Number of consolidated employees</td>
<td>36,233</td>
</tr>
</tbody>
</table>

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was a nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.
"Global Major Brand" we have flagged as the Kubota Group's long-term objective is defined as "the brand that contributes the most to society as it is the most trusted by its customers". We, the Kubota Group, will establish ourselves as "Global Major Brand" by solving issues in the food, water and environment fields, and become a sustainable company that continues to develop over the long-term.

**Kubota Group Business Activities**

- **Helping to solve global issues through products, technologies and services**

  The Kubota Group positions the corporate philosophy of "Kubota Global Identity" as the foundation of management. To be true to this philosophy, we must be a corporation in which all executives and employees foster awareness of whether or not Kubota Group activities are helping to resolve food, water and environmental issues, and contributing to the development of society.

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

**Review of the Fiscal Year Ended December 2015 (the nine months ended December 31, 2015)**

- **Launching market-orientated products in regional markets throughout the world**

  For Japan, this past year was a struggle due to external factors such as structural changes in the agricultural environment and the slump in the price of rice. Nevertheless, Kubota was able to increase the sales of products such as farm machinery and construction machinery owing to the efforts of its sales division and the company as a whole. Meanwhile, Kubota fared well in overseas markets, backed by factors such as a weak yen. In North America, sales of tractors and construction machinery were strong due to an active housing market. In Asia, sales of farm machinery increased primarily in China. Shipments of ductile iron pipe to the Middle East also increased significantly.

  What I wish to report to you all the most, however, is that the fiscal year ended December 2015 was the first year of Kubota's long-term objective of establishing ourselves as "Global Major Brand." We are making steady preparations to launch new, market-orientated products in various regions around the world in an effort to dramatically enhance our performance.
Kubota Group Strengths

Offering products and services that form the foundation of a trusting relationship with customers

I believe that the principles "Customer First" and "Priority Onsite" are the origins of management. Based on this belief, we provide Kubota-style services that we have built in markets throughout the world. Kubota has always placed importance on directly visiting its customers, confirming the status of its products and listening to requests regarding usability, etc. These activities help to enhance the quality of Kubota products, offer our customers a sense of reassurance and deepen the trust placed in the Kubota brand. We will continue initiatives to deliver products and services that exceed our customers' needs in not only Japan, but also other regions such as North America, Europe and Asia, as we further expand business.

When I am asked what Kubota's strengths are, I always reply "Offering high-quality, high-performance products and services that prioritize our customers' onsite situations." We have enhanced our service and maintenance in order to ensure the products used by our customers are constantly kept in top condition. The know-how we have accumulated and continue to gain is developed and applied to our farm operation support system, Kubota Smart Agri System (KSAS). Rather than responding after a problem has occurred in one of our products, we take a preventive maintenance approach where we sense signs of trouble early on, thereby providing total satisfaction and impressing them.

Recently, there is much focus on utilizing information communication technologies (ICT) in a variety of industries. The Kubota Group will support a new age of farming utilizing ICT based on the strong relationship of trust we have built with customers over the years and the vast amount of farm management data accumulated (see Topics 2 on pages 11 and 12 for details).

Aim of the Kubota Group

To be a key player in solving the planet's problems

What should "Global Major Brand" that the Kubota Group pursues actually achieve? The answer is to steadily create customers in all of the world's markets. Then, by providing Kubota products, technologies and services, solve problems in the areas of food, water and the environment throughout the world, and bring our customers happiness.

In emerging nations, increasing populations and enhancing the standard of living have made increasing food production a matter of urgent need. In response, more efficient food production through the use of farm machinery is in strong demand.

Kubota is accelerating the global expansion of its farm machinery business in order to support increasing the efficient production of grain, which accounts for around 40% of the world's cultivated land. In concrete terms, we are supplying large farm machinery with high horsepower and excellent maneuverability, which is appropriate for large-scale farming in Europe and North America. At the same time, we are developing and producing products appropriate for matching the local needs of Asian regions (see Topics 1 on pages 9 and 10 for details).

Furthermore, the water infrastructure in Asian countries is still below standard, and there is a demand to achieve the effective supply and recycling of safe water by water pipes, water purification facilities and wastewater treatment facilities using technologies and know-how cultivated in Japan. I believe that the Kubota Group, which handles everything from the intake and supply of water to wastewater treatment, can make a widespread contribution through its world-class technologies. In particular, we will contribute to the promotion of industry and improvement of living environments for people in countries around the world through comprehensive solutions, such as water and sewerage maintenance with a focus on the construction of water treatment facilities for industrial use (see Topics 3 on pages 13 and 14 for details).

Mid- to Long-Term Issues and Initiatives

Enhancing our R&D system to respond to issues faced regions around the world

There are many issues concerning sustainable growth, and I believe one of these is to further enhance the R&D system for our products. The products expected of Kubota, such as larger products and ICT-supported products, are constantly evolving. Furthermore, Kubota must strengthen its global R&D activities doing so from the perspective of considering products such as farm machinery that are highly regional-specific. Our plan is to build systems for developing products that considers local needs in not only Japan, but also primary business locations across the world, such as North America, Europe, China and Thailand. In addition, we will proactively engage in efforts to develop local engineers and solve issues such as the procurement of parts.

The Kubota Group aims to exceed customers' needs and expectations, thereby bringing them total satisfaction and impressing them. We want to achieve world-class manufacturing superior in regards to quality, cost and delivery.

Furthermore, in regards to technologies such as autonomous driving and robotics, R&D that envisions growth in 10-20 years’ time is essential. As exemplified by the Farm & Industrial Machinery Advanced Technology R&D Center built in April 2015 and the Materials Center erected in October 2013, Kubota will continue making steady progress in the development of new technologies.
**Prospects for the Fiscal Year Ending December 2016**

**Steadily promoting business development in our strategic fields**

The market environment for the fiscal year ending December 2016 is unclear; however, Kubota will steadily promote business development in strategic fields in order to meet the expectations of its stakeholders.

Amongst our various initiatives, we firmly resolve to make progress towards the future popularization of our large upland farming tractors. In addition to launching new products in the market, we will promote frameworks for the smooth introduction of new products and full-scale participation in the upland farming market, such as enhancing our dealer network and developing tractor implements. Farming tractors and other products are highly anticipated by many dealers, and Kubota fully intends to prove worthy of the trust placed in it.

In China, the demand for farm machinery is rising due to a push from the Chinese government promoting the use of machinery by the agricultural industry. In 2015, the Kubota Group developed and launched a wheel-type combine harvester for wheat, corn and other upland crops. Moving forward, we will continue to expand our product lineup.

In regards to construction machinery, there is a growing need for urban-type machinery. We will further promote sales of the skid steer loader launched on the North American market in 2015, and achieve synergies with other construction machinery and tractors.

The sales of engines to OEMs, such as industrial machinery manufacturers, are strong. By commercializing high horsepower models, we will expand business together with our products under 100hp, for which Kubota boasts the top market share.

Meanwhile, Kubota is steadily progressing forward in the field of water. Concrete examples of such progress include ductile iron pipes for the Water Security Mega Reservoirs Project in Qatar, construction of a water treatment facility in the Thilawa Special Economic Zone, Myanmar, and the installation of Submerged Membrane Units for a large-scale Sewage Treatment Plant in Oman. Our overseas water business is still limited in scale, but we will continue efforts to strengthen it further in the future.

In the fiscal year ended December 2015, we aligned the accounting periods for domestic and overseas group companies in order to strengthen group management and achieve greater efficiency. In line with this change, the entire Kubota Group has united to strengthen inventories and lead-time management, as well as maintain and enhance financial soundness and improve cash flow. Finally, we will aim for sustainable growth by increasing investments in strategic business fields and R&D to create products and services that impress our customers throughout the world.

**Main Growth Strategies**

1. **Capture the market for farm machinery used in upland farming**
2. **Expand machinery business in North American**
3. **Revitalize farm machinery business in Japan**
4. **Overseas expansion of Water & Environment business**
CSR Management

Together with our stakeholders

Kubota positions corporate social responsibility (CSR) as a fundamental element of corporate management. Accordingly, CSR management is key to Kubota achieving its objective of becoming "Global Major Brand" trusted by the world. Therefore, we place great importance on strengthening corporate governance, which is the basis of corporate activities, and enforcing compliance, as well as ensuring quality and safety management. We are also carrying out initiatives to promote a workplace that motivates employees and a company culture where employees actively take up challenges. We will fulfil our responsibility to all stakeholders through such initiatives.

For example, we work with our materials and parts suppliers to make improvements from the production process onwards following the philosophy of co-existence and co-prosperity, consequently achieving cost cuts, lead-time reductions and quality improvements. In regards to our employees as well, we provide a training system to hone skills, endeavor to ensure a comfortable workplace environment, respect diversity and promote human resource development. Kubota's business activities are becoming increasingly global, and we are exposed to a wider variety of cultures and values than ever before. As such, we are incorporating many new perspectives and ideas not previously present within Kubota, which is vitalizing the Group.

In regards to environment management, we are proactively promoting measures in many areas based on the Medium-Term Environmental Conservation Targets, which includes reducing energy consumption and reducing CO2 emissions. Rather than merely aiming to reduce the environmental load of its business activities, Kubota wishes to be a company in which the business activities themselves largely contribute to protection of the environment and the conservation of resources.

To Our Stakeholders

Aiming for sustainable growth while supporting the future of the earth and humanity

Through superior products, technologies and services, it is the mission of the Kubota Group to contribute to products that help abundant and stable production of food, help supply and restore reliable water, and create a comfortable living environment for all, thus continuing to support the future of the earth and humanity. We will maintain our reputation as a corporate group trusted by all stakeholders through fulfilling our mission and continuing our progress towards sustainable growth.

We look forward to your ongoing support and understanding.

July 2016

President and Representative Director
The food demand is increasing due to the rising population, which has in turn triggered a sudden growth in demand for farm machinery worldwide. Accordingly, Kubota is leveraging its technological strengths accumulated through rice farming to contribute to upland grain farming—accounting for approximately 40% of the world’s agricultural industry—and is accelerating the introduction of its upland farm machinery globally as part of this effort.

Kubota is aiming to build "Global Major Brand Kubota" in the farm machinery industry and be trusted by customers the world over. This is being accomplished by supplying large farm machinery with high horsepower and excellent maneuverability to suit large-scale farming in Europe and the U.S., while simultaneously developing and producing products that match the local needs of farmers in other areas such as China, Southeast Asia and India.

While the Size of Grain Harvesting Area Remains Unchanged, Modernization of Farming Including Mechanization is Supporting the Increasing Food Demand

Trend and forecast for world grain production volume and harvesting area (1961 = 100)

**Sales of M7001 Series Large Upland Farming Tractor Begins**

In Europe and the U.S., when the agricultural industry became large-scale, the demand for large farm machinery with high horsepower and capable of accomplishing a heavy workload increased. Last year Kubota released the M7001 Series consisting of nine large tractor models and three ranges of horsepower: 130, 150 and 170. These products realize high maneuverability, mobility and comfort based on original technologies.

Production of the M7001 Series began at Kubota Farm Machinery Europe S.A.S, France in September 2015, and we will gradually launch it to the upland farming markets in countries like Europe, North America, Australia and Japan, with the production goal of 3,000 tractors in 2017.

**Providing Upland Farm Machinery Matching the Regional Characteristics of Each Asian Country**

With mechanization of upland farming increasing rapidly in Asian markets, Kubota is proactively launching products that match the needs of each country. In addition to increasing the production of a 100hp medium-sized tractor for the central region of China where upland farming thrives, Kubota has launched crop-specific wheel-type combined harvesters that have superior mobility for crops such as wheat, beans and corn. Additionally, in Thailand, Kubota constructed a R&D facility in 2016. We plan to promote the development of various farm machinery, including combine harvesters that are needed in local areas, to the crops and harvesting methods of each region, and horizontally deliver the products developed to ASEAN countries nearby. Finally, in India, the world's largest tractor market, Kubota has built a knockdown assembly plant in the country's central western region. We have developed and launched a multi-purpose tractor with superior towing performance and the durability required to suit the many scenes in which tractors play a role in India, including not only farm work, but also activities such as civil engineering and materials transportation.
Expanding Upland Farming Implements (Work Devices) in Europe, the U.S. and Asia

As part of its proactive expansion of upland and dairy farm machinery in Europe, the U.S. and Asia, the Kubota Group is promoting the expansion of its tractor implement lineup and the sales channels thereof. In upland and dairy farming, implements for a variety of tasks such as grass cutting and seeding are necessary. Therefore, Kubota is increasing its lineup of products that match regional needs and offer excellent operability as well as high work efficiency.

In 2012, Kubota acquired Kverneland AS, a Norwegian manufacturer of farming implements, and made it a wholly-owned subsidiary. Now, Kubota has completed establishment of the structure, from development phase to sales, of the M7001 Series large tractors and implements for large tractors.

Kubota will continue to accelerate the introduction of products, including the local production of implements, in the North American and Asian markets. In doing so, we will achieve synergies with upland farm machinery and contribute to the global issue of efficient food production.

Related Information

News Release (September 17, 2015): "Upland Farming Tractors Factory in France Starts Full-scale Production Online Information — Aims to be a Global Agriculture Major Brand —"
Japan's agricultural industry must become even more efficient in order to overcome issues such as a serious personnel shortages, demographic aging of the agricultural population and the increase in farmland per operator. Amidst tough times for the agricultural industry due to factors such as dwindling domestic demand for Japanese-grown produce, farmers are experimenting with "aggressive farming" that incorporates new technologies and cultivation know-how. Kubota supports the operations of large-scale farmers with the latest technologies, such as ICT. We also offer the service "Kubota's Farm" on a nationwide basis as a sustainable farm management model, thus contributing to Japan's agricultural industry and regional development.

Japan's Agricultural Industry is Aging at the Same Time Large-scale Farmers Become More Concentrated

Trend in ratio of average age of farmers vs. large-scale farmers (5ha or more)

* Principle farmer: People operating their own farm as their primary occupation
Source: 2015 Census on Agriculture and Forestry, Ministry of Agriculture, Forestry and Fisheries
Achieving High-quality, High-yield, Highly Efficiency Farming with ICT

From 2014, Kubota has been supporting the operations of large-scale farmers with the Kubota Smart Agri System (KSAS) (Japanese only), which visualizes farm management data utilizing ICT. KSAS is currently used by over 1,000 farmers and has proven to be effective in improving the quality and yield of rice and streamlining farm work.

With the accelerated demographic aging of the agricultural population, there is an urgent need to move away from farming that relies on experience and instinct. Accordingly, KSAS is proving useful as it records data on farming operations that can be used to pass on know-how and train workers. Furthermore, KSAS allows the usage of pesticides and fertilizers to be accurately recorded, which ensures clear traceability and therefore has potential as a means of securing safety and confidence in food quality.

Kubota Smart Agri System (KSAS) System
"Kubota's Farm" as a sustainable farm management model

Kubota leverages the comprehensive strengths it has accumulated over many years in the agricultural industry to offer the "Kubota's Farm" concept as a sustainable farm management model to support Japanese farming of the future. Based on this concept, Kubota has established "Kubota's Farms" in five locations around Japan, where it conducts many experiments not only with crop production, but also from a distribution and sales perspective. Utilizing the data collected, Kubota creates farming models appropriate for the environments and circumstances of various regions, thereby enabling it to recommend comprehensive solutions to farmers. For example, at "Kubota eFarm Yabu", Hyogo Prefecture, we are creating a farming model specific to intermountain regions through collaboration with the local community and government.

We will increase the number of "Kubota's Farm" to a total of 15 in various locations across Japan as places pursuing the future of farming.

Vitalizing Japan's Farming Industry! "Kubota's Farm" — A Comprehensive Solution Proposal for Farmers

Examples of "Kubota's Farm" Initiatives

Proposals for scale expansion and management support

- Effective mechanization through the introduction of large farm machinery
- Incorporation of ICT utilizing cutting-edge systems and technologies such as KSAS and GPS
- Direct sowing of iron-coated seeds to save labor, alleviate workload and reduce cost
- Multifaceted management through horticultural facilities and open field vegetable cultivation
- Farm management training for farmers
- Farm management consultation desk at exhibitions

Proposals for expanding distribution channels

- Offer various options regarding distribution such as direct sale at "Orendi Farm" and farm-fresh events like "Ikiiki Marche"
- Rice export, bread and noodles made from brown rice paste, creation of a comprehensive consumption route from production to distribution and sale such as sixth sector industrialization

Enhanced maintenance

- Reassuring support with the upgraded "Service Tokkyuubin" (home delivery system)
- Self-maintenance training sessions
Since first succeeding in the mass production of cast-iron pipe for supplying water in Japan in 1893 Kubota has contributed to the development of Japanese infrastructure as a comprehensive manufacturer owing to its possession of a broad range of water-related technologies.

Since the 1960s, Kubota has leveraged its experience and technological prowess to deploy its water-related business at the global level.

Covering a broad range of products, such as the pipes, valves and pumps used for the intake, supply and drainage of water, and the equipment used for water purification and wastewater treatment and plants, Kubota has broadened its playing field from Japan to the world—particularly in Asia and the Middle East—as a company operating a comprehensive water-related business.

**Rapid increase in water demand mainly in Asia**

Water usage worldwide and in Asia

Contributing to the Development of Water and Environmental Infrastructure in a Myanmar Industrial Park

With the rapid democratization and economic reforms underway in Myanmar, many foreign companies are setting up operations in the country to benefit from the economic growth. Commencing operation in September of 2015, Thilawa Industrial Park is Myanmar's first large-scale industrial park. Kubota is contributing to the development of its infrastructure as the company in charge of both supplying water intake and supplying pipes, as well as the construction of water and sewerage treatment facilities. Kubota also constructed a seepage water treatment facility for a managed-type final treatment site essential for the appropriate treatment of industrial waste, which is expected to increase in the future. The seepage water treatment facility has been in operation since December 2015.

Moreover, Kubota is currently constructing a water treatment facility for an instant noodle manufacturing plant ordered by Acecook Myanmar, a company located in the Thilawa Industrial Park. This facility is anticipated to commence operation in April 2017. Kubota will continue to contribute to sustainable economic growth in Myanmar by providing total solutions for water treatment facilities and maintenance management.

Helping to Improve the Living Environment of Citizens in Bangladesh through the Water Infrastructure

There are many regions in the emerging countries of Asia that do not have access to hygienic water due to the lack of an appropriate water infrastructure. To help improve this situation, the joint venture* formed by Kubota Construction Co., Ltd and Marubeni Corporation has laid a total of 68 kilometers worth of pipes in Chittagong, the second largest city in Bangladesh. The project outline includes the construction of conveyance and transmission pipelines for transporting water from intake points along the river to water reservoirs in the city, and the distribution pipelines for distributing the water throughout the city.

This large-scale project, which was completed in late 2015 after approximately four years, has significantly increased the ratio of the population to which water is supplied and improved the living environment of many citizens. Chittagong is the heart of industry in Bangladesh, and it is anticipated that development of the water infrastructure will contribute to further economic growth of the city.

* Joint venture: a business conducted by an organization in which more than one company is vested.
Submerged Membrane Units Playing an Important Role for Water Recycling Treatment Plant in Oman

Kubota contributes a significant percentage infrastructure development, including in Middle East countries where securing water resources is a major issue. In December 2015, Kubota Membrane Europe Ltd. received an order for Submerged Membrane Units (SMUs) to be used in the renewal and expansion works at the Al Ansab Sewage Treatment Plant in Muscat, Oman.

Oman relies on subterranean water as a water resource as there are no rivers and water recycled from wastewater treatment facilities is used for irrigation and agriculture. Therefore, wastewater treatment must be of a high standard. The Al Ansab Sewage Treatment Plant selected Kubota for this project as Kubota SMUs had already been used by the company for its MBR, and had received high evaluations for satisfaction in view of their long-term stability and compliance to stringent regulations. Upon completion, which is scheduled for 2017, the effluent flow through the MBRs will be 125,000 m3 per day, the largest in the Middle East. Kubota is taking this opportunity to plan on contributing to securing water resources and improving water environments throughout the Middle East, doing so by expanding the availability of SMUs to large-scale facilities in the region.

Related Information

- Kubota Water Engineering & Solution Business Unit, Water & Sewage Treatment
- Online Information Kubota Pipe Systems Business Unit, Ductile Iron Pipes

Al Ansab Sewage Treatment Plant (Oman)
Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was a nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, some data for the same period in the past fiscal years, that commenced on April 1 and ended on December 31, are presented on the charts as reference.

From the current fiscal year, certain subsidiaries and affiliated company aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. Furthermore, Kubota Corporation and its subsidiaries adopted a new accounting standard related to debt issuance costs on January 1, 2016. To reflect the impact of these changes, the results for the previous years have been retrospectively adjusted.

"Number of females in management positions" and "People who have completed foreign language training" show the figures for Kubota Corporation only. The remaining indicators are tallied for all organizations included in the consolidated financial statements.

3-year Summary of Key Financial Data

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<th></th>
<th>Mar. 2014 (12 months)</th>
<th>Mar. 2015 (12 months)</th>
<th>Dec. 2015 (9 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating results for fiscal year (in billions of yen)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>¥1,510.5</td>
<td>¥1,584.3</td>
<td>¥1,244.8</td>
</tr>
<tr>
<td>Operating income</td>
<td>203.9</td>
<td>203.1</td>
<td>166.9</td>
</tr>
<tr>
<td>Income before income taxes and equity in net income of affiliated companies</td>
<td>212.4</td>
<td>210.7</td>
<td>169.5</td>
</tr>
<tr>
<td>Net income attributable to Kubota Corporation</td>
<td>132.7</td>
<td>139.5</td>
<td>110.1</td>
</tr>
<tr>
<td>Capital investments</td>
<td>51.6</td>
<td>50.4</td>
<td>35.3</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>35.3</td>
<td>38.2</td>
<td>31.2</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>36.0</td>
<td>39.5</td>
<td>29.6</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>83.0</td>
<td>85.9</td>
<td>197.0</td>
</tr>
<tr>
<td>Free cash flow(^1)</td>
<td>29.5</td>
<td>39.5</td>
<td>157.8</td>
</tr>
</tbody>
</table>

| As of fiscal year-end (in billions of yen) |                       |                       |                      |
| Total assets          | ¥2,110.7              | ¥2,472.2              | ¥2,532.9             |
| Shareholders' equity  | 935.8                 | 1,100.1               | 1,140.3              |
| Interest-bearing debt | 592.2                 | 765.2                 | 768.8                |

| Per share data (yen) |                        |                        |                      |
| Earnings per share (EPS)\(^2\) | ¥105.74             | ¥111.68               | ¥88.47               |
| Book-value per share (BPS)\(^3\) | 748.76               | 883.10                | 916.28               |
| Annual cash dividends | 28                   | 28                    | 28                   |

| Financial indicators |                      |                        |                      |
| Operating margin (%) | 13.5%                | 12.8%                 | 13.4%                |
| Return on assets (ROA) (%)\(^4\) | 10.7%              | 9.2%                  | 6.8%                 |
| Return on equity (ROE) (%)\(^5\) | 15.3%               | 13.7%                 | 9.8%                 |
| Shareholders' equity to total assets (%) | 44.4%              | 44.5%                 | 45.0%                |
| Net debt equity ratio (times)\(^6\) | 0.54                 | 0.59                  | 0.55                 |

\(^1\) Free cash flow = Net cash provided by operating activities - Purchases of fixed assets
\(^2\) Earnings per share (EPS) = Net income attributable to Kubota Corporation ÷ Weighted average number of common shares outstanding
\(^3\) Book-value per share (BPS) = Shareholders' equity ÷ Number of common shares outstanding as of each balance sheet date
\(^4\) Return on assets (ROA) = Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
\(^5\) Return on equity (ROE) = Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
\(^6\) Net debt equity ratio = (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity

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

### Revenues and overseas revenue ratio

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
<th>(% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>1,510.5</td>
<td>67.7</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>1,500.9</td>
<td>64.0</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>1,244.8</td>
<td>67.7</td>
</tr>
</tbody>
</table>

### Operating income and operating margin

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
<th>(% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>209.9</td>
<td>13.7</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>203.1</td>
<td>12.6</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>186.9</td>
<td>13.4</td>
</tr>
</tbody>
</table>

### Net income attributable to Kabita Corporation and net margin

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
<th>(% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>132.7</td>
<td>8.8</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>139.6</td>
<td>8.8</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>110.1</td>
<td>8.8</td>
</tr>
</tbody>
</table>

### Total assets

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>2,250</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>2,110.7</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>2,532.9</td>
</tr>
</tbody>
</table>

### Shareholders’ equity and shareholders’ equity to total assets

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
<th>(% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>936.0</td>
<td>44.4</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>1,100.1</td>
<td>44.5</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>1,140.3</td>
<td>48.0</td>
</tr>
</tbody>
</table>

### Capital investments, depreciation and amortization

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>51.6</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>50.4</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>50.4</td>
</tr>
</tbody>
</table>

### R&D expenses

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>36.0</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>36.5</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>29.6</td>
</tr>
</tbody>
</table>

### Net cash provided by operating activities

<table>
<thead>
<tr>
<th>Period</th>
<th>(in billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>83.0</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>95.4</td>
</tr>
<tr>
<td>Dec. 2015</td>
<td>97.0</td>
</tr>
</tbody>
</table>

### Total water consumption

<table>
<thead>
<tr>
<th>Period</th>
<th>(million m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.5</td>
</tr>
<tr>
<td>2014</td>
<td>4.98</td>
</tr>
<tr>
<td>2015</td>
<td>5.03</td>
</tr>
</tbody>
</table>

### CO₂ emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>(Kilotons CO₂)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>683</td>
</tr>
<tr>
<td>2014</td>
<td>716</td>
</tr>
<tr>
<td>2015</td>
<td>673</td>
</tr>
</tbody>
</table>

### Waste discharge

<table>
<thead>
<tr>
<th>Year</th>
<th>(Kilotons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>90</td>
</tr>
<tr>
<td>2014</td>
<td>98</td>
</tr>
<tr>
<td>2015</td>
<td>111</td>
</tr>
</tbody>
</table>
The reporting period for environmental data is April 1 to March 31 of the following year for Japanese sites and January 1 to December 31 for overseas sites.

The totals for the period from January 1 to December 31 of each year.
Revenues and Overseas Revenue Ratio

Revenues increased by 10.6% from the same period in the prior year, to ¥1,020.3 billion, and accounted for 82.0% of consolidated revenues.

Domestic revenues increased by 7.7%, to ¥225.3 billion. Overseas revenues increased by 11.4%, to ¥795.0 billion.

Operating income increased by 20.2%, to ¥175.0 billion.

Note: The fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the fiscal year ended December 31, 2015 are compared with the results for the same period in the previous year that commenced on April 1, 2014 and ended on December 31, 2014.

Beginning with the fiscal year ended December 31, 2015, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

Launching of "World Special" rice transplanter with high performance and low cost

While demographic aging of the agricultural population is leading to a smaller number of small-scale farms, many owners of agricultural land are expanding the size of their businesses, and it is becoming more important for farm management to reduce workload and production cost.

In response to these needs, Kubota launched the diesel-powered rice transplanter "World Special," which has been added to the "World" lineup, a lower-priced series introduced in 2013. It feature not only equipment with a higher horsepower engine to make it possible to work easily in wet and deep fields, but also the "Yu-ju rotor" for leveling rough headland in the field neatly, and the "Pompa lever," a single lever that enables the planting section to move up and down. These functions contribute to more efficient farming practices and lower production costs.
As a Comprehensive Manufacturer of Compact Construction Machinery, Expanding Business Related to North America

The sales of compact construction machinery continue to increase steadily, mainly in the European and U.S. markets. In order to respond to our customers’ needs in detail, we promote localization that includes changing specifications by region and endeavoring to provide specifications that meet the needs of local markets.

In particular, along with the housing market expansion in North America in recent years, the demand for construction machinery used in civil engineering work has been growing. There is a favorable number of orders for skid steer loaders (SSLs), compact construction machinery we developed in 2015. From 2016, Kubota Industrial Equipment Corporation, a U.S. subsidiary of Kubota, also began manufacturing SSLs.

Moving forward, we will strengthen sales of SSLs along with sales of our existing products, namely compact excavators, wheel loaders and compact track loaders, and expand our business in the North American market as a comprehensive manufacture of compact construction machinery.

Enhancing Our Lineup of Small Industrial Diesel Engines in Response to Tier 4 Emission Standards

With the growing global awareness of the need for environmental conservation, engine emission regulations are becoming increasingly stringent in every country. As a leading manufacturer of small industrial diesel engines, the Kubota Corporation has always developed engines used for industrial machinery, such as agricultural machinery and construction machinery, and meets the latest emission regulations in Japan, the United States and Europe promptly. Our new engine models have acquired the certifications required by various countries and have been successfully launched in regional markets.

In a climate where all industrial machinery manufacturers are required to respond rapidly to emission control measures by adopting post-exhaust treatment devices or switching to the latest engines that meet regulation requirements. In January 2015, Kubota launched engine models (i.e., outputs of 19 - 56kW) capable of meeting regulations with only a DOC.*1 These engines have received excellent evaluations. This comes in addition to Kubota’s engines with DPF*2 specifications. To prepare for the next emissions regulation (EU Stage V standards) in the future, Kubota will continue to promote R&D, enhance its product lineup, and strive to respond to the diversified needs of industrial machinery manufacturers, such as simplify post-exhaust treatment control and improve serviceability.

*1 Diesel Oxidation Catalyst (DOC): Post-exhaust treatment device that utilizes an oxidation catalytic reduction process to remove components dissolved in the organic solvents that are contained in airborne particles.
*2 Diesel Particulate Filter: Post-exhaust treatment filter that collects the particles contained in diesel engine exhaust.
Construction of a Dedicated Plant to Strengthen Production of Utility Vehicles in North America

Sales of utility vehicles (multipurpose four-wheel-drive vehicles hereinafter “UV”) are favorable in North America. UVs are highly regarded for their suitability to light work on farms, golf courses and at construction sites, as well as for leisure use by the wealthy, such as gardening and hunting. Demand for them is expected to continue growing.

In 2015, construction of a plant dedicated to UV production began at Kubota U.S. subsidiary Kubota Manufacturing of America Corporation (Georgia). It will contribute to an increase in the annual production capacity of UVs from 30,000 to 50,000 units. Additionally, by restructuring and expanding existing production lines, the annual production of sub-compact tractors and riding mowers will increase from 80,000 to 130,000 units.

Moreover, with the increase in production capacity through this investment, the local manufacturing departments and R&D departments will unite to promote initiatives such as cost reductions in an effort to become a more competitive production base.
Water & Environment Segment

Results in the Fiscal Year ended December 31, 2015

Revenues increased by 2.9% from the same period in the prior year, to ¥203.7 billion, and accounted for 16.4% of consolidated revenues.

Domestic revenues increased by 1.3%, to ¥156.2 billion. Overseas revenues increased by 8.6%, to ¥47.5 billion.

Operating income decreased by 27.2%, to ¥10.9 billion.

Note: The fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the fiscal year ended December 31, 2015 are compared with the results for the same period in the previous year that commenced on April 1, 2014 and ended on December 31, 2014. Beginning with the fiscal year ended December 31, 2015, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

Revenues and overseas revenue ratio

Operating income and operating margin

Contributing to Building Infrastructure Strong Against Disasters in Japan and Overseas through Earthquake-resistant Water Pipelines

Kubota's earthquake-resistant ductile iron pipe has been recognized for its effectiveness after not being damaged during the large-scale Great Hanshin-Awaji Earthquake and Great East Japan earthquakes.

In 2016, Kubota increased its product lineup with the introduction of NECS® (NS-type, E-model), which is lighter than conventional pipe but still offers earthquake resistance equivalent to conventional NS-type earthquake-resistant pipe. This lighter-weight pipe is easier to handle, and it is therefore possible to reduce installation costs and shorten the time required to complete installation work.

Moreover, earthquake-resistant ductile iron pipe has an excellent reputation and awareness of the product is growing since its use in pilot installation projects that have been finished in seven major earthquake-prone cities on the U.S. west coast and in Canada.

Kubota will continue to contribute to building infrastructure that is strong against natural disasters in order to secure the stable supply of drinkable water.
Kubota's Drainage Pump Vehicle Utilized after Torrential Downpour Disaster Hit Kinugawa River Basin Area

Kubota mobile emergency drainage pump products play an active role in helping communities during frequent disasters such as torrential downpours, which can cause significant damage in a short period of time.

Typhoon No. 18, which struck in September 2015, broke the levee of the Kinugawa River and caused widespread flooding from the northern Kanto to the Tohoku region. The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) promptly dispatched mobile drainage pump vehicles to the disaster-affected area and began restoration work. The importance of drainage countermeasures for early restoration in times of flooding due to large-scale typhoons and torrential rains has been recognized once again. Kubota's mobile emergency drainage pump products are lightweight, compact, easy to install, and suited to a wide range of applications. As a result, they have been adopted by not only the MLIT, but also many local governments to help prevent and mitigate disasters.

Water-related Technologies Contribute to Construction of Water Purification Plant in Onagawa, Miyagi Prefecture

Even now, five years after the Great East Japan Earthquake, reconstruction efforts remain ongoing. Amidst a strong focus on water environment infrastructure development aimed at preventing and mitigating disasters, the Kubota Group is leveraging the products, technologies, and services it has acquired to date to contribute to reconstruction efforts.

In recognition of Kubota's overall performance, including technologies, installation systems, and cost-effectiveness, in November 2014 we received an order to build facilities for the Shin-Washinokami Purification Plant in Onagawa, Miyagi Prefecture.

The Kubota Group will continue supporting reconstruction efforts in disaster-affected areas by drawing on all of its capabilities and know-how.
Establishment of Kubota Water and Environment R&D Center USA at the Water Reclamation Facility in Canton

With the wastewater treatment facilities in North America and Europe being required to modify and expand their existing aging facilities in response to more stringent regulations for effluent quality, the facilities are becoming larger. Since the last half of the 1980s, Kubota has been developing Submerged Membrane Units (SMUs), which are used in the membrane separation system of MBRs.* The SMU has already been highly evaluated for its advanced treatment method, and space-saving and energy-saving characteristics, and has recently become more popular for use in large-scale treatment facilities.

In October 2013, Kubota received an order for SMUs to be installed in the Water Reclamation Facility in the city of Canton, Ohio, which is one of the largest MBR operations in North America. We also established Kubota Water and Environment R&D Center USA at the facility, which became our first overseas R&D base in the water and environment field. The goal of the R&D Center is to strengthen Kubota’s designing capabilities corresponding to a variety of climate and water quality issues, as well as to accumulate know-how on various subjects such as operational management. We will continue to offer advanced wastewater treatment systems that solve regional issues and contribute to the development of water infrastructures around the world.

Research and Development

Strengthening Our R&D System

Basic Concept

Due to the globalization of business, providing impressive products suitable for the local circumstances of the relevant region is becoming increasingly important. For this reason, Kubota is strengthening its global R&D system—with Japan at the core—by specifying the roles of its development sites in Japan and overseas.

Moreover, we promote joint research outside Kubota to gear up our development without sticking to closed-door policy.

Establishment of R&D Sites in Recent Years

Regional Marketing and Product Development

When Kubota began developing its business overseas, products were developed and manufactured in Japan. Later on, local production was introduced to local markets. However, in order to grow into a genuine global company, it is necessary to understand customers’ needs and rapidly develop new products. For this reason, Kubota is strengthening locally based product development.

Decision to Establish New Sites in Response to the Local Needs of Major Countries

In Japan, we are building two research wings at the Sakai Plant. The Sakai Plant also has a facility capable of reproducing environments such as the climates of various regions around the world and testing devices for farming and construction machinery. The ultimate goal is to refine fundamental technologies and concentrate on the development of new products for farming and construction machinery.

Overseas, Kubota will open a large-scale development site in Thailand in the year ending December 31, 2016 that will focus on agricultural machinery, thus accelerating the development of farm machinery and implements appropriate to the local needs of major Asian countries. In North America, Kubota is expanding its tractor, mower and UV development sites, and constructing research sites for water and environment related fields.
Kubota Group R&D Conference to Share Technical Information Across Divisions

As a result of its commitment to continuously pursuing social needs over the years, the Kubota Group has created technologies spanning a variety of fields.

To solve social issues in the food, water and environment fields on a global scale, it is important for us to conduct development beyond company department boundaries. Thus, every year, the Kubota Group holds "The Kubota Group R&D Conference," where the outcome of our initiatives is presented. Over 1,000 engineers join the conference and share information.

Moreover, in an effort to encourage discussion in terms of discovering new themes, Kubota promotes informal and open discussions focusing on the young members of each division.

Creating Value by Integrating Core Products and Information Communications Technologies

With the growing popularity of information communications technologies (ICT) such as the Internet and mobile telephones, there are an increasing number of services aimed at society and everyday life that utilize these forms of ICT.

In fields such as agriculture and water infrastructure, Kubota is integrating its core products with a geographic information system (GIS) that utilizes the ICT of Internet and mobile terminals together with map data obtained from satellite images. This technology achieves the consolidated management and visualization of data, thereby providing a high-value service.

Integrating Agricultural Machinery and ICT

In Japan, the agricultural sector is characterized by an aging population of farmers and an increasing amount of idle farmland. The presence of agricultural business operators and leading farmers is becoming more and more significant as a solution to utilizing the abandoned farming land. From the outset, there were relatively small farms scattered throughout Japan and increasing the scale of a farm increases the burden involved in the management of scattered crops. Therefore, it is difficult to increase earnings. Consequently, farmers are looking for a way to increase the quality of their crops as a means of increasing their cost competitiveness.

As a solution to this problem, Kubota began offering the Kubota Smart Agri System (KSAS), which integrates agricultural machinery and ICT to achieve the visualization of various data such as information on fields, farm work and harvest performance. This service also helps to effectively utilize the data on operational status of the harvesting machinery.

For details on the Kubota Smart Agri System (KSAS), click here (Special Report 2).

Remote Monitoring System of Infrastructure

In Japan, as the result of governmental financial difficulties and reductions in staff, the efficient and economic management of important infrastructure is becoming a major issue. Kubota, having many products in the water, environment, farming and forestry fields, provides over 100 local governments with remote monitoring systems, such as pumps, water treatment equipment, gates, valves, etc., which can be monitored via the Internet.

Kubota also engages in R&D to propose new value and solve customers' problems, such as delivery of systems that realize efficient operation and control appropriate to the facility environment based on operational information from the machines monitored and building monitoring control systems that utilize solar power panels requiring no charging equipment.
Strengthening Production Systems

Building a Global Production System

In order to achieve the goal of becoming “Global Major Brand”, Kubota has established production bases around the world in locations close to respective markets, and the mother plant supports all other plants in order to secure consistent quality. Furthermore, we are promoting deployment of the Kubota Production System (KPS) at each of our bases and implementing initiatives to raise our QCD level throughout the entire supply chain.

Establishment of Overseas Bases (from 2010)

- 2010: Kubota Sanlian Pump (Anhui) Co., Ltd. (China)
  Manufacturing and sales of pumps
- 2011: Kubota Engine (Thailand) Co., Ltd. (Thailand)
  Manufacturing of vertical type diesel engines
- 2011: Kubota Precision Machinery (Thailand) Co., Ltd. (Thailand)
  Manufacturing and sales of hydraulic equipment components
- 2011: Kubota Construction Machinery (WUXI) Co., Ltd. (China)
  Manufacturing and sales of hydraulic shovels
- 2012: Kverneland AS [made part of the group] (Europe)
  Manufacturing and sales of implements
- 2012: Kubota Engine (WUXI) Co., Ltd. (China)
  Manufacturing of diesel engines
- 2013: Kubota Farm Machinery Europe S.A.S (Europe)
  Manufacturing of large upland farming tractors

Shift to local production at existing bases

- 2013: Kubota Industrial Equipment Corporation (United States)
  Manufacturing of medium-sized tractors
- 2016: Kubota Industrial Equipment Corporation (United States)
  Manufacturing of 4W compact construction machinery (SSL)
Mass-production of Large Upland Farm Machinery Begins in France

In September 2015, Kubota Farm Machinery Europe S.A.S—Kubota’s French manufacturing base—began mass-production of the M7001 Series large upland farming tractor with engines in the range of 130-170hp. With a target of selling 3,000 units by 2017, we have established Kubota quality in France and are aiming to achieve manufacturing worthy of our customers’ trust.

No. of Tractors Produced and Shipped in 2015

Produced: 311
Shipped: 266

Employees combine their strengths to meet Kubota’s high standard of quality

To achieve a high level of customer satisfaction, Kubota Farm Machinery Europe S.A.S. (KFM) has developed its production lines by integrating the manufacturing and inspection standards of Kubota’s Japanese plants.

Rigorous checkpoints are integrated at every stage of manufacturing, from parts reception to tractor delivery. After tractor assembly, comprehensive line testing is conducted to evaluate tractor performance. Before shipment, the Inspection Division every tractor is tested on a test course.

At KFM, employees combine their strengths to meet Kubota’s high standards of quality.

Improvement of Part Supply Capacity

In August 2015, Kubota established and commenced operation of the North America Distribution Center, the largest part supply base of our group, in Kansas, U.S. This Center has served to strengthen Kubota’s delivery capacity to the U.S. upland farming machinery market and significantly improve our storage and shipment capacity.
Maintaining and Improving Quality

Quality Control in Design and Development

So that customers around the world may use our products with peace of mind, Kubota proactively works to prevent problems, a quality initiative one step ahead of the competition. One major example is the activity to strengthen design reviews (DR). Integrating the DRBFM*1 approach, we discuss, test and verify even the smallest item changed when developing new products, and reflect the results in the product in order to prevent quality problems.

*1 DRBFM is the abbreviation for "Design Review Based on Failure Mode," a method of preventing potential problems from arising by focusing on changes in design and development.

Quality Audits

In addition to the ISO9001 internal audit, Kubota conducts quality audits at its major production bases, both in Japan and overseas. These quality audits are performed by quality assurance professionals from the customer's perspective in order to provide Kubota customers with even better products.

Raising Awareness of Quality

In November 2015, Kubota held a Quality Forum led by a visiting lecturer as an awareness-raising activity for improving quality.

The lecturer spoke about the importance of always taking a management stance of putting quality first based on the theme of "A New Era Where the Winners Combine Strengths." Around 450 people attended, including management, and attendees renewed their awareness regarding the importance of quality management.

Recent Recall Status

- MG/SMZ tractor recall: Total 302 units (began April 25, 2015)
- KT and T240D tractor recall: Total 4,271 units (began July 8, 2015)
- SL tractor recall: Total 117 units (began July 8, 2015)
- ARH combine harvester recall: Total 31 units (began December 11, 2015)
- ER combine harvester recall (recall notification no. 3784): Total 3,650 units (began March 25, 2016)
- ER combine harvester recall (recall notification no. 3785): Total 1,234 units (began March 25, 2016)

For details please see: http://www.kubota.co.jp/important/index.html (Only in Japanese)
### ISO9001 Certification Status

#### Kubota [Farm & Industrial Machinery Division]

<table>
<thead>
<tr>
<th>Departments/Offices</th>
<th>Certification scope (excerpt)</th>
<th>Date of certification</th>
<th>Certifying body</th>
</tr>
</thead>
<tbody>
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<td>Engines, tractors, farm machinery, construction machinery</td>
<td>Sakai (including Okajima) Rinkai Engines, tractors, farm machinery, construction machinery</td>
<td>1994.06</td>
<td>LRQA</td>
</tr>
<tr>
<td></td>
<td>Tsukuba Engines, tractors</td>
<td>1994.06</td>
<td>LRQA</td>
</tr>
<tr>
<td></td>
<td>Utsunomiya Farm machinery</td>
<td>1997.02</td>
<td>LRQA</td>
</tr>
<tr>
<td></td>
<td>Hirakata Construction machinery</td>
<td>1996.04</td>
<td>LRQA</td>
</tr>
<tr>
<td>Electronic equipped machinery</td>
<td>Vending machines Ryugasaki Vending machines for cigarettes, and paper-carton and canned beverages</td>
<td>2008.09</td>
<td>DNV</td>
</tr>
<tr>
<td>Precision machinery</td>
<td>Kyuhoji Electronic weighing equipment and load cells</td>
<td>1994.08</td>
<td>DNV</td>
</tr>
</tbody>
</table>

**Abbreviations of Certifying Bodies**

- LRQA: Lloyd's Register Quality Assurance Ltd.
- DNV: DNV GL BUSINESS ASSURANCE JAPAN K.K.

#### Kubota [Water & Environment Division]

<table>
<thead>
<tr>
<th>Departments/Offices</th>
<th>Certification scope (excerpt)</th>
<th>Date of certification</th>
<th>Certifying body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipe systems</td>
<td>Iron pipes Hanshin Keiyo Ductile iron pipes, fittings, accessories, other Ductile iron products and related products</td>
<td>1999.01</td>
<td>JCQA</td>
</tr>
<tr>
<td></td>
<td>Valves Hirakata Valves, gates</td>
<td>1994.09</td>
<td>LRQA</td>
</tr>
<tr>
<td></td>
<td>Pumps Hirakata Pumps, pump stations, sewage treatment and water purification plants</td>
<td>1997.10</td>
<td>LRQA</td>
</tr>
<tr>
<td>Water treatment</td>
<td>Water treatment (waterworks and sewerage, membrane systems) Tokyo Hanshin Office Sewage and sludge treatment, water purification and wastewater treatment, Membrane modules and anaerobic MBR technology</td>
<td>2014.07</td>
<td>Intertek</td>
</tr>
<tr>
<td></td>
<td>Purification tanks Shiga Plastic water purification tanks</td>
<td>2003.04</td>
<td>JUSE</td>
</tr>
<tr>
<td>Materials</td>
<td>Materials (Steel castings, rolls, new materials) Hirakata/Amagasaki Rollers, tubes, piping, fittings, spools, steel columns, steel pipes, sleeves and cylinders, basic cast steel, stainless steel and heat-resistant cast steel for general cast products; sintered materials (ceramics, metals, compounds); rolling mill rolls; and non-metal mineral products (titanic acid compounds)</td>
<td>1993.03</td>
<td>LRQA</td>
</tr>
<tr>
<td></td>
<td>Steel pipe Keiyo Spiral welded steel</td>
<td>1998.07</td>
<td>JICQA</td>
</tr>
</tbody>
</table>

**Abbreviations of Certifying Bodies**

- JCQA: Japan Chemical Quality Assurance Ltd.
- LRQA: Lloyd's Register Quality Assurance Ltd.
- Intertek: Intertek Certification Japan Ltd.
- JUSE: Union of Japanese Scientists and Engineers
- JICQA: JIC Quality Assurance Ltd.
<table>
<thead>
<tr>
<th>Group companies</th>
<th>Certification scope (excerpt)</th>
<th>Date of certification</th>
<th>Certifying body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kubota Seiki Co., Ltd.</td>
<td>• Design, develop and manufacture hydraulic valves and hydraulic cylinders for agricultural and construction machinery.&lt;br&gt;• Manufacture transmissions and hydraulic pumps for off-road vehicles and agricultural machinery, and hydraulic motors for construction machinery.</td>
<td>2007.04</td>
<td>LRQA</td>
</tr>
<tr>
<td>Kubota ChemiX Co., Ltd. (Osaka)</td>
<td>Design, develop and manufacture plastic pipe, joints and accessories</td>
<td>1998.04</td>
<td>JUSE</td>
</tr>
<tr>
<td>Nippon Plastic Industry Co., Ltd.</td>
<td>• Design, develop and manufacture vinyl pipe and secondary processed products&lt;br&gt;• Design, develop and manufacture polyethylene and other plastic pipes&lt;br&gt;• Design, develop and manufacture polystyrene/polyethylene and other plastic sheets/plates</td>
<td>1998.12</td>
<td>JSA</td>
</tr>
<tr>
<td>Kubota Pipe Tech Co.</td>
<td>• Design, construct and construction management of various pipelines&lt;br&gt;• Investigate and diagnosis pipelines&lt;br&gt;• Installation training for fittings and pipe laying&lt;br&gt;• Pipe-laying equipment rental&lt;br&gt;• Design and develop package software for supporting water-supply business&lt;br&gt;• Support operation of package software for supporting water-supply business and provide date-input service&lt;br&gt;• Provide survey and consulting services for water network</td>
<td>2002.03</td>
<td>JCQA</td>
</tr>
<tr>
<td>Kansouken Inc.</td>
<td>• Design, develop and manufacture vinyl pipe and secondary processed products&lt;br&gt;• Design, develop and manufacture polyethylene and other plastic pipes&lt;br&gt;• Design, develop and manufacture polystyrene/polyethylene and other plastic sheets/plates</td>
<td>1998.12</td>
<td>JSA</td>
</tr>
<tr>
<td>Kubota Environmental Service Co., Ltd.</td>
<td>Design, construction, maintenance and servicing of plant facilities for water supply, sewer drainage, solid waste processing, excreta disposal and garbage</td>
<td>2000.02</td>
<td>MSA</td>
</tr>
<tr>
<td>Kubota Kasui Corporation</td>
<td>Design and construction of environmental conservation plants</td>
<td>2000.01</td>
<td>BCJ-SAR</td>
</tr>
<tr>
<td>Kubota Air Conditioner, Ltd.</td>
<td>Design, develop, manufacture and ancillary services for large-scale air-conditioning equipment</td>
<td>2000.02</td>
<td>JQA</td>
</tr>
<tr>
<td>Kubota Systems Inc.</td>
<td>• Consigned development of software products and software packaging, design, develop and construct network structures, and maintenance services&lt;br&gt;• Information system operation, and operation and maintenance of networks&lt;br&gt;• Sales of purchased products</td>
<td>1997.05</td>
<td>BSI-J</td>
</tr>
<tr>
<td>Heiwa Kanzai Co., Ltd.</td>
<td>Design, develop and supply cleaning services for buildings and facilities</td>
<td>2002.07</td>
<td>JICQA</td>
</tr>
<tr>
<td>Kubota Construction Co., Ltd.</td>
<td>Design and construct civil engineering structures and buildings</td>
<td>2011.12</td>
<td>JQA</td>
</tr>
</tbody>
</table>

Abbreviations of Certifying Bodies
- LRQA: Lloyd’s Register Quality Assurance Ltd.
- JUSE: Union of Japanese Scientists and Engineers
- JSA: Japanese Standards Association
- JCQA: Japan Chemical Quality Assurance Ltd.
- MSA: Management System Assessment Center Co., Ltd.
- BCJ-SAR: The Building Center of Japan
- JQA: Japan Quality Assurance Organization
- BSI-J: BSI Group Japan K.K.
- JICQA: JIC Quality Assurance Ltd.
Ensuring Skills to Maintain Customer Satisfaction

Holding the Kubota Group Technical Skills Contest

Kubota holds the Kubota Group Technical Skills Contest with the aim of fostering a sense of unity and improving technical skills throughout all companies in the Group. During the contest held in the nine months ended December 31, 2015, a total of 228 contestants from seven countries (26 bases) put their technical skills to the test in 15 categories, including lathe, welding and machine maintenance.

This contest provides the opportunity to evaluate the skill levels of each base and motivate the contestants to hone their skills even further. With approximately 250 participants in the year ending December 31, 2016, the number was higher than the previous year. This is an initiative to further improve manufacturing strength at each of Kubota’s bases and disseminate it throughout the entire group.

Manufacturing Education for New Employees (Trainees)

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

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

Kubota promotes the Kubota Production System (KPS) at its domestic and overseas bases with the aim of becoming "Global Major Brand". The "5-Gen Principle" is implemented to achieve site improvements necessary to advance the KPS. The 5-Gen encompasses a philosophy based on actual site (Genba), actual things (Genbutsu), actual facts (Genjitsu), principles (Genri) and basic rules (Gensoku). It is a place for fostering employees who will implement improvements aimed at closing the gap that can arise between the actual and the ideal. Approximately 476 people attended this training program in Apr. 2015 – Mar. 2016.

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

Participants by country (Apr. 2015 – Mar. 2016)

- Japan: 340
- North America: 39
- Thailand: 32
- China: 28
- Europe: 28
- Indonesia: 9

5-Gen Dojo History

- Apr.2002-Mar.2003: Established 5-Gen Dojo at the Sakai plant in Japan
- Apr.2005-Mar.2006: Began receiving overseas employees at the 5-Gen Dojo
- Apr.2014-Mar.2015: Established 5-Gen Dojo at Kubota Manufacturing of America Corporation

Comment by a participant

My role at Kubota Baumaschinen GmbH (KBM) is to engage in improvement tasks. This was my first visit to the Sakai plant, and I was impressed by its high level of automation. There were many points I would like to mimic back in Germany. I believe being able to learn about the 5-Gen systematically through a mix of practical activities and theory at the 5-Gen Dojo was a very valuable experience. I am eager to convey everything I have learnt to my colleagues back in Germany.

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

Corporate Governance Structure

Ensuring Quick Response to the Management Condition and Improving Management Transparency

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

Corporate Governance Structure (as of March 25, 2016)
Board of Directors

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

The Board of Directors holds a meeting once a year to report the results of risk management activities. This is done in order to verify that there are no inadequacies in the internal control system that could have a serious impact on corporate management in regards to the organization and operation of the management system for key risks identified by Kubota Corporation.

Audit & Supervisory Board

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

In addition to regular monthly Audit & Supervisory Board Meetings, it also meets as and when required, to discuss and make decisions with regard to auditing policy, audit reports, and other matters.

Executive Officers' Meeting

Kubota Corporation adopts the Executive Officer System in order to strengthen on-site business execution at any location and make prompt and appropriate business decisions. The Executive Officers' Meeting consists of the President and Representative Director (referred to below as "the President") and 31 Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of their execution of duties.

Management Committee and Investment Council

Kubota Corporation has a Management Committee and Investment Council in place in order to discuss and make decisions in regard to specific and important issues. 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. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as on special matters.

Nomination Advisory Committee and Compensation Advisory Committee

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

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

In selecting candidates for the positions of the Outside Directors and the Outside Audit & Supervisory Board Members, Kubota Corporation considers their experiences outside Kubota Corporation, professional insights, and other qualifications, and recommends them to the General Meeting of Shareholders after approval by the Board of Directors.

Kubota Corporation does not establish detailed policies or standards as to criteria for independency in electing them; however, Kubota Corporation elects those who have no possibility of a conflict of interest with ordinary shareholders by reference to the rules for Independent Executives defined by the Tokyo Stock Exchange (TSE).
Reasons for Appointing Outside Directors (Independent Executives)

Kubota Corporation elects Yuzuru Matsuda as an Outside Director since Kubota Corporation wishes to receive his advice about general management based on his adequate experience and considerable insight in management which he acquired through his duties as a president of a listed company for a long time. Kubota Corporation has no business relationship with Kyowa Hakko Kirin Co., Ltd., which he used to serve for, and Kato Memorial Bioscience Foundation, BANDAI Namco Holdings, Inc., and JSR Corporation which he concurrently serves for. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota Corporation elects Koichi Ina as an Outside Director since Kubota Corporation wishes to receive his advice about general management based on his adequate experience and considerable insight in management which he acquired through his duties as a president, chairman, and plant and manufacturing manager in the motor vehicle industry. Kubota Corporation has no business relationship with Toyota Motor Corporation and Daihatsu Motor Co., Ltd., which he used to serve and concurrently serves for, respectively. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

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

Kubota Corporation elects Akira Morita as an Outside Audit & Supervisory Board member since Kubota Corporation wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a jurist. Kubota Corporation has no business relationship with Doshisya University and Miyake & Partners Law Firm which he concurrently serves for. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota Corporation elects Teruo Suzuki as an Outside Audit & Supervisory Board Member since Kubota Corporation wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a Certified Public Accountant (CPA) in corporate accounting and finance. Kubota Corporation has a business relationship with Kao Corporation, where he used to serve for, but the amount arising from the above transactions for the nine months ended December 31, 2015 was less than 1% of the total consolidated revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company"). Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

System Supporting for Audit & Supervisory Board Members

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

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

Remuneration of Director and Audit & Supervisory Board Members

The remuneration for the Directors is determined at the Meetings of the Board of Directors based on the report from the Compensation Council within the range of the maximum aggregate amounts of remunerations approved at the General Meeting of Shareholders in consideration of operating results of the Company, compensation levels of other companies, and the wage level of employees of Kubota Corporation. The Compensation Council is composed of Representative Directors, excluding the President, and Executive Officers in charge of indirect departments. The report of the Compensation Council is submitted to the Meetings of the Board of Directors after approval by the President. The Compensation Council was changed to the Compensation Advisory Committee as of March 2016.

The remuneration for the Audit & Supervisory Board Members is determined upon consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amounts of remunerations approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.
Director and Auditor Remuneration (Apr. – Dec. 2015)

<table>
<thead>
<tr>
<th>Position</th>
<th>Number of persons</th>
<th>Total amount of compensation (¥ in millions)</th>
<th>Total amount by type (¥ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Remunerations</td>
<td>Bonuses</td>
</tr>
<tr>
<td>Directors (excluding Outside Directors)</td>
<td>5</td>
<td>409</td>
<td>225</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (excluding Outside Audit &amp; Supervisory Board Members)</td>
<td>2</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Outside Executives (Outside Directors and Outside Audit and Supervisory Board Members)</td>
<td>8</td>
<td>57</td>
<td>57</td>
</tr>
</tbody>
</table>

Director and Audit & Supervisory Board Member Training

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

See here for details on the CSR forum for executives.

Policy for Constructive Dialogue with Shareholders

The Company promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in mid-to-long-term. The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors. Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

General Manager of Planning & Control Headquarters is in overall charge of directing and promoting IR. The department in charge of IR plays a central role in developing its IR activities through close coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Corporate Communication Dept., General Affairs Dept., Legal Dept. and other departments.

(3) Feedback to management

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers’ Meeting, and relevant departments by the President and General Manager of Planning & Control Headquarters as necessary.
Insider information, such as any undisclosed material facts, is not conveyed at the meetings with investors. The following section describes the structure and procedures regarding the timely disclosure of the Company information.

1. Financial Information Disclosure Committee
The Company has established the Financial Information Disclosure Committee so as to monitor and control financial information disclosure and, thereby, ensure its fairness, correctness, timeliness, and comprehensiveness. The committee consists of a committee chairperson, who is General Manager of Planning & Control Headquarters; committee members, who are General Manager or Deputy General Manager of CSR Planning & Coordination Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Corporate Communication Dept., General Manager of Accounting Dept., General Manager of Global Management Promotion Dept., and General Manager of Corporate Auditing Dept.; and observers, who are full-time Audit & Supervisory Board Members. The committee meets periodically in order to draft, report, and assess the Annual Securities Reports and the Quarterly Reports ("Shihanki Hokokusho") pursuant to the Financial Instruments and Exchange Act of Japan. And the committee also meets as necessary when there are material facts that must be disclosed immediately, such as momentous decisions and occurrence of significant events.

2. Company regulations for information disclosure
The Group has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has prepared internal regulations entitled "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to put forward and ensure compliance with the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through education for various levels within the Company.
Directors, Audit & Supervisory Board Members and Executive Officers (as of March 25, 2016)

Directors

President and Representative Director
Masatoshi Kimata

Representative Director and Executive Vice President
Toshihiro Kubo

Director and Senior Managing Executive Officer
Shigeru Kimura
Kenjiro Ogawa
Yuichi Kitao
Satoshi Iida

Outside Director
Yuzuru Matsuda
Koichi Ina

Audit & Supervisory Board Members

Toshikazu Fukuyama
Satoru Sakamoto
Akira Morita
(Outside Audit & Supervisory Board Member)

Teruo Suzuki
(Outside Audit & Supervisory Board Member)

Executive Officers

Senior Managing Executive Officer
Shinji Sasaki

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

Executive Officers
Kaoru Hamada
Junji Ogawa
Yasu Nakata
Kazuhiko Kimura
Dai Watanabe
Haruyuki Yoshida
Takao Shomura
Yuki Tomyama
Kazunari
Shimokawa
Mutsuo Uchida
Nobuyuki Ishii
Kazuhiko Shinabe
Ryuichi Minami
Yoshimitsu
Ishibashi
Ryoji Kuroda
Yasuhiro Hiyama
Eiji Yoshioka
Yasukazu Kamada

Members of the Board of Directors  * Outside Directors

Yuzuru Matsuda  Yuichi Kitao  Shigeru Kimura  Masatoshi Kimata  Toshihiro Kubo  Kenjiro Ogawa  Satoshi Iida  Koichi Ina
**Internal Control**

**Internal Control System**

Kubota’s internal control system is a mechanism for clearly providing the rules that should be obeyed during the performance of business and for checking whether or not business has been managed according to those rules. This system is composed of “business management”, which oversees business activities based on the rules, and “risk management,” which controls important management risks.

“Business management” refers to the action of specifying the basic matters for managing the business by the “business rules”, and each department implementing daily checks based on these business rules in order to manage the work. “Business rules” are consisted of common business rules (basic issues) and functional business rules.

“Risk management” refers to the action of specifying issues that department in charge who manages each risk should respond by the “risk management rules”, establishing the matters to be promoted for managing such a risk, and confirming the efficacy of such risk management by implementing a departmental audit.

Kubota’s internal control system classifies the company’s major management risks into the following three categories.

1. Internal control over financial reporting
2. Internal control related to basic corporate functions such as fair trade, environmental conservation, health and safety, etc.
3. Internal control concerning compliance with rules and regulations related to equipment and import and export control, etc.

The department in charge takes necessary measures to avoid these risks, audits the divisions, and reports the results of the audit and recommends measures to be taken in the next fiscal year to the President and the Board of Directors. In so doing, the section ensures that the PDCA cycle is implemented properly.

**Internal Control System Overview**
**Internal Control System Operations (Risk Management Activities)**

Kubota engages in risk management as a part of its business activities. Based on understanding that risk management is the foundation of business activities, we identify risks common to the entire Kubota Group, such as those relating to the reliability of financial reports. We strive to achieve appropriate risk management through continuous steady improvements, including promptly correcting any insufficiencies. In parallel with the rapid globalization of our business, we recognize risk management as a part of the management foundation required for the survival of our business and are increasing the level of activities in Japan and overseas.

In the nine months ended December 31, 2015, in accordance with the amended Companies Act and Order for Enforcement of the Companies Act, Kubota reviewed its "Item of Systems to be Developed to Establish Internal Control Systems", and a resolution was passed by the Board of Directors. Moreover, as a way of strengthening risk management, each business department identified the risks believed to be the most serious in the current business climate.

**No. of Audits and Contents of Risk Management**

<table>
<thead>
<tr>
<th>Risk management Item</th>
<th>Risk to be avoided</th>
<th>Number of audited items (total)*1 for the nine months ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal control over financial reporting</td>
<td><strong>Financial reporting</strong>&lt;br&gt;- Risk on reliability of financial reporting</td>
<td>3,961</td>
</tr>
<tr>
<td>Fair trade</td>
<td><strong>Bid-rigging and price cartels</strong>&lt;br&gt;- Unfair trading concerning trading with distributors, etc.&lt;br&gt;- Non-compliance with the Subcontract Act</td>
<td>128</td>
</tr>
<tr>
<td>Environmental conservation</td>
<td>- Non-compliance with laws and regulations&lt;br&gt;- Environmental accidents&lt;br&gt;- Past environmental debt</td>
<td>14,347</td>
</tr>
<tr>
<td>Health and safety</td>
<td><strong>Occurrence of serious accidents</strong>&lt;br&gt;- Occupational illnesses&lt;br&gt;- Administrative disposition and litigations</td>
<td>1,345</td>
</tr>
<tr>
<td>Internal control over the basic functions of the company</td>
<td>Quality assurance</td>
<td><strong>Occurrence of quality problems detrimental to the Kubota brand, etc.</strong></td>
</tr>
<tr>
<td>Labor management</td>
<td>- Breach of obligation on attention to safety of employees&lt;br&gt;- Improper management of working conditions&lt;br&gt;- Improper management of employees under irregular employment, and contract and temporary workers&lt;br&gt;- Occurrence of overseas labor problems</td>
<td>3,909</td>
</tr>
<tr>
<td>Information security</td>
<td>- Computer virus infection&lt;br&gt;- Information leakage&lt;br&gt;- Information system failure</td>
<td>1,744</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>- Infringement of other companies' intellectual property</td>
<td>685</td>
</tr>
<tr>
<td>Risk management item</td>
<td>Risk to be avoided</td>
<td>Number of audited items (total) for the nine months ended December 31, 2015</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Compliance with rules and regulations related to equipment</td>
<td>• Non-compliance with laws and regulations of the Building Standards Act, the Fire Service Act and the Industrial Safety and Health Act, etc. in connection with assets and facilities owned by Kubota</td>
<td>580</td>
</tr>
<tr>
<td>Earthquake and other disaster response management</td>
<td>• Important managerial losses including danger of human lives due to earthquake and other disasters, damage to equipment, destruction of the information system, and operation halt</td>
<td>81</td>
</tr>
<tr>
<td>Compliance with the Construction Business Law</td>
<td>• Non-compliance with Construction Business Law</td>
<td>814</td>
</tr>
<tr>
<td>Human rights advancement(^2)</td>
<td>• Occurrence of human rights violation issues</td>
<td>-</td>
</tr>
<tr>
<td>Safe driving management</td>
<td>• Accidents arising from non-compliance with traffic laws and regulations and violating acts</td>
<td>167</td>
</tr>
</tbody>
</table>
| Prevention of illegal payments | • Trading with antisocial forces  
• Non-compliance with the Political Funds Control Act  
• Making inappropriate payments to overseas public servants | 447                                                                                           |
| Confidential information management | • The flow out of classified information including plans for development and sales of new products  
• Protection of personal information | 169                                                                                           |
| Protection of personal information | • Leakage and loss of personal information related to customers, employees, etc.  
• Improper use of personal information | 169                                                                                           |
| Import and export control | • Non-compliance with laws and regulations including Customs Act, Foreign Exchange and Foreign Trade Control Law, Basel Convention, and laws related to chemical substances  
• Compliance in Logistics | 139                                                                                           |
| Compliance in Logistics | • Non-compliance with laws and regulations of three major road laws, including the Road Traffic Act and those related to distribution, including the Labor Standards Act, etc. | 422                                                                                           |

\(^1\) No. of audited items (total) is the sum of the number of items audited in each of the divisions subject to audit  
\(^2\) Activities for human rights advancement focused mainly on training, releasing information, and tracking survey results.
Kubota Hotline (whistle blowing system)

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

There are three points of consultation depending on the type of matter. The CSR Planning Department handles reporting on compliance matters other than human rights issues, and the Human Rights Advancement Department handles the reporting of human rights issues. The external consultation service handles reporting on all compliance matters, including human rights issues. It is possible to anonymously report a matter to either the CSR Planning Department or Human Rights Advancement Department. Each company and business site also has a Human Rights Advancement Consultation Office where employees can discuss human rights issues in a more casual manner. These services are available to all full-time, part-time and temporary employees of Kubota, as well as its domestic group companies. Each of our overseas locations handles reporting individually and notifies the head office in the event of any major issue.

Regarding the protection of informants, our Whistle Blowing System Operation Rules clearly state that “the informer shall not be disadvantaged as a result of reporting an issue” and “excluding cases necessarily requiring investigations and official reporting, the content of the reported issue, personal information obtained during investigations, and all other information shall not be used or disclosed.”

We also use creative ways to alleviate uneasiness stemming from insufficient understanding of the system. We announce the trend in the number of reported cases, steps involved if someone chooses to use the Whistle Blowing System, etc. in our company newsletter and on the Intranet, thereby promoting an understanding of the system and alleviating insecurity. As a result of these awareness activities, awareness and level of understanding regarding the system have been improved, as shown by the Employee CSR Awareness Survey. In 2013, 2014 and 2015 respectively, a total of 55, 48 and 57 cases were reported—including enquiries and matters that were found out to be not problematic following investigation.

We also strive to create a positive organizational culture through initiatives such as providing free space in our anonymous CSR awareness surveys, which target Kubota Group employees so respondents can communicate their frank opinion or report on a matter.

* Talled from April 1 to March 31 of the following year for each year

Flowchart of the Kubota Hotline

Securing Reliability of Financial Reporting

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

The Corporate Auditing Department has also created a system for evaluating the effectiveness of internal controls on a consolidated basis as a group. This assessment is based on the results of the abovementioned auditing results and conforms to the internal control reporting system related to financial reporting stipulated by the Finance Instruments and Exchange Act (J-SOX) and other ordinances.
Compliance with the Anti-Monopoly Act (Competition Law)

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

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

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

Training and Awareness Activities

Kubota exerts efforts to enforce compliance to the Anti-Monopoly Act (Competition Law) throughout the entire Group, such as conducting employee training at each sales base, including domestic and overseas locations (particularly the U.S. and Europe) and Group companies with the cooperation of the Legal Department in Japan and local law firms overseas, thereby minimizing any potential risk of violation.

Auditing and Risk Management Surveys

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

Establishment of a Consultation System

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

Creation of Guidelines relating to Information Exchange with Competitors

Under the supervision of external experts, Kubota Corporation has created “Guidelines relating to Information Exchange with Competitors” in Japanese, English and Chinese, and distributed the publication to domestic and overseas bases. These guidelines enable Kubota Group employees to clearly comprehend the difference between appropriate information exchange—legitimate joint R&D, trade association activities and so on—and illegal information exchange such as exchanging information on prices, quantities, and desire to obtain orders through cartel-like behavior. In turn, this helps to prevent violations.

Compliance with Act against Delay in Payment to Subcontractors

Kubota holds regular fundamental training and hands-on consultancy sessions for its domestic manufacturing and technical divisions at its major domestic business sites with the aim of promoting understanding of the Act against Delay in Payment to Subcontractors. We also receive consultation from business divisions and other sources in order to reduce risk.
Information Management

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

Depending on the type of information, Kubota Corporation appoints main divisions to conduct ongoing activities such as revising rules, auditing and awareness-raising at their respective locations. These activities are also conducted at overseas bases. Risk is managed by liaising with such divisions where necessary.

In the nine months ended December 31, 2015, we ensured compliance with the My Number system, etc.

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

Information Management System

- **Global IT Management Department**
  - Prevents computer virus infections, information system failures, etc.

- **Corporate Compliance Department**
  - Prevents leaks concerning new product development, sales plans, etc.

- **Legal Department**
  - Prevents leakage of customer and employee information, etc.

Prevention of Illegal Payments

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

The Kubota Group Anti-Bribery Policy and Kubota Group Anti-Bribery Procedures have been created in a special effort to prevent bribery related to illegal payment issues. This initiative delivers a clear message from Kubota top management that bribery will not be tolerated under any circumstances. Additionally, the priority commitment of the new president was to encourage caution regarding the risk of illegal payments to government agencies and such organizations in line with expanding Kubota's overseas business. He also ordered that risk be reduced. In an effort to educate its directors and employees, Kubota Corporation created the Kubota Group Handbook for Anti-Bribery and is raising the awareness of laws and rules related to preventing bribery as well as appropriate responses to bribery. In addition to the existing Japanese, English, and Chinese editions of the handbook, we have prepared handbooks in Indonesian, Tagalog, Korean and Vietnamese, and have strengthened awareness-raising activities to prevent the payment of bribes to foreign public officials. We also hold training for divisions more likely to be exposed to the risk of bribery.

In the nine months ended December 31, 2015, Kubota conducted written surveys at 88 domestic divisions and companies, and 64 overseas bases as a part of its Group-wide risk assessment. The surveys revealed that, although there was a high awareness regarding the respective countries' anti-bribery laws, there is a need to further enhance awareness-raising activities aimed at anti-bribery. Based on the results of these surveys, we will investigate how best to improve and enhance awareness-raising activities placing priority on countries and areas that seem to be exposed to high risk.

Kubota Group Policy on Anti-Bribery (Extract)

As specified in the Kubota Group Charter for Action, we commit ourselves to "conducting corporate activities based on compliance with legal regulations and ethical principles." As such, the Kubota Group never allows business based on unfair practices such as bribery. The group also strictly prohibits all of its companies, officers and employees from being involved in bribery.

President
Kubota Corporation
Kubota Group Charter for Action & Code of Conduct

In the year ended March 31, 2013, we revised our former Charter for Action and Code of Conduct to be more relevant on a global basis. These are translated into the 14 languages of the countries and regions in which Kubota has bases, and translated by individual group companies into any other languages that may be necessary.

When employees begin employment with the Kubota Group, we receive an oath from each of them that they will observe the Charter for Action and Code of Conduct, as well as our corporate philosophy.

We also have various other awareness-raising tools that we utilize at our domestic bases to foster a compliance mindset.

Kubota Group Charter for Action and Code of Conduct (Items)

1. Winning Customer Satisfaction
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
3. Respecting Human Rights
4. Building up a Safe and Vibrant Work Environment
5. Conserving the Global and Local Environment
6. Achieving Symbiosis with International and Local Societies
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

For details on the Kubota Group Charter for Action and Code of Conduct, click here.

Awareness tools

Code of Conduct Guidebook

A guidebook describing the Kubota Group Charter for Action and Code of Conduct in a straightforward way using illustrations and explanations. This guidebook is provided as a booklet to new employees and it is also featured on our Intranet.

Compliance Support Courier

A document that uses illustrations and a Q&A method to encourage employees to think about common compliance issues. Distributed monthly by email.

Let’s Keep Learning about CSR

A cartoon that introduces common compliance and CSR issues. Featured in the company newsletter every other month.
The Kubota Group aims to increase the satisfaction of various stakeholders and enhance its corporate value through implementing the PDCA cycle in each category.

### Summary of Social Report for the Nine Months Ended December 31, 2015, Priority Issues for the Year Ending December 31, 2016 and Medium-Term Targets (36KB)

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Priority Issues for the Nine Months Ended December 31, 2015</th>
<th>Activity Results in the Nine Months Ended December 31, 2015</th>
<th>Applicable Target shown in the FY 2016 or Medium-term targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Constitute quality and on-time delivery of products and services</td>
<td>Achieved</td>
<td>Medium-term targets focus on maintaining quality and prompt delivery.</td>
</tr>
<tr>
<td>Employees</td>
<td>Implement training and development programs to improve employee skills</td>
<td>Partially achieved</td>
<td>Additional training programs planned for FY 2016 and beyond.</td>
</tr>
<tr>
<td>Local Communities</td>
<td>Promote environmental sustainability initiatives</td>
<td>Almost achieved</td>
<td>Long-term sustainability goals set for FY 2017 and beyond.</td>
</tr>
</tbody>
</table>

For a detailed overview, please refer to the full Social Report.
### Summary of Social Report for the Nine Months Ended December 31, 2015, Priority Issues for the Year Ending December 31, 2016 and Medium-Term Targets

<table>
<thead>
<tr>
<th>Main focus of activity</th>
<th>Plan</th>
<th>Do</th>
<th>Action</th>
<th>Priority issues for the year ending December 31, 2016</th>
<th>Medium-term targets</th>
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<tbody>
<tr>
<td><strong>Customer Satisfaction</strong></td>
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<td><strong>Quality and Improvement to Improve Customer Satisfaction</strong></td>
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<td><strong>CSR Procurement Initiatives</strong></td>
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<td><strong>Timely and Appropriate Release of Information</strong></td>
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<td><strong>Creating a Safe Workplace for All Employees</strong></td>
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<td><strong>Creating a Vibrant Workplace</strong></td>
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<td><strong>Respect for Human Rights</strong></td>
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<td><strong>Promotion of Diversity</strong></td>
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<td><strong>Personnel Policies in Tune with Globalization</strong></td>
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<td><strong>Contributions to International Society and Local Communities</strong></td>
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<td><strong>Recovery and Reconstruction of Areas Affected by Natural Disasters</strong></td>
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Relationship with Our Customers

Based on the principle "The Customer Comes First," Kubota aims to offer superior products and services to its customers, doing so at a speed that exceeds customer expectations.

We always contemplate how we can achieve the ultimate level of customer satisfaction by taking a hands-on approach that includes going to the actual site ("Genba"), seeing the actual thing ("Genbutsu"), and confirming the actual facts ("Genjitsu"). We then implement what we can immediately and repeat this cycle.

Moving forward, Kubota will continue promoting initiatives in all aspects of operations, including development, production, and sales, aiming not only to improve sales and profits, but also establish itself as "Global Major Brand" trusted by an ever-larger number of customers and capable of contributing further to society.

R&D

Click here for details.

Production / Quality Control

Click here for details.

Customer Service

New Service Added to KSAS to Further Support the Smooth Operation of Machinery

In addition to the Kubota Smart Agri System (KSAS), a farm management system that integrates farm machinery and information communications technologies (ICTs) introduced in June 2014, a machinery service system was introduced in June 2015. This has achieved the visualization of farm machinery operations information, therefore enabling appropriate maintenance to be performed on our customers' individual pieces of machinery based on data accumulated, and ultimately reducing the occurrence of breakdowns.

Moreover, Kubota is endeavoring to maximize the usage value of machinery through smooth operations by establishing the machinery service terminals introduced in service bases throughout Japan and improving the onsite repairs response of service personnel.

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

Service Technologies and Leader's Proposal Contests

Kubota held the Service Technologies Contest in December 2015. The aim of this annual contest is to nurture employees capable of earning the trust of our customers, providing them peace of mind, and further improving proposal-making skills and service technologies for agricultural machinery. From this year, the contest became truly international, with participants from not only Asia, but overseas as well, including 21 members from 15 overseas bases in Europe, the U.S. and Australia.

Domestically, in the nine months ended December 31, 2015, the second Leader's Proposal Contest was held. Representatives from 13 dealers took part in the contest, pitching their abilities to accurately assess customer needs and offer proposals that will lead to expansion and profit growth. Kubota will continue improving its service technologies and proposal-making skills even further through these contests, thereby reinforcing customer trust and ensuring their peace-of-mind.
Customer Satisfaction Survey

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

In 2015 (January - December), "Overall satisfaction with store where purchased" improved over 2014 (January - December), rising from 59.4 to 60.5.
Procurement

Procurement Policy

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

Basic idea for materials procurement

- Providing fair opportunities
  
  We will provide the opportunities for competition for all of our business partners in a fair and equitable manner.

- Economical rationality
  
  When selecting our business partner, we make a full evaluation on the material quality, reliability, delivery timing, price, technology and development capability, proposal ability, and the business stability, etc. of that partner and then select the best business partner based on an adequate set of criteria.

- Mutual trust
  
  We establish relationship of trust with our business partners and also aim for mutual development.

- Social trust
  
  We are committed to ensure all relevant laws and regulations for when making procurement deals. We will also make sure to maintain the confidentiality of our business partners' which we have gained through our procurement deals.

- CSR Procurement
  
  We promote CSR procurement, while paying close attention to compliance with laws and regulations, occupational health and safety, human rights, environmental conservation, symbiosis with international and local societies, and management transparency and accountability.
Promoting Optimal Regional Procurement and Supplier Quality/Productivity

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

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

In the nine months ended December 31, 2015, as a continuation of the previous year, we held the 2nd Supplier Skills Competition to improve the skill level of our suppliers. Moreover, we held the 2nd Supplier Improvement Competition World Cup in order to vitalize improvement activities. In this World Cup, suppliers selected from various regions around the world present their company's improvement success stories as they compete for the status of World Champion.

Throughout the entire supply chain, we will continue efforts to make the Kubota brand worthy of the trust placed in us by our customers around the world.

Promoting CSR Procurement Based on Established Guidelines

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

For this reason, Kubota established the Kubota Group CSR Procurement Guidelines, as we believe it is necessary to have a common understanding of CSR with our major business partners in order to engage in collaborated efforts. By requesting business partners to submit a consent form indicating their intention to observe the terms of these guidelines, Kubota is encouraging initiatives that target safe work practices, respect for human rights and other important factors required for success in global markets.

Group CSR Procurement Guidelines

1. Winning Customer Satisfaction
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
3. Respecting Human Rights
4. Building up a Safe and Vibrant Work Environment
5. Conserving the Global and Local Environment
6. Achieving Symbiosis with International and Local Societies
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

Click here for the CSR Procurement Guidelines
Enforcing Ban on the Use of Conflict Minerals

Conflict minerals are a global social problem, and Kubota addresses them as a part of its CSR initiatives. Conflict minerals are considered to be the tantalum, tin, tungsten and gold produced in the Democratic Republic of the Congo and its neighboring countries. Armed insurgents, many of whom have repeatedly committed inhumane acts of violence, use these minerals as a source of funds and this is a major international issue.

Kubota conducts investigations into the use of conflict minerals, and promptly takes steps to discontinue use in the unlikely event that it becomes clear they are being used. We seek mutual understanding regarding this issue with our business partners, which are a part of the supply chain, and request their cooperation in surveys and audits conducted by Group companies.

Democratic Republic of the Congo and the Neighboring Countries
Relationship with Employees

Customer satisfaction cannot be accomplished without employee satisfaction. The Kubota Group endeavors to create a corporate culture in which its employees can feel pride and joy. We promote the creation of a vital workplace where employees feel safe, have peace of mind, and are motivated to work.

In accordance with the Kubota Group Charter for Action & Code of Conduct, which is our global standard for conduct, we carry out audits and interviews at overseas bases with a clear understanding of the circumstances of each country and region, in order to raise the level of employee-related policies across the entire group.

Creating a Safer Workplace for All Employees

Promoting a Safer Workplace

Kubota formulated its Basic Policies on Safety and Health in April 2013 for the purpose of creating a safer and more secure workplace for all employees. Based on these policies, we are enforcing that all people involved in the business behave based on the philosophy that "Safety is Our First Priority."

In the nine months ended December 31, 2015, as part of our efforts to achieve the target of zero lost work-time incidents, as stated in the 9th Kubota Group Long-term Industrial Accident Reduction Plan, we formulated the Mid-term Plan of Health & Safety Promotion Headquarters, and implemented initiatives focusing on the three elements of Machine, Man and Method. In regards to equipment, we promoted investment and various countermeasures based on the Equipment Safety Improvement Guidelines. Moreover, we introduced the Guidelines for Safety-Aware Employee(for new employee) and promote the training and education of new employees.

Moving forward, we will promote the formation of a framework in which methods to avoid residual risk are incorporated in Standard operating procedure as a work-related countermeasure, and develop Safety-Aware Employee able to complete work safely in line with Standard operating procedure. Moreover, using international management standards as a guide, we have begun restructuring existing standards and management systems related to safety and health, and will encourage our overseas offices to utilize these as well.

Kubota Group Basic Policies on Safety and Health

In the Kubota Group, there is no work to be carried out without serious consideration for safety and health. To achieve this, we established the fundamental principle that all the people involved in the business shall behave based on the philosophy that ‘Safety is Our First Priority.’

Offices and Plants

1. Reinforcing human resource development to support safety (Human resource development to achieve Kubota Group safety-Aware Employee)
2. Removing and reducing dangerous and hazardous sources
3. Maintaining and improving healthy workplace environments
4. Responding to globalization through coordination with the mother plant
5. Promoting mental health care
6. Promoting measures to prevent industrial traffic accidents

Construction Departments

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

In the nine months ended December 31, 2015, Kubota revised its Guidelines for promoting inherently safe equipment, which defines six categories of risk*1 by adding four new categories.*2 This led to the start of equipment investment in response to the risk of entrapment and entanglement in machinery, which is noted as a particular problem. In June, Kubota issued a Guidelines for promoting inherently safe design of equipment to promote the safety of new equipment, and will deploy this throughout the group.

*1 “serious injury involving the melting process”, “contact with heavy objects”, “falling from high places”, “contact with vehicles”, “entrapment in presses”, and “harmful substances”
*2 “entrapment and entanglement in machinery (other than presses)”, “flying and falling objects”, “electrocution and electrical burns”, and “fire and explosions”

| Frequency of Accidents Resulting in Lost Work-time (Kubota Corporation) |
|---|---|---|---|---|
| Year | Kubota (Production) | Kubota (Construction) | Average for manufacturing industry (Japan) | Average for projects by occupation (plant projects, etc.) |
| 2012 | 0.38 | 3.83 | 1.00 | 1.65 |
| 2013 | 0.19 | 0.00 | 0.94 | 3.11 |
| 2014 | 0.28 | 1.08 | 1.06 | 3.38 |
| 2015 | 0.41 | 6.11 | 1.06 | 1.59 |

| Severity rate (Kubota Corporation) |
|---|---|---|---|---|
| Year | Kubota (Production) | Kubota (Construction) | Average for manufacturing industry (Japan) | Average for projects by occupation (plant projects, etc.) |
| 2012 | 1.09 | 0.00 | 0.10 | 0.37 |
| 2013 | 0.00 | 0.00 | 0.10 | 0.10 |
| 2014 | 0.35 | 0.02 | 0.09 | 0.62 |
| 2015 | 0.02 | 0.16 | 0.02 | 0.02 |

* Talled from April 1 to March 31 of the following year up until 2014
* Talled from April 1 to December 31 from 2015

* Because of the occurrence of disaster accompanied with numbers of absence from work at one time.
Promoting Personnel Training Based on Kubota Group Safety-Aware Employee

In the nine months ended December 31, 2015, after a 2014 analysis revealed a growing number of accidents affecting new employees with little work experience, Kubota formulated the Guidelines for Safety-Aware Employee (for new employee) to achieve the safety development of personnel from the bottom-up for the group as a whole.

In July, the 1st Kubota Group Safety and Health Meeting was held, in which leading examples by other companies were introduced, such as the 5S\(^1\), KY (risk prediction) activities, and other good examples within Kubota, thereby achieving horizontal deployment within the group.

Furthermore, in September, we held a Safety/Health and Environment Manager Conference for group companies in the Asian region, and the same conference for group companies in North America in November. These conferences served as opportunities to discuss safety and health standards, and training approaches able to be utilized overseas as well.

In the year ending December 31, 2016, we plan to formulate a new basic standard related to training, Standard operating procedure and KYT (risk prediction training), and strengthen accident analysis through interviewing employees, etc. as a measure to prevent the recurrence of work-related accidents.

\(^1\) "Seiri (sorting), Seiton (tidy), Seiso (cleaning), Seiketsu (sanitary), Shitsuke (good manner)"
Respecting Human Rights

Clearly Stating Kubota’s Stance on Respecting Human Rights in the Code of Conduct

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

**Code of Conduct (excerpts)**

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

Educating Employees on Human Rights

Kubota has a Human Rights Advancement Planning & Coordination Committee. Its members are building a framework that will enable all employees to receive human rights education and nurture a culture of valuing fellow human beings based on the specific activity policies of each Kubota base. It is now possible to receive human rights education from overseas via a video conference system.

Kubota also proactively promotes employees to participate in seminars hosted by external organizations.

**Results of human rights education (domestic/total no. of participants)**

(Apr. 2015 – Mar. 2016)

<table>
<thead>
<tr>
<th>Target Internal education</th>
<th>External education</th>
<th>Total</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,422</td>
<td>21,935</td>
<td>587</td>
<td>22,522</td>
</tr>
</tbody>
</table>

Target: Kubota and its subsidiaries, executives of affiliate companies from the president down, employees, re-hired employees, temporary employees, dispatched employees, etc. (excluding employees on leave and employees dispatched from external companies)

Consultation Office System

As remedial action for victims of human rights violation, Kubota established the Kubota Hotline—a reporting system that includes the use of outside lawyers—and consultation office systems at each of its bases, including those overseas, thereby enabling it to respond swiftly to any issues that may arise.

In order to raise awareness of the existence of domestic consultation offices, we distribute pocket cards with contact details and introduce such offices through the company Intranet, posters, email magazines, human rights seminars, and so on. Each year, Kubota holds training for its domestic consultation office personnel in which external lecturers are invited to speak so that participants may improve their counseling ability and prevent secondary victimization.

Click here for details on the Kubota Hotline, a reporting system that includes the use of outside lawyers.
Human Rights Week Event

In order to enhance the awareness of human rights, Kubota holds a contest targeting all domestically based employees including those from affiliate companies, where participants submit human rights-related slogans during Human Rights Week, which is celebrated every December. In 2015, entries were received from a total of 16,104 applicants (application rate of 84.3%) and the best slogan from each business site was featured in a poster.

Protection of Privacy

From the perspective of respecting human rights and protecting privacy, Kubota conducts several inspections each year to ensure there are no insufficiencies in investigation tasks such as credit surveys.
Promoting Diversity

Supporting Women in the Workplace

As a focal point of diversity management, Kubota supports women in the workplace through initiatives such as changing the human resources system and offering various training programs.

The consolidation of occupational roles carried out in the year ended March 31, 2015 served to give employees responsibilities to match their ambition and skills rather than limiting work. This system revision now enables individuals to challenge themselves to broaden their work scope. We also began holding training sessions for women who desire to work in managerial positions. Moreover, the promotion of women to take on managerial positions is increasing steadily, with the selection process giving equal opportunity to men and women.

Trend in number of women in management roles*1

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of women in management roles</th>
<th>Percentage of women in management roles</th>
<th>Percentage of women promoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>39</td>
<td>1.6</td>
<td>0.0</td>
</tr>
<tr>
<td>2013</td>
<td>49</td>
<td>2.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2014</td>
<td>56</td>
<td>2.2</td>
<td>0.0</td>
</tr>
<tr>
<td>2015</td>
<td>59</td>
<td>2.4</td>
<td>0.0</td>
</tr>
<tr>
<td>2016</td>
<td>58</td>
<td>2.7</td>
<td>0.0</td>
</tr>
<tr>
<td>2017</td>
<td>71</td>
<td>3.5</td>
<td>0.0</td>
</tr>
<tr>
<td>2019</td>
<td>125</td>
<td>6.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

*1 As of April each year (As of January from 2016)
*2 2017/2019 figures are targets

Increasing various training activities for women

To date, Kubota has established group-wide activities aimed at women's participation in outside forums and networking for the purpose of supporting career advancement and fostering a corporate culture that empowers women in the workplace.

For a three-year period, we are holding follow-up training for approximately 560 female employees whose occupational scope expanded as a result of the consolidation of occupational roles carried out in the year ended March 31, 2015.

Every six months, Kubota conducts training for its female managers with the aim of strengthening management capability—the third round will be held in the year ending December 31, 2016. As Kubota is a company with few female managers, we hope that employees who complete this training will become young mentors and encourage subordinate employees to set their sights on managerial roles.

Female managers also participated in Kubota leadership training for those desiring to qualify for higher-level positions, and we hold high expectations for their future roles in the company.

Participating Forums

1. 12th Women's Networking Forum in Osaka 2015
2. 11th Women's Networking Forum in Tokyo

Signed Women's Empowerment Principles (WEPs)

The Women's Empowerment Principles (WEPs) is a set of principles jointly prepared by the UN Global Compact*1 and UN Women*2 in March 2010 to create work and social environments where women's strengths can be leveraged in corporate activities.

The Kubota Group supports these principles and endorsed the doctrine in July 2012, thus positioning gender equality and the empowerment of women as a focal point of our management and pledging to autonomously carry out initiatives.

*1 Global initiative to achieve sustainable growth in international society announced by the UN Secretary-General at the 1999 World Economic Forum
*2 United Nations entity working for gender equality and the empowerment of women
Supporting the Independence of Disabled Persons

Kubota has established two subsidiaries* whose operations are specifically to determine jobs compatible for people with disabilities and create work environments in which they can function comfortably: Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd. Kubota Sun-Vege Farm Co., Ltd. engages in the hydroponic cultivation of safe and reliable vegetables with the aim of seeking to promote the independence of people with disabilities and their coexistence in local communities.

In addition to introducing farming on fields that have been abandoned to help stimulate the agricultural industry in Japan, vegetables produced are sold internally and used by cafeterias at Kubota business sites in Japan, and also sold to supermarkets in Osaka Prefecture.

* Subsidiaries specifically focusing on hiring people with disabilities in order to promote their employment and stability.

### Trend in percentage of employees with disabilities

<table>
<thead>
<tr>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
</tr>
<tr>
<td>1.8</td>
</tr>
<tr>
<td>1.66</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kubota</td>
<td>2.06</td>
<td>2.12</td>
<td>2.16</td>
<td>2.11</td>
<td>2.03</td>
</tr>
<tr>
<td>Mandatory employment percentage</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National average</td>
<td>1.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* As of June each year
Creating an Enjoyable Workplace

Maintenance and Enhancement of Mental Health

Based on the Safety and Health Guidelines of the Kubota Group, Kubota Mental Health Improvement Targets were formulated. These targets specify activity objectives and goals, and the tangible actions that need to be undertaken in order to realize them. Based on these targets, our aim is to prevent mental health issues from arising and detecting those that do at the earliest possible stage, doing so from the perspectives of self-care and line-care.

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

Kubota will introduce a stress check system in the year ending December 31, 2016 in accordance with the amendment to the Industrial Safety and Health Act. This system aims to prevent sufferers of mental health through not only self-care, but also allowing people with high stress levels to receive medical advice, workplace environment improvements, and so on. This is one of the ways in which the Kubota Group is strengthening its mental health countermeasures.

Securing a Work-Life Balance

In our promotion of the action plan for general business operators set out in the Act of Promotion of Women's Participation and Advancement in Workplace, Kubota is eliminating the awareness of gender-based responsibility allocation.

- The gap in no. of years with working experience is shrinking between men and women
- 70% of women are returning to work within one year of taking childcare leave

In light of the above two points, Kubota proactively encourages its male employees to take childcare leave as we believe they should contribute to housework and child-raising so that women may continue pursuing their careers.

For both male and female employees, Kubota promotes the creation of a working environment in which a good work-life balance is possible.

Voice Balancing parenthood and work with the support of my colleagues in the workplace and family

In recent years, the population of working females in India is growing, and backed by government support, environments in which females can work comfortably are being created. Of course, India still has a way to go compared to developed nations, but I returned to work after giving birth to my child because I wanted to serve as a role model for the working women of this country. I returned to work after taking childcare leave in March 2015, and with the support of my work colleagues and family, I have realized it is possible to balance housework, parenthood, and work. With everyone’s support, I go about my work with the attitude that I will challenge myself to do my best with the opportunities I have been given.

In fact, I work with more enthusiasm and a greater sense of responsibility than before I became a mother. This is because by having a job with responsibilities, I feel I can teach my children what a person needs in order to gain respect. In order for me to keep growing, I would like to continue improving my skills while taking on other duties in new areas.

Rekha Paliwal
Manager, Kubota India Office

Mental health training session
Training for Employees Returning from Childcare Leave

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

* At Kubota, we emphasize that taking leave to raise one’s children is not the end of one’s career. Accordingly, we refrain from using the term “suspension from duties for childcare” to refer to leaving the workplace to care for one’s children. In addition, the first seven consecutive days after male employees commence childcare leave are paid leave.

Trend in percentage of women who return to work after taking childcare leave

<table>
<thead>
<tr>
<th>Year</th>
<th>Return-to-work percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>93.1%</td>
</tr>
<tr>
<td>2012</td>
<td>95.2%</td>
</tr>
<tr>
<td>2013</td>
<td>94.7%</td>
</tr>
<tr>
<td>2014</td>
<td>100%</td>
</tr>
<tr>
<td>2015</td>
<td>91.4%</td>
</tr>
</tbody>
</table>

Re-entry

This program is targeted for employees who have left Kubota for childbirth, parenting care or due to the transfer of a spouse, giving them the opportunity to re-enter the workplace.

Participants in Re-entry Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>4</td>
</tr>
<tr>
<td>2014</td>
<td>3</td>
</tr>
<tr>
<td>2015</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>2</td>
</tr>
</tbody>
</table>

Commenced re-entry in Sep. 2012 (seven months between September and March)

* Of the re-entrants in 2013, one was hired at a group company
* Nine months between April and December of 2015 (changed settlement to December)
* January to May of 2016
Encouraging Male Employees to Take Childcare Leave

Kubota emphasizes that taking leave to raise one’s children is not the end of one’s career. Accordingly, we refrain from using the term "suspension from duties" and refer to this instead as "childcare leave."

Kubota sets phased targets for the number of male employees to take childcare leave and actively encourages participation.

No./Percentage Using Childcare Leave (male)

Promoting Use of Annual Paid Leave

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

As part of the efforts to encourage use of annual paid leave, Kubota’s president and the chairperson on the Central Executive Committee of the labor union delivered a joint message to all employees. In it, the overall company promotion policy and specific measures of encouragement were stipulated in collaboration with the trade union.

Promotion Policy

1. Recommend employees take paid leave during labor management negotiations.
2. Create an environment where it is easy to use paid leave.
3. Foster opportunities to rethink the way one works.

Specific Measures of Encouragement

1. Set achievable targets company-wide
2. Continue and strengthen initiatives unique to each business site, spread awareness and disseminate information about using paid leave
3. Discuss efficient ways to work, visualize work and create work manuals to promote communication about using paid leave

Trend in Percentage of Employees taking Annual Paid Leave
Maximizing Human Resource Measures in Support of Global Business Development

Expanding the Overseas Trainee System

From Japan to the World

Since 1997, Kubota has dispatched a number of employees to its overseas group companies each year for training purposes. We plan to dispatch more employees overseas in 2016 as part of our initiatives to foster global human resources.

From the World to Japan

Since November 2015, four employees of Kubota's Chinese group company, Kubota Agricultural Machinery (SUZHOU) Co., Ltd. have been dispatched to the Utsunomiya Plant as "Japan trainees". For six months, they will acquire Kubota-style manufacturing know-how through engaging in actual manufacturing and product inspection tasks, and then contribute to strengthening their company upon return to China.

This initiative has spread to other overseas group companies, and there are plans to dispatch manager and supervisor candidates from a variety of job types to several of Kubota's Japanese bases.

Setting Guidelines for Accepting Trainees

In an effort to foster and establish managers, supervisors and skilled workers to serve central roles on the production floors of overseas group companies, Kubota has introduced the "Guidelines when Accepting Trainees from Overseas Subsidiaries and Affiliates." This will allow trainees to be accepted for training at Kubota’s Japanese bases more smoothly and receive suitable treatment by defining the three categories of "Japanese Trainee", "HIDA* Trainee" and "Technical Intern." By instilling Kubota-style work know-how, manufacturing concepts, skills and knowledge, we are promoting the development of managers, supervisors and skilled persons at our overseas group companies.

* Human Resources and Industry Development Association
Ongoing Foreign Language Training of New Employees

In effort to foster global human resources with the necessary language skills and the ability to adapt to different cultures, since FY2009 Kubota has been offering new employees the opportunity to participate in a one-month foreign language education program.

There are a variety of courses to suit each employee’s individual language ability when they begin their employment, and once basic language skills are acquired in Japan, employees are then granted the opportunity to study business English at a language school in North America or participate in internship programs at overseas affiliates in order to obtain more practical English skills.

Moreover, from the nine months ended December 31, 2015, Kubota began dispatching employees to a language school in the Philippines that utilizes a one-on-one approach in order to further strengthen language skills.

Employees Dispatched for Language Training

* Talled from January 1 to December 31 each year
Personnel Policies and HR System (Kubota)

### Basic Personnel Policy

Foster a corporate culture full of vigor with emphasis on taking on challenges and creativity
Find the right person for the right job based on their abilities and ambitions

#### Basic Idea of Personnel System Operations

1. **Equal opportunity**
   - Each employee can strive to attain any role or position.
2. **Right person for the right job**
   - Aim to place the right person in the right job based on their abilities and ambitions

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### Overview of Personnel Training, Performance-based Promotion and Compensation

There are three career paths comprising expert positions, staff positions and technical positions for different roles and responsibilities. The personnel system separates personnel training, performance-based promotion and compensation for each of these career paths. Employees can change career paths based on their abilities and ambitions.

<table>
<thead>
<tr>
<th>Career</th>
<th>Expert positions</th>
<th>Staff positions</th>
<th>Technical positions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(management class)</td>
<td>(administrative and general class)</td>
<td>(technical class)</td>
</tr>
</tbody>
</table>
| Definition of personnel (main roles) | People that drive the business, solve problems that arise in operations, and exhibit a high level of performance based on their willingness to take on challenges, advanced expertise, and extensive experience and know-how | People that contribute to the business, take on challenges for their own growth, and take on broad responsibilities, especially work that requires expertise, creativity and experience, while aiming to establish a field of expertise | People that are in charge of work responsibilities, supervise and nurture subordinates, and achieve work objectives
People that improve work processes based on advanced skills, knowledge and experience, and can perform complicated work |

<table>
<thead>
<tr>
<th>Training and education</th>
<th>Department and section head class: management training</th>
<th>Specialized training for specific objectives that employees can choose on their own from a curriculum of about 140 courses of varying difficulty and subject matter</th>
<th>Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the &quot;5-Gen&quot; principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluations</td>
<td>Employees set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress toward these targets, followed by a self-evaluation and a review meeting at the end of the year. Bosses evaluate their subordinates, including process and work behavior.</td>
<td>Some evaluations also follow the framework on the left.</td>
<td>-</td>
</tr>
<tr>
<td>Rotation</td>
<td>The work responsibilities of each employee are reviewed periodically, while taking into consideration workplace needs and their preferences, to avoid having employees perform the same work for long periods.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Ranking (Basis upon which compensation is determined) | Five rankings
- Moves up in the rankings based on contribution to performance | Seven rankings
- Moves up in the rankings based on contribution to performance (Some require testing) | 11 rankings
- Moves up in the rankings based on contribution to performance (Some require testing and technical qualifications) |

<table>
<thead>
<tr>
<th>Salaries</th>
<th>Monthly salaries are reviewed every year until the age of 58 (56 for expert positions). Each ranking has upper and lower limits to monthly salary.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Bonuses</th>
<th>Bonuses are designed to reflect consolidated performance, affiliated business performance, and individual performance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefits</td>
<td>Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.</td>
</tr>
</tbody>
</table>
Fostering a CSR Mindset

**Focus** Activities for Instilling the Corporate Philosophy
Instilling a Mindset Capable of Resolving Social Issues

In order to instill "Kubota Global Identity" established as part of the corporate philosophy in October 2012 throughout the entire group, including overseas bases, Kubota has systematically promoted activities since the year ended March 31, 2014.

In the nine months ended December 31, 2015, the third year of this initiative, we conducted training with the goal of reflecting and utilizing corporate philosophy in daily tasks. We asked each participant to share their thoughts after viewing videos of their colleagues battling daily challenges in a variety of workplaces around the world. We will continue this initiative to create a culture of challenging ourselves to unite in solving issues in the food, water, and environment fields.

**Feedback from Participants**

- **Feedback from new employees**
  - I strongly felt that solving the world's issues is up to us, no one else.
  - I am glad I was able to learn about the spirit of Kubota, which has been carried on since its founding.
  - I was motivated to do my very best.
  - I really understood the perceptions of Kubota's founder and my seniors.
  - I reaffirmed what is important about working.
  - I clearly understood the company's direction, and thought that I would like to contribute to society by advancing in that same direction.

- **Feedback from executives**
  - I once again realized that Kubota Group members around the world are doing their absolute best. It made me feel that I too must try even harder to advance our operations.
  - We cannot sufficiently contribute to society if we focus on the short-term and our own division alone. I realized that listening to what our customers want is the premise of trust.
  - I had a tendency to focus too much on numbers, but I would like to promote our operations with a constant awareness of our customers, society and our employees.
  - I was reminded of a very straightforward thing; that in order to accomplish a mission, one must have a dream and keep working tenaciously until they reach their goal.

**CSR Forum for Management-level Employees**

In September 2015, a CSR forum for management-level employees of Kubota was held. A total of 159 members attended. The forum was broadcasted to 15 of the company's bases in Japan via a videoconferencing system. The guest speaker this year was an attorney, Kengo Nishigaki, who spoke about global compliance management.

Mr. Nishigaki stressed that management-level employees have a great responsibility and obligation, and introduced several examples of violations regarding the major risks to global management from major corporations in Japan, including those relating to the Antimonopoly Act, corruption, and accounting fraud.

This forum provided a meaningful opportunity for members of Kubota management to reaffirm the significance of compliance in their own division.
Employee CSR Awareness Survey

In August and September 2015, Kubota Group employees in Japan were surveyed regarding their awareness of CSR. Approximately 7,696 participants responded, roughly 380 more than the previous year. We were able to ascertain that employees are sufficiently aware of and understand Kubota’s corporate philosophy, Code of Conduct, CSR management, and compliance. This survey adopted the multiple choice approach, and the score of respondents improved overall. Moreover, in the section to voice one’s opinion freely, respondents provided many frank points of view on how to improve Kubota. The company’s responses to these points of view and other feedback from this were communicated to employees through the company Intranet.

The CSR survey is a valuable form of communication between employees and the company, and we plan to continue conducting it every year as a means of increasing employee awareness and identifying areas for continual improvement as a company.

Compilation of Answers to Key Questions in Employee CSR Awareness Survey

Are you aware of the Kubota Group’s mission of helping to solve issues surrounding food, water and the environment, elements essential to human survival, and our brand statement, “For Earth, For Life”? And, do you think about what you can do in your position?

Do you understand the Kubota Hotline System well?

Does your superior listen to you and support you when you are troubled with something?
Involvement with Regional Society

Kubota respects the culture and customers of the countries and regions around the world where it promotes business and exerts efforts to form relationships of trust with local communities. Moreover, we proactively engage in social contribution activities in order to fulfill our responsibilities as a corporate citizen.

The Kubota e-Project

Social contribution activities in the areas of food, water and the environment

In an effort to contribute to society in the areas of food, water and the environment, the Kubota Group commenced the Kubota e-Project in 2008.

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

The Kubota e-Project

Six e-perspectives

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

Support for the restoration of abandoned farmland

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

Kubota GENKI Agriculture Experience Workshop

This program aims to deepen understanding of agriculture and provide educational opportunities through rice growing agricultural experiences such as rice transplanting and harvesting as well as tasting the harvested rice.
Developing regional brands and advertising farm fresh crops

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

Kubota e-Day Volunteer Program

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

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.

Improving global water environments

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

"UCHIMIZU" solution for heat island

Conducting UCHIMIZU activities (i.e., sprinkling water on the ground) on premises of business sites, we are involved in measures to prevent global warming.

Kubota Sun-Vege Farm Co., Ltd.

Kubota Sun-Vege Farm Co., Ltd. engages in hydroponic cultivation of vegetables in order to create an environment that allows people with disabilities to work actively.
Education Support Program (Visiting Lecture)

We are providing opportunities for young people who will be responsible for future generations to learn how to be involved in issues related to food, water and the environment by teaching them about farm machinery, mechanisms for purifying water, etc.

Mainichi Earth Future Prize

In the field of food, water and the environment, we admire individuals and groups working on solutions for social issues at the grass-roots level in Japan and overseas, and sponsor activities that honor them publicly.

Kubota Active Lab

Kubota Active Lab offers participating high school students the opportunity to learn on their own about topics concerning food, water and the environment.
Social Contribution Activities through Corporate Sporting Events

Managing a rugby union team, Kubota Spears, to teach rugby to children, etc.

Kubota is part of Japan’s premiere Rugby League, the top rugby league in the nation, and manages the Kubota Spears, a rugby team based in Funabashi, Chiba.

Through teaching rugby and proactively participating in traffic-safety activities and local events, the team aims to foster the adoration of the community.

- Working together with the Board of Education, a visiting lecture was conducted at a neighboring elementary school (coaching tag rugby)
- Under-15 Project taught rugby to junior high-school students
- Trial rugby lesson at a children’s facility
- Rugby lesson at a local welfare center for the elderly
- Disseminating and coaching rugby in regional areas by participating in a rice-field rugby tournament
- Campaign to end drunk driving conducted jointly with the Central Police Office of the Metropolitan Police Department

Kubota is part of Japan’s premiere Rugby League, the top rugby league in the nation, and manages the Kubota Spears, a rugby team based in Funabashi, Chiba.

Through teaching rugby and proactively participating in traffic-safety activities and local events, the team aims to foster the adoration of the community.
Overseas Social Contribution Activities

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

- **Donating School Bags to Children**
  
  SIAM KUBOTA Corporation Co., Ltd. (Thailand) is running a regional CSR campaign to donate school bags emblazoned with the Kubota logo to children in Laos, Myanmar and Cambodia. The company prepared between 3,500 and 10,000 sets to suit the needs of the specific regions.

- **Charity Event for an Independent Support Organization**
  
  Kubota Manufacturing of America Corporation (U.S.) and Kubota Industrial Equipment Corporation (U.S.) donated to the Eagle Ranch* when they held the annual Supplier Communication Meeting.

* A local organization supporting children and their families to overcome hardship.
Environmental Conservation, Beautification and Clean-up Activities

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) conducted clean-up activities around their business site and showed an environmental conservation movie to raise environmental awareness among employees and their families.

Supporting the Young Farming Generation

SIAM KUBOTA Corporation Co., Ltd. (Thailand) is supporting younger-generation farmers to become more knowledgeable of farming, fostering motivation to take up farming by instilling a positive attitude, teaching them various skills, and more.
Support for Revitalization and Reconstruction of Areas Affected by Natural Disasters

**Focus** Send it to the Sky! Disaster Recovery Message from High School Students Supporting Miyagi Agricultural High School’s "SUN! SUN! Soba Project"

Five years after the tsunami following the Great East Japan Earthquake on March 11, 2011 wreaked havoc to the area, students of Miyagi Agricultural High School are still taking lessons in a temporary building. The students run a project called SUN! SUN! Soba in order to vitalize their community. Part of this involved making a geoglyph using two colors of soba flowers in one of the fields destroyed by the tsunami near the Sendai Airport, which was damaged during the disaster. The students want the people who view this geoglyph from an airplane to think about the disaster-affected areas and spread cheer to people living in temporary housing by distributing soba (i.e., buckwheat noodles). Kubota Group is proud to support their cause.

![High school students involved in the project](image1)
![Geoglyph made with soba flowers](image2)

Distributing the Soba Harvested from SUN! SUN! Soba Project to Residents of Temporary Housing

Students of Miyagi Agricultural High School held an event in which the residents living in temporary housing in Miyagi Prefecture were able to savor handmade soba made from the buckwheat harvested during the SUN! SUN! Soba Project.

The high school students also offered produce they had harvested and dishes made from local ingredients. Kubota dispatched employees as volunteers to help run the event.

![Students and residents](image3)
![Volunteers helping in the event](image4)
Volunteering to Provide Reconstruction Support to Homes Damaged by the Flooding of Kinugawa River in Joso, Ibaraki Prefecture

In September 2015, the regions between Tohoku and North Kanto were damaged by flooding. In Joso, Ibaraki Prefecture, the Kinugawa River broke its banks. Many homes were washed away and damaged by flood waters. Having a plant in nearby Tsukuba, Kubota dispatched trainees* as volunteers to help in various ways such as removing household goods, shoveling mud, and sterilizing water in order to support the local community.

Volunteer period: Sept. 19 – 21 and 23 – 25, 2015 (total of 6 days)

* Trainees: New employees to be assigned to the manufacturing floor after undergoing training for 11 months (i.e., between April and February of the following year) after entering the company to obtain technical knowledge and know-how as members of society.

Supporting the Youth, Bearers of Our Future, Through Farming—Cooperating with Rice Farming at Agricultural High Schools in Miyagi and Fukushima

As part of efforts towards reconstruction after the Great East Japan Earthquake, Kubota supports the youth who will play a role in Tohoku’s agricultural industry in the future. At Miyagi Agricultural High School and Fukushima Iwaki Agricultural High School we help with practical rice farming using the approach of directly sowing iron-coated seeds.* We hope to contribute to reconstruction of the disaster-affected areas and the development of strong human resources through imparting the latest cultivation technologies.

* Directly sowing iron-coated seeds: As opposed to the conventional method of growing rice from seedlings, this cultivation technology involves directly planting rice seeds coated with iron powder in the field.
Supporting the restoration of abandoned farmland to Assist Winemakers in Disaster-Affected Areas

In order to spread wine culture in the Sanriku region, Kubota is supporting winemakers in Ofunato and Rikuzentakada, Iwate Prefecture.

Winemakers of the region wish to see their wine region buzzing with tourists, just like overseas wineries, and interact with local children. In order to make these wishes come true, in the nine months ended December 31, 2015, Kubota assisted in efforts to reuse abandoned farmland.

Special Manufacturing Classes for Disaster-Affected Vocational High Schools

Kubota held special manufacturing classes at disaster-affected vocational high schools. In the nine months ended December 31, 2015, the classes were held at Miyagi Kesennuma Koyo High School and Miyagi Prefectural Agricultural High School.

Highly experienced employees active on the frontlines of manufacturing, along with graduates of these schools who had gained employment with Kubota, were dispatched as lecturers and provided practical lessons in engine assembly and work in general. It was an opportunity for the students to realize both the fun and difficulty of manufacturing.
Support for disaster-affected areas utilizing foods and beverages from such areas within the company

Under the concept of "supporting disaster-affected areas through eating and drinking," Kubota obtains local produce from disaster-affected areas it has relations with as part of its reconstruction support, and the produce is then used to make various dishes at company events and in the communication spaces at the Head Office and Tokyo Head Office.

Kubota Group’s products playing a part in reconstruction support

Various Kubota Group products are being used in the restoration, recovery and urban development of disaster-stricken areas. Examples include the restoration of water supply and sewage lines, construction of pipelines and treatment of effluent for temporary housing, and the restoration of agricultural water.
Spiral welded steel pipes
This is used as foundation piles in a variety of structures, such as bridge foundations, ports, rivers, and building foundations.

Construction machinery (used for removing debris and various civil engineering work)

Manhole pumps (for pneumatic transportation of sewage)

Truck scales
Truck cargo, such as debris, is weighed.
Response to Asbestos Issues

The fact that some of the residents and employees living in the proximity of the former Kanzaki Plant have developed asbestos-related diseases is taken very seriously by Kubota. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

For details please see: http://www.kubota.co.jp/kanren/index.html (Only in Japanese)

Regarding the residents living nearby, without being particular regarding individual cause-and-effect relationships, Kubota established the Regulations for Payment of Relief Funds to Sufferers of Asbestos-Related Diseases and their Families Living in Proximity of the Former Kanzaki Plant. This is in addition to the Act on Asbestos Health Damage Relief, which was enacted by the Japanese government and provides relief funds in order to alleviate, by even a fraction, the hardship and mental burden of the people receiving treatment and their families.
In line with its brand statement, "For Earth, For Life," while protecting the beauty of the global environment, the Kubota Group is committed to the continued support of people’s affluent lifestyles. Through business, the Group contributes to building a sustainable society.

Environmental Charter / Action Guidelines

The Kubota Group Environmental Charter

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

The Kubota Group Environmental Action Guidelines

1. Environmental Conservation Efforts in All Business Activities
   (1) We promote environmental conservation measures in all stages of our corporate activities, including product development, production, sales, physical distribution, and service.
   (2) We also request that our suppliers understand the importance of environmental conservation efforts and cooperate in this regard.

2. Global Environmental Conservation
   (1) We promote global environmental conservation measures for stopping climate change, creating a recycling-based society, and controlling chemical substances.
   (2) We promote global environmental conservation by providing technologies and products contributing to solving environmental problems.
   (3) We strive to ensure our corporate activities are friendly to the natural environment and biodiversity.

3. Environmental Protection to Create a Symbiotic Relationship with Local Societies
   (1) We make efforts in the reduction of environmental risks and promote our business activities with proper consideration for the protection of local environments, including pollution prevention.
   (2) We actively participate in environmental beautification/education activities in local communities.

4. Our Voluntary and Organized Efforts in Environmental Conservation
   (1) By introducing the environmental management system and establishing voluntary targets and action plans, we work on our daily business operations.
   (2) We endeavor to enhance environmental awareness through active environmental education/enlightenment activities.
   (3) We actively provide the stakeholders with environment-related information.
   (4) We collect stakeholders’ opinions broadly through environmental communication, and reflect the findings in our environmental activities.
Message from the Environmental Conservation Control Officer

The mission of the Kubota Group is to contribute to conservation of the global environment through “Made by Kubota” manufacturing activities under the slogan, “For Earth, For Life.”

The Environmental Management Strategy Committee was established in 2014 for the purpose of raising the Group's level of environmental management, including the global implementation of initiatives such as expanding our lineup of environmental-friendly products and reducing environmental load and environmental risk.

After the Paris Agreement was adopted at COP21 held late last year, and amidst heightened emphasis on initiatives towards planet environmental issues such as climate change, we added the Long-Term Environmental Conservation Targets for RY2030 and Medium-Term Environmental Conservation Targets for RY2020; two new targets based on the results of the Medium-Term Environmental Conservation Targets for RY2015 and the medium-term plans of each division.

We will continue working towards building a sustainable society and unite to proactively engage in activities for the conservation of the planet's environment, and ultimately become "Global Major Brand".

Basic Direction of Corporate Environmental Management / Key Measures

Basic Direction of Corporate Environmental Management

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

Aiming to achieve the Basic Direction of Corporate Environmental Management, the Kubota Group engages in environmental management with key measures focused on the two perspectives of manufacturing and products, and in accordance with the basic concept of reducing environmental load at the same time as improving management efficiency.

Environmental Management Promotion System

Organization Structure

In RY2014, the Environmental Management Strategy Committee was newly established to take a more strategic and innovative approach to environmental management by management-led promotion. In addition, Environmental Manager Conferences, are held for each region—Japan, China, Asia, North America and Europe—to globally advance environmental management across the Kubota Group.
Environmental Management Strategy Committee

The Environmental Management Strategy Committee is chaired by Kubota's executive vice president and is comprised of executive officers. The Committee discusses the direction of the Kubota Group's environmental management for the medium- and long-term, including topics such as the group-wide transition to LED lights. It determines issues such as items and plans that should be carried out in order to reduce environmental impact and risk, and what products to add to extend the lineup of environmentally-friendly products.

It also promotes management based on the plan-do-check-action (PDCA) cycle by assessing and analyzing the progress of the entire Group's environmental conservation activities and reflecting the results when formulating new plans and policies. We will continue to promote swift environmental management led by members at the management-level.

Environmental Manager Conferences

The Kubota Group holds Environmental Manager Conferences aimed at strengthening the environment management system and reducing environmental load and environmental risk on a global basis.

In RY2015, we held these conferences for the Asian and North American regions as a joint initiative with the Safety and Health Promotion Department. Environmental managers and staff members from seven companies with production sites in Asia, excluding Japan and China, and three companies with production sites in North America for the North American region, attended these conferences, respectively. Environmental managers from Japan's mother plants also attended.

Each company presented case studies, and a group discussion was held on the theme of environmental management, thus providing an opportunity to share issues and excellent case studies between sites.

We will position these conferences as a function for enhancing our activities on a practical basis, and continue raising the level of environmental conservation activities at each site through gatherings such as these.
Medium- to Long-Term Environmental Conservation Targets and Results

To properly execute the Basic Direction of Corporate Environmental Management and systematically promote environmental conservation activities in the production and product development stages, the Kubota Group has established Medium- and Long-Term targets relating to environmental conservation.

In RY2015, we promoted initiatives based on "Medium-Term Environmental Conservation Targets 2015" established in 2013. Moreover, we have newly established Long-Term Environmental Conservation Targets 2030 and Medium-Term Environmental Conservation Targets 2020 as targets for the years RY2030 and RY2020, respectively. We will continue to exert all efforts towards achieving these targets.

Environmental information in the online version of the KUBOTA REPORT 2016 Business and CSR Activities <Full Report Version> (PDF) has received third-party assurance from KPMG AZSA Sustainability Co., Ltd. Indicators covered by this assurance are marked with the "" symbol.

### Medium-Term Environmental Conservation Targets and Results for RY2015

RY2015 was the final year of this initiative. As the following table shows, we achieved our targets with the exception of Recycle ratio for overseas production sites.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Issues</th>
<th>Actions Items</th>
<th>Management Indicators</th>
<th>Base</th>
<th>Targets for RY 2015</th>
<th>Results of RY 2015</th>
<th>Self-evaluation</th>
<th>Achievement Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Production Site</td>
<td>Stopping Climate Change</td>
<td>Reduce CO₂&lt;sup&gt;1&lt;/sup&gt;</td>
<td>CO₂ emissions per unit of production</td>
<td>2008 ▲14%</td>
<td>▲31.1%</td>
<td>▲31.1%</td>
<td>○</td>
<td>We achieved this target through the energy-saving initiatives for production equipment, air conditioning, lighting, etc. and the introduction of solar power generation.</td>
</tr>
<tr>
<td></td>
<td>Save energy</td>
<td>Energy consumption per unit of production</td>
<td>2008 ▲14%</td>
<td>▲28.3%</td>
<td>▲28.3%</td>
<td>▲28.3%</td>
<td>○</td>
<td>We achieved this target through making valuable resources out of waste by sorting, adopting returnable packaging, etc.</td>
</tr>
<tr>
<td>Global Production Site</td>
<td>Working towards a Recycling-based Society</td>
<td>Reduce waste</td>
<td>Waste discharge per unit of production</td>
<td>2008 ▲14%</td>
<td>▲29.1%</td>
<td>▲29.1%</td>
<td>○</td>
<td>We maintained the existing level and achieved the target.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycle ratio (Japan)&lt;sup&gt;4&lt;/sup&gt;</td>
<td>- 99.5% or more</td>
<td>99.8%</td>
<td>99.8%</td>
<td>99.8%</td>
<td>○</td>
<td>We pursued reducing the amount of waste sent to landfills by changing contractors, etc., but did not achieve the target.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycle ratio (Overseas)&lt;sup&gt;4&lt;/sup&gt;</td>
<td>- 90.0% or more</td>
<td>85.5%</td>
<td>85.5%</td>
<td>85.5%</td>
<td>×</td>
<td>We achieved this target through the introduction of wastewater recycling equipment.</td>
</tr>
<tr>
<td></td>
<td>Conserve water resources</td>
<td>Water consumption per unit of production</td>
<td>2008 ▲21%</td>
<td>▲38.3%</td>
<td>▲38.3%</td>
<td>▲38.3%</td>
<td>○</td>
<td>We achieved this target through improving coating efficiency, using VOC-free paint, etc.</td>
</tr>
<tr>
<td></td>
<td>Controlling Chemical Substances</td>
<td>Reduce VOCs&lt;sup&gt;2&lt;/sup&gt;</td>
<td>VOC emissions per unit of production</td>
<td>2008 ▲21%</td>
<td>▲28.9%</td>
<td>▲28.9%</td>
<td>○</td>
<td>We achieved this target through certifying 40 Eco-Products in RY 2015.</td>
</tr>
<tr>
<td>Product</td>
<td>Improving Product’s Environmental Performance</td>
<td>Expand Eco-Products</td>
<td>Sales ratio of Eco-Products&lt;sup&gt;5&lt;/sup&gt;</td>
<td>- 40%</td>
<td>45.2%</td>
<td>45.2%</td>
<td>○</td>
<td>We achieved this target through certifying 40 Eco-Products in RY 2015.</td>
</tr>
</tbody>
</table>
Establishment of Medium- and Long-Term Environmental Conservation Targets

It has been gradually worsening the influence due to climate change such as extreme weather events. Under the circumstances, the "Paris Agreement" was adopted at COP21 (i.e., the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change) in December 2015. The world's movement on the reduction of greenhouse gas has been activated. Global environmental issues are posing a significant threat to "ensure food security" and "ensure a safe and secure water supply."

In order to contribute to building a sustainable society as a sustainable company, the Kubota Group has been implementing environmental management. This time, we newly formulated "Long-Term Environmental Conservation Targets 2030."

We also established "Medium-Term Environmental Conservation Targets 2020" as our targets for the next five years. We will strengthen our initiatives in production and product development, and promote activities to achieve these new targets.

As defined in the Kubota Group's Basic Direction of Corporate Environmental Management, the three issues to be dealt with regarding production activities are "Stopping Climate Change," "Working towards a Recycling-based Society" and "Controlling Chemical Substances." We will proactively engage in activities to reduce environmental load not only in Japan, but also at our overseas production sites.

Regarding the product area, in addition to the existing target of "Expand Eco-Products," we have set the new initiatives for "Promote recycling" and "Develop vehicles compliant with gas emission regulation." We are making steady progress towards providing our customers and society with more environmental value through environment-friendly products.
Long-Term Environmental Conservation Targets 2030

Efforts to Stop Climate Change
Reduce CO₂ emissions from the Kubota Group in Japan\(^1\) by 30% compared to the base year 2014

Efforts to Develop Environment-Conscious Products
Increase the sales ratio of Eco-Products certified products\(^2\) to 80%
Aim to put all new products which are certified as Eco-Products on the market in 2030 and later

Medium-Term Environmental Conservation Targets 2020

<table>
<thead>
<tr>
<th>Scope</th>
<th>Issues</th>
<th>Actions items</th>
<th>Management indicators(^4)</th>
<th>Base RY</th>
<th>Targets for RY2020(^8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global production Site</td>
<td>Stopping Climate Change</td>
<td>Reduce CO₂(^1)</td>
<td>CO₂ emissions per unit of production</td>
<td>2014</td>
<td>▲14%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Save energy</td>
<td>Energy consumption per unit of production</td>
<td>2014</td>
<td>▲10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce waste</td>
<td>Waste discharge per unit of production</td>
<td>2014</td>
<td>▲10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycle ratio (Japan)(^5)</td>
<td>-</td>
<td>More than 99.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recycle ratio (Overseas)(^5)</td>
<td>-</td>
<td>More than 99.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conserve water resources</td>
<td>Water consumption per unit of production</td>
<td>2014</td>
<td>▲10%</td>
</tr>
<tr>
<td></td>
<td>Controlling Chemical Substances</td>
<td>Reduce VOCs(^3)</td>
<td>VOC emissions per unit of production</td>
<td>2014</td>
<td>▲10%</td>
</tr>
<tr>
<td>Product</td>
<td>Improving Product’s Environmental Performance</td>
<td>Expand Eco-Products</td>
<td>Sales ratio of Eco-Products(^2)</td>
<td>-</td>
<td>More than 60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promote recycling</td>
<td>Usage ratio of recycled materials(^6)</td>
<td>-</td>
<td>More than 70%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop vehicles compliant with gas emission regulation</td>
<td>Development of industrial diesel engines that comply with the latest emission regulations of Japan, the US and Europe and putting on the market of the engine-based products(^7)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) CO₂ emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electricity of the base year in our calculation of CO₂ emissions from energy sources towards the target for 2020.

\(^2\) Eco-Products mean the products which have fulfilled the internal requirements in our own Eco-Products Certification System.

\(^3\) VOCs comprise the six VOCs that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.

\(^4\) The figures per unit of production represent the intensity of the environmental load per unit of production money amount. The exchange rate of the base year is used when translating the production money amount of overseas sites into Japanese yen.

\(^5\) Recycle ratio (wt%) = (Sales volume of valuable resources + External recycling volume) / (Sales volume of valuable resources + External recycling volume + Landfill disposal) × 100.

\(^6\) Ratio of recycled materials (wt%) used in casting products and components (ductile cast iron pipes, their fittings, mechanical casting (e.g. crankcase of engine)) manufactured by the Kubota Group

\(^7\) Tractors and combine harvesters equipped with engines which comply with EU Regulations (Euro Stage IV) and other similar regulations, shipped to Europe, North America, Japan, and Korea (output range: 56 kW<P<560kW)

\(^8\) ▲ is a symbol used to express "minus"

As An "Eco-First Company"

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

Moreover, in June 2014, the Kubota Group introduced the Eco-Fast Commitment for the purpose of achieving the following five objectives.

Based on our commitment to achieving the new Long-Term and Medium-Term Targets in 2016, we will promote these initiatives as an Eco-First Company.

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

See here for details on Eco-First Company certification
Stopping Climate Change

The Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC), states that the ‘warming of the climate system is unequivocal’ and there is an extremely high possibility that the impact of human activities is one of the contributing factors. Additionally, the "Paris Agreement" was adopted at the COP21 held in December 2015 as part of efforts to reduce global greenhouse gases. The Kubota Group is engaged in initiatives to reduce CO2, placing a focus on energy-saving activities in order to prevent global warming.

CO2 Emissions (Scope 1 and Scope 2)

In RY2015, CO2 emissions were 673 kilotons CO2e, a decrease of 5.9% compared to the previous reporting year. Additionally, CO2 emissions per unit of sales improved by 9.5% compared to the previous reporting year. This is the result of implementing energy-saving measures such as replacing older equipment with highly efficient equipment and reducing production volume at cast iron production sites in Japan.

Trends in CO2 Emissions and Emissions per Unit of Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>CO2 Emissions (kilotons CO2e)</th>
<th>Emissions per Unit of Sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>544</td>
<td>60</td>
</tr>
<tr>
<td>2011</td>
<td>533</td>
<td>40</td>
</tr>
<tr>
<td>2012</td>
<td>550</td>
<td>20</td>
</tr>
<tr>
<td>2013</td>
<td>633</td>
<td>80</td>
</tr>
<tr>
<td>2014</td>
<td>715</td>
<td>60</td>
</tr>
<tr>
<td>2015</td>
<td>673</td>
<td>40</td>
</tr>
</tbody>
</table>

*1 CO2 emissions (673 kilotons CO2e) include portions of CO2 that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (29 kilotons CO2e).
*2 CO2 emissions after RY2011 include greenhouse gases from non-energy sources.
*3 CO2 emissions per unit of sales: In RY2015, changes to the settlement period have realigned the accounting period to nine months between April 2015 and December 2015. However, the consolidated net sales for RY2015 in the Environment Report shows the total for the period starting April 2015 and ending March 2016.

CO2 Emissions by Region (RY2015 results)

- North America: 10%
- Europe: 4%
- Asia & Oceania: 11%
- Japan: 76%

CO2 Emissions by Emission Source (RY2015 results)

- Japan:
  - CO2 from fossil fuel consumption: 51%
  - Greenhouse gases from non-energy sources: 1%
  - CO2 from purchased electricity consumption: 48%
  - Total emissions: 506 kilotons CO2e

- Overseas:
  - CO2 from fossil fuel consumption: 39%
  - Greenhouse gases from non-energy sources: 1%
  - CO2 from purchased electricity consumption: 61%
  - Total emissions: 167 kilotons CO2e
Reduction CO2 Emissions by Introducing a Geothermal Heat Ventilation System

At Kubota Hanshin Plant (Mukogawa) a new ventilation system utilizing geothermal heat has been introduced into the product model display room as reusable energy. The geothermal heat ventilation system works by carrying outside-air into rooms through a pipe buried 7.5 meters under the ground. The outdoor-air temperature varies throughout the seasons; however, geothermal temperature is stable at around 15°C year-round. It is possible to keep rooms cool in the summer and warm in the winter utilizing this temperature difference. We expect this system will make it possible to reduce both operating cost and CO2 emissions by more than 40% per year compared to existing air-conditioning systems. Moreover, visitors, participants in plant tours and the Kubota Group’s employees can see the outdoor-air temperature, geothermal temperature and room temperature in real-time on a tablet device, thereby enabling them to visually experience the effects of our energy-saving initiatives.

We will continue to engage in initiatives to further reduce CO2 and become a more environment-friendly plant.

Trends in Energy Use by Business Sites

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Use (PJ)</th>
<th>Energy Use per Unit of Sales (using 100 in RY2011 as the index)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2012</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>2013</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td>2014</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>2015</td>
<td>78</td>
<td>78</td>
</tr>
</tbody>
</table>

*1 PJ = 10^15 J
*2 Energy use per unit of consolidated net sales.
(Consolidated net sales for RY2015 are the total from April 2015 through March 2016)
CO2 Emissions during Distribution

In RY2015, CO2 emissions during distribution were 44 kilotons CO2e, an increase of 8.8% compared to the previous reporting year. We worked on improving loading efficiency by combining transportation and other approaches; however, the increase in volume of products transported caused an increase in emissions. Additionally, CO2 emissions during distribution per unit of sales increased by 9.0% compared to the previous reporting year.

Trends in CO2 Emissions during Distribution and Emissions per Unit of Sales (Japan)

Trends in Freight Traffic (Japan)

* To improve accuracy, shipment by rail in RY2014 was corrected.
CO2 Emissions throughout the Value Chain

The Kubota Group makes concerted efforts to figure out CO2 emissions throughout the value chain in addition to its business sites. Following guidelines*, we calculate CO2 emissions based on Scope 1, Scope 2 and a part of Scope 3, and continue to expand the categories in the Scope 3 of our calculation of CO2 emissions.

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

CO2 Emissions in Each Stage of Value Chain (RY2015 results)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Scope of calculation</th>
<th>CO2 emissions (kilots CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions of the Kubota Group’s business sites</td>
<td>Use of fossil fuels</td>
<td>322</td>
</tr>
<tr>
<td></td>
<td>Non-energy-related greenhouse gas emissions</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Purchased electricity use</td>
<td>343</td>
</tr>
<tr>
<td>Upstream and downstream emissions</td>
<td>Resource extraction, transportation and manufacturing related to purchased goods, etc.</td>
<td>2,119</td>
</tr>
<tr>
<td></td>
<td>Extraction and production of capital goods such as equipment</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>Extraction, production and transportation of fuels for generation of purchased electricity</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Disposal of wastes discharged from business sites</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Employee business travels</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Employee commuting</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Transportation of products and wastes</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Processing of sold products</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Use of sold products</td>
<td>17,617</td>
</tr>
<tr>
<td></td>
<td>End-of-life transportation and treatment of sold products</td>
<td>38</td>
</tr>
</tbody>
</table>

Example Activities of Each Scope

- **Scope 1**: Company’s own facilities
  - Use of fuels
  - Emissions from industrial processes

- **Scope 2**: Indirect emissions from use of purchased electricity, heat and steam

- **Scope 3**: Transportation and treatment of generated waste
  - Disposal of products and goods
  - Use of products and goods
  - Transportation of products and goods
  - Processing of sold products
  - Employee commuting
  - Business travel
  - Extraction and procurement of raw materials
  - Production of raw materials
  - Transportation of raw materials, etc.
As a result of being a mass production, mass consumption and mass disposal society, we now face many problems such as the depletion of resources and increasing waste. The Kubota Group is involved in initiatives to reduce waste and recycle resources at its business sites in Japan and implementing initiatives globally to give form to a recycling-based society.

Waste, Etc. from Business Sites

In RY2015, the waste discharge amount was 116 kilotons, an increase of 1.7% compared to the previous reporting year. We introduced initiatives to thoroughly sort waste and recycle resources; however, the waste discharge amount increased owing to an increase in the production of casting products overseas. The waste discharge per unit of sales improved by 2.2% compared to the previous reporting year.

Waste discharge = Recycled resources and Volume reduction + Landfill disposal

The resource recycling ratio in RY2015 was 98.2% in Japan, up 0.1 points compared to the previous reporting year. On the other hand, overseas, the increase in the amount of landfill consisting of casting dust, etc. led to deterioration of the recycling ratio by 4.5 points to 84.5%.

Starting in RY2013, heat recovery has been included in external recycling volume. The resulting difference compared with the previous method that did not include heat recovery is minor.
Waste recycling and treatment flow (RY2015 results)

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

Waste Discharge by Region (RY2015 results)

- Europe 3%
- North America 12%
- Asia & Oceania 20%
- Japan 60%

Waste Discharge by Type (RY2015 results)

- Glass, concrete, clay waste 2%
- Paper waste 2%
- Metal scraps 3%
- Plastic waste 3%
- Oil waste 4%
- Wood scraps 9%
- Sludge 11%

Waste, Etc. Discharge by Treatment Category (RY2015 results)

- In-house recycling and reuse (Japan) 27.4
- In-house intermediate treatment (dehydration, etc.) (Japan) 87.3
- Sales of valuable resources (metals, etc.) 86.3
- Amount of waste directly recycled 9.6
- Resource recycling after treatment (including heat recovery) 83.1
- Volume reduction* 11.0
- Final landfill disposal* 5.0
- Direct to landfill 7.2

* The amounts of resource recycling after treatment, volume reduction, and final landfill disposal were the results of surveys conducted by outside intermediate treatment companies.
Suppressing Waste Generation by Introducing "Eco Wrapping"

In 2015, SIAM KUBOTA Corporation Co., Ltd. (Amata Nakorn Plant) launched a project called Eco Wrapping, where it designed parts racks as an alternative to using packaging upon delivery for some parts.

Up until now, paper, wood and plastic pallets had been used when parts were delivered; however, this generated a large volume of waste. Moreover, the bulky packaging meant more space was required for parts storage. In view of this situation, we cooperated with a parts manufacturer to design, fabricate and introduce returnable parts racks that do not require packaging. This achieved a reduction in packaging waste of approximately 60 tons per year and lead to the suppression of waste generation. Furthermore, less space is now required for parts storage, leading to an improvement in transportation efficiency.

We will continue cooperating with parts manufacturers to suppress waste generation and reduce parts inventory.

Akarapon Tinwatthanaporn
Logistics Section Chief,
(Amata Nakorn Plant)
SIAM KUBOTA Corporation Co., Ltd.

Waste, Etc. Generated from Construction Work

Waste generated from construction work depends on the type of work being done, and the discharge can differ between orders, meaning that the recycling ratio fluctuates. However, Kubota maintains a high recycling ratio for specific construction materials.

We also introduced a construction materials management system from RY2013 to RY2015, through which legal compliance related to industrial waste manifests was enforced.

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

* Recycling ratio = \[\frac{\text{Sales of valuable resources + Resource recycling + Volume reduction (heat recovery)}}{\text{Amount of construction waste, etc. discharged (including sales of valuable resources)}} \times 100\%\]
Handling and Storage of Equipment Containing PCBs (in Japan)

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

Equipment containing PCBs are locked in storage, periodically inspected, and environmentally audited as part of a thorough management system. We plan to properly process these wastes by the treatment deadline of March 2027.
The Organization for Economic Co-operation and Development (OECD) has reported that over 40% of the global population is projected to be living in river basins under severe water stress by the year 2050. The Kubota Group is involved in initiatives such as the effective utilization of water resources by promoting wastewater recycling.

Water Consumption in the Business Sites

In RY2015, water consumption was 5.03 million m³, an increase of 3.6% compared to the previous reporting year. We introduced initiatives to better utilize water resources effectively, such as recycling wastewater; however, water consumption increased due to an increase in the production of formed and fabricated materials overseas. Water consumption per unit of sales improved by 0.3% compared to the previous reporting year.

Water Consumption by Region (RY2015 results)

Water Consumption by Type (RY2015 results)
Kubota Industrial Equipment Corporation is making a positive impact on the local environment by installing a water reclaim system called the Membrane Bio- Reactor (MBR)*. The MBR uses super-high-efficiency filters to treat wastewater from all water sources in the L tractor/Skid steer loaders building. The purified water is re-used in the paint shop for cleaning and preparing parts for painting. In 2015, we were able to reduce demand by 53% and saved 3.4 million gallons of water from going to city water treatment. In 2016, we will continue to do our best everywhere we can to reduce our environmental impact as our business grows.

* Membrane bio-reactor: A water treatment method that combines biological treatment using microorganisms and a solid-liquid separation process

Kurt Mogensen
Paint Section Chief
Kubota Industrial Equipment Corporation
Controlling Chemical Substances

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

VOC Emissions

In RY2015, volatile organic compound (VOC) emissions were 774 tons, an increase of 2.1% compared to the previous reporting year. We carried out initiatives to reduce VOCs, such as recycling thinners and switching to VOC-free materials. However, VOC emissions increased due to an increase in production at overseas sites. The VOC emissions per unit of sales improved by 1.8% compared to the previous reporting year.

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

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

*2 VOC emissions per unit of consolidated net sales. (Consolidated net sales for RY2015 are the total from April 2015 through March 2016)

VOC Emissions by Region (RY2015 results)

VOC Emissions by Substance (RY2015 results)
Kubota Okajima Business Center engaged in an activity to reduce volatile organic compound (VOC) emissions generated during its manufacturing processes. Previously, the manufacturing process to make cores—the sand molds used to create the hollow in a casting—used a curing agent that included the VOCs of 1,2,4-trimethylbenzene and 1,3,5-trimethylbenzene, which were included to harden the foundry sand. In light of this, we cooperated with the manufacturer to develop a core curing agent that does not contain VOCs. As a result of repeated testing on the production line, a VOC-free core curing agent capable of maintaining the quality and cost of the previous agent was developed. This resulted in eliminating the use of VOCs in the core curing agent, reducing VOCs used by approximately 12 tons per year, and decreasing the VOCs handled by our plant overall by around 98%.

We will continue to engage in activities to further reduce the use of VOCs, with an ultimate goal of achieving zero VOC emissions.

Reduction of VOC Emissions by Changing the Core Curing Agent

In RY2015, a total of 771 tons of substances stipulated in the PRTR Law* were released and transferred, an increase of 1.7% compared to the previous reporting year. The release and transfer per unit of sales improved by 2.2% compared to the previous reporting year.

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.
Monitoring Groundwater

Results of groundwater measurements conducted on the premises of the business sites that used organic chlorine-based compounds in the past are as shown below.

Groundwater monitoring (RY2015)

<table>
<thead>
<tr>
<th>Business site</th>
<th>Substance</th>
<th>Measured groundwater value</th>
<th>Environmental standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tsukuba Plant</td>
<td>Trichloroethylene</td>
<td>Non-detected (less than 0.0001mg/L)</td>
<td>Less than 0.03mg/L</td>
</tr>
<tr>
<td>Utsunomiya Plant</td>
<td>Trichloroethylene</td>
<td>Non-detected (less than 0.001mg/L)</td>
<td>Less than 0.03mg/L</td>
</tr>
</tbody>
</table>

Reduction of Chemical Substances Contained in Products

The Kubota Group has set rules for identifying and properly managing chemical substances in products in order to comply with REACH regulations* in Europe and other chemical substance regulations.

Since RY2010, chemical substances in products have been classified as one of the three following categories and managed appropriately. With cooperation from our suppliers, we investigate chemical substances in products on a global basis.

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

Managing by Categorization into Three Levels

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

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

Internal Certification System for Eco-Products

Regarding the Internal Certification System for Eco-Products

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

The Pathway to Expanding Certified Eco-Products

Based on the internal certification system established for Eco-Products, Kubota certified an additional 40 products in RY2015, bringing the total number of certified Eco-Products to 142. Moreover, the sales ratio of Eco-Product certified products has reached 45.2%.

Kubota will continue to carry out initiatives focusing on the development of environment-friendly products and expand its Eco-Products lineup.
We established a preparatory committee for the Eco-Products certification system one year before the system itself was launched, and considered its operational rules and certification standards by incorporating the opinions of various entities, such as government bodies, certification institutions, and environmentally advanced corporations.

The Kubota Group manufactures products in an extremely broad variety of fields, from iron pipes to farm machinery. Accordingly, the certification standards cannot be dependent on product field only, and must fairly evaluate a product's environmental performance and be able to be explained to customers in an accurate and easy-to-understand way. These are the points we based our internal certification system on.

For Eco-Product certification, Certification Committee members are selected from individual business divisions and then discuss whether or not a product satisfies the necessary criteria until each member is convinced.

We will continue reflecting the environmental performance demanded by society into the Kubota Eco-Products Certification System and expand our lineup of environment-friendly products.

Yasushi Wada
Eco-products Certification Committee
Secretariat
Environment Promotion Group, Environmental Protection Department, Kubota Corporation

Voice Aiming for a Fair and Easy-to-Understand Internal Certification System

Products Certified as Eco-Products in RY2015 (excerpt)
Vending Machines for Cans, Plastic Bottles 2 compressor AC-type from RY2015, 36 cell, R1234yf refrigerant

Saving energy
Reducing environmentally hazardous substances

Devices for Wastewater Treatment Facilities Filter Press Dehydrator Runfil KRF-1250E

Conserving resources
Reducing environmentally hazardous substances

Gravimetric Feeder NX Feeder Series NX-T-26J-MP

Conserving resources
Reducing environmentally hazardous substances

Earthquake-Resistant Ductile Iron Pipe NS-Type Nominal dia. 900

Conserving resources
Reducing environmentally hazardous substances

Click here for details on products certified as Eco-Products
Environmental Considerations in the Product Life Cycle

For products such as farm machinery and vending machines operated by engines and motors, the majority of greenhouse gas emissions throughout the product's lifecycle occurs during operation. The Kubota Group believes that reducing environmental load when these products are in use is important.

- **Considering the Environment through Electrification of Mini Cultivator, etc.**

  Trends such as growing one's own fruit and vegetables and the impact of urbanization in recent years have led to an increase in the demand for farm machinery, such as mini cultivator, capable of being used easily near residential areas.

  The Kubota Group is attempting to reduce environmental load created during operation through the electrification of farm machinery.

- **"New Middy Silent Series" Electric Mini Cultivator**

  The New Middy Silent Series electric mini cultivator is the Kubota Group's first electric farm machine. It achieves zero gas emissions thanks to operation powered by electricity and contributes to reducing environmental load during cultivation work by reducing CO2 emissions, minimizing noise and so on.

  <Environmental load reduction during cultivation work>
  Conventional model: TMB250 with gasoline engine
  - Zero gas emissions
  - Reduction in CO2 emissions
  - Noise reduced approx. 14dB*  

  ![New Middy Silent Series TME20](image)

  * Noise values are compared at a distance of 7m away from where the machine is operating

  [Click here for details on the New Middy Silent Series (Only in Japanese) ]

- **"Shizukaru" Self-Propelled Electric Lawn Mower**

  The Kubota Group was the first in the industry to produce a self-propelled electric lawn mower*. Named Shizukaru, it has achieved zero gas emission thanks to electrification, and contributes to reducing environmental load when cutting grass by emitting less CO2, minimizing noise and so on.

  <Environmental load reduction when cutting grass>
  Conventional model: GC-K300D with gasoline engine
  - Zero gas emissions
  - Reduction in CO2 emissions
  - Noise reduction of approx. 13dB*  

  ![Shizukaru GC-E300](image)

  * Self-propelled electric lawn mower: A lawn mower with reduced operational load thanks to self-propulsion.

  [Click here for details on Shizukaru (Only in Japanese) ]
Battery Interchangeable between Electric Farm Machinery

The Kubota Group's electric farm machinery adopts a cassette-type battery that can be easily charged using a household power source. The battery can be used in the mini rice cultivator, New Middy Silent Series products, and the Shizukaru GC-E300 lawn mower, helping to save resources.

Easy charging and easy mounting with the cassette-type battery, which can be easily charged using a household power source.

Considering the Environment through Reducing the Power Consumption of Vending Machines

Vending machines stocked with canned and bottled beverages are broadly accepted by Japanese society due to the convenience they offer. However, the power consumed during vending machine operation cannot be ignored. The Kubota Group is attempting to reduce environmental load created during operation by developing superior energy-saving vending machines.

S500 Series Vending Machines

In addition to using LED lights and having higher thermal insulation, the S500 Series vending machines are equipped with a new technology, "Twin Smart System." This system helps reduce environmental load during operation by reducing power consumption.

Environmental load reduction during operation

- Reduced annual consumption by 43%*1

<table>
<thead>
<tr>
<th>Conventional model*2</th>
<th>S500 Series*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>965</td>
<td>550</td>
</tr>
</tbody>
</table>

43% reduction

*1 Measured in accordance with JIS B 8561
*2 25 Selection (KB252A5P2BHP-W) RY2010 model
*3 25 Selection (KS253A5P2BYP-W)
Twin Smart System

A heat pump system able to efficiently cool and heat with independent cooling and heating systems.

- **Cooling method**
  Features an inverter compressor circuit and only operates to the extent necessary to cool to the set temperature, therefore minimizing power consumption.

- **Heating method**
  Features a built-in heat pump that achieves efficient heating by recovering the heat created during cooling and external heat.

Click here for details on the S500 Series (energy-saving machine) (Only in Japanese)
The Evolution of Environment-friendly Products and Services

The Evolution of Iron Pipes

In almost 120 years of history since becoming the first company in Japan to successfully manufacture cast-iron pipe in 1893, the Kubota Group has succeeded at developing several technologies, including manufacturing technologies for ductile cast-iron pipe with a perseverance equivalent to that of steel, earthquake-resistant technology for pipelines, and long-life external surface corrosion-resistant technology. Our efforts have contributed to resource conservation by reducing pipe weight, reducing the percentage of water leaked by minimizing the number of pipeline breakages, and further resource conservation through making pipelines with a long service life.

<History of Cast-Iron Pipes and Ductile Iron Pipes>

<table>
<thead>
<tr>
<th>Year</th>
<th>Topics</th>
<th>Pipe material</th>
<th>Manufacturing method (casting method)</th>
<th>Mass per length of pipeline*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1893</td>
<td>Started manufacturing normal cast-iron pipe</td>
<td>Flakey graphite cast-iron</td>
<td>Sand mold casting process (matching molds)</td>
<td>1.00 (Standard)</td>
</tr>
<tr>
<td>1933</td>
<td>Development of premium cast-iron pipe</td>
<td></td>
<td>Sand mold centrifugal force casting process</td>
<td>0.68</td>
</tr>
<tr>
<td>1954</td>
<td>Development of ductile iron pipe</td>
<td></td>
<td>Mold centrifugal force casting process</td>
<td>0.39</td>
</tr>
<tr>
<td>1974</td>
<td>Development of earthquake-resistant ductile iron pipe</td>
<td>Spheroidal graphite cast-iron (ductile cast-iron)</td>
<td>Blow-forming casting process&lt;br&gt;Sand resin mold centrifugal force casting process&lt;br&gt;Mold centrifugal force casting process</td>
<td>0.41 (59% weight reduction)</td>
</tr>
<tr>
<td>2010</td>
<td>Development of long-life external surface corrosion-resistant coating</td>
<td></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

* When comparing the torso portion of straight pipe with a nominal dia. of DN500

Saving Resources by Reducing Pipe Weight

The Kubota Group succeeded in changing the material of its iron pipes from flakey graphite cast-iron to stronger spheroidal graphite cast-iron (ductile cast-iron) using an independent manufacturing method. This enabled the development of thinner pipes. Consequently, pipe weight has been reduced by 59%, which contributes to resource conservation.

Reducing the Percentage of Water Leakage by Minimizing the Number of Pipeline Breakages

Ductile cast-iron is strong against distortion and impact. Therefore its adoption has reduced the number of breakages in pipelines located under public roads and subjected to severe external load due to factors such as a dramatic increase in traffic and heavier trucks. This, in turn, contributes to reducing the percentage of water leaking from pipes.

From the period of rapid economic growth onwards
- Dramatic increase in traffic
- Heavier trucks

Water pipes must be able to withstand severe external load.

Source: Japan Ductile Iron Pipe Association
Creating Water Pipe Lines Strong against Earthquakes through the Development of Earthquake-Resistant Joints

The Kubota Group has developed earthquake-resistant joints enabling entire pipelines to absorb any ground movement, thereby protecting water pipelines from earthquakes and helping to achieve a longer service life. The effectiveness of our earthquake-resistant joints has been verified at the time of many earthquakes, including the Great Hanshin-Awaji Earthquake of 1995 and the Great East Japan Earthquake of 2011.

Pipeline Earthquake-Resistant Mechanism using Earthquake-Resistant Joints

- When one joint stretches to its limit, it pulls on the adjacent pipe, and then the next joint is stretched.
- The joints stretch, shrink and bend one after the next, enabling the entire pipeline to absorb ground displacement, thus avoiding damage.

Achieving Longer Service Life of Pipelines and Contributing to Resource Conservation through the Development of Corrosion-Resistant Iron Pipes

In 2010, the Kubota Group developed the "C-Protect", an external corrosion-resistant coating developed to realize a longer service life, and applied it to the earthquake-resistant ductile iron pipe (GENEX). This has made the pipe strong against earthquakes and even more resistant to corrosion, thereby further contributing to resource conservation.
Conservation of biodiversity is set as one of the targets for the Kubota Group’s “Eco-First Commitment.” In our business activities and social contribution initiatives, the Group is endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

### Relationship between the Kubota Group and Biodiversity

<table>
<thead>
<tr>
<th>Management and reduction of environmental load involved in business activities</th>
<th>In each stage of business activities, the Kubota Group reduces environmental load and consider our influence on biodiversity.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Input resources</strong></td>
<td><strong>Business activities/product life cycles</strong></td>
</tr>
<tr>
<td>Raw materials, sub-materials, water resources, energy sources</td>
<td>Design, procurement, manufacturing, logistics, use of products, maintenance, disposal</td>
</tr>
<tr>
<td>Land use</td>
<td>Control of pollution of the air, water bodies and soil</td>
</tr>
<tr>
<td>Construction of business sites, etc.</td>
<td></td>
</tr>
</tbody>
</table>

#### Impact reduction and environmental contributions through businesses (products/services)

The Kubota Group reduces environmental impacts of our business activities, and contributes to conservation of ecosystems.

**Business fields**

- Food, water and the environment

**Environmental loads due to product use, etc.**

- CO₂ emissions, exhaust gas, waste, noise, vibration, etc.

**Contributions to conservation of ecosystems**

- Water treatment business (conservation of water bodies), agricultural machinery business (conserving ecosystems by rice transplanters with a pesticide-reduction function and low-emission engines; improving agricultural crop yields)

#### Symbiosis with the natural environment through social contribution initiatives

As a corporate citizen, the Kubota Group devotes efforts to preserving the natural environment.

- Kubota e-Project (supporting reclamation of abandoned farmland),
- Kubota e-Day (environmental beautification volunteers),
- Planting trees and installing biotopes on the grounds of business sites, etc.

### Practice Report

**SIAM KUBOTA Corporation Co., Ltd. (Head Office)**

**Planting Trees at National Park**

SIAM KUBOTA Corporation Co., Ltd. (Head Office) planted approximately 1,200 trees, mainly local species, in three areas including Khao Yai National Park in the suburb of Bangkok, Thailand in 2015. A total 234 employees and their family members participated in the tree-planting activity. Participation with family members provided a good opportunity for them to take a close look at environmental issues.

Other than that, we proactively participate in local environmental conservation activities including a project to plant 100,000 mangroves and tree-planting activities at elementary schools near our plant.
SIAM KUBOTA Metal Technology Co., Ltd. participated twice in events to stock rivers with fish fry in 2015.

In the first event, approx. 10,000 fry were released into a river on the property of Chai Kwan Temple, located near the plant on September 17 which is River Day in Thailand. Approximately 200 people gathered from local factories, and government officials gave a prayer to revive the river, which had been overcome with industrial water discharge and human sewage, hoping to enliven the river with swimming fish again.

In the second event, fish fry were released into the Koh Kanun River on December 2 as part of celebrating the King's birthday on December 5.

We will continue to proactively participate in environmental conservation activities with local people in the future as well.
Environmental Management

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

Compliance with Environmental Laws and Regulations

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

We have established a system to promptly report any non-compliances and complaints related to environmental laws and regulations to the head office. There were no major environment-related accidents or violations of environmental laws and regulations in RY2015 across the entire Kubota Group.

Environmental Auditing

Each year, the Kubota Environmental Protection Department conducts an environmental audit that incorporates a written audit targeting all production sites, service sites, offices, and construction and maintenance management departments domestically, as well as overseas group production sites. In RY2015, we added the inspection of Category One Specified Products that use fluorine as a refrigerant in accordance with amended fluorine emissions regulations in Japan.

Moreover, in addition to the environmental audit by the Environmental Protection Department, annual internal environmental audits are conducted at production sites in an effort to further improve the level of environmental management.

RY2015 Environmental Audit Implementation Status

- Number of subject sites and departments: 224
- Number of audit items: 30 (for construction departments) up to 80 (for production sites in Japan).
- Audit details: Water and air quality management, noise and vibration management, waste discharge and chemical substances management, climate change prevention, response to abnormalities and emergencies, and environmental management system
Environmental Risk Assessment

Each year, detailed environmental risk assessments are conducted to evaluate the use of hazardous substances and the functions of environment-related equipment with the aim of clarifying the status of environmental risk at each production site and establishing systematic improvements.

The Kubota Group is proactively working to reveal possible environmental risks and further reduce risk by conducting environmental audits and environmental risk assessments—two activities with differing perspectives—in parallel.

<table>
<thead>
<tr>
<th>Environmental Risk Assessment Implementation Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of sites and departments subjected:</td>
</tr>
<tr>
<td>36 (27 production sites in Japan, 9 overseas production sites).</td>
</tr>
<tr>
<td>• Number of audit items:</td>
</tr>
<tr>
<td>247 items (145 water quality, 102 air quality).</td>
</tr>
<tr>
<td>• Assessment targets:</td>
</tr>
<tr>
<td>Water quality-related equipment, air quality-related equipment</td>
</tr>
</tbody>
</table>

Environmental Patrols

At each site, environmental patrols are carried out at least once every six months to meticulously assess the entire site and confirm the absence or presence of conditions that may lead to environmental accidents or violations of environmental laws and regulations. Through these environmental patrols, we are working to reduce environmental risks by detecting conditions that may become the cause of an abnormality early on.

**Environmental Patrol at Kubota Utsunomiya Plant**

The 3Q circle activities and cooperation system at the Kubota Utsunomiya Plant are indispensable for environmental patrols.

The aim of the Utsunomiya version of small group 3Q circle activities is to create good products, good people and good plants utilizing the synergistic power of the group and carrying out initiatives to improve environmental awareness and etiquette. Among the roles of the groups is an environmental patrol to achieve its goals, including an "energy-saving patrol" that finds and introduces measures to control energy waste in the plant, such as air leakage and useless lighting; a "sorting status patrol" that confirm and guides the sorting status of waste; and a "garbage scattering prevention patrol" that confirms the garbage scattered around the plant and implements measures to clean it up.

We will continue working to reduce environmental risk and improve environmental performance through full-participation environmental patrols from now.
Drills for Responding to Abnormal and Emergency Situations

The Kubota Group is working to identify and minimize environmental risks associated with its business activities through risk-specific response procedures.

We are also conducting drills each year based on response procedures that assume the outbreak of environmental accidents or situations that could arise in environmental accidents, in order to mitigate the impact on the ambient environment.

Green Procurement

Green Procurement Guidelines

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

In order to proactively promote these activities, we issue Japanese, English and Chinese versions of the Kubota Group’s Green Procurement Guidelines, presenting policies on green procurement to suppliers and gaining their understanding and cooperation.

For details on the Kubota Group’s Green Procurement Guidelines, click here.

Award System for Green Procurement

The Green Supplier Award System was launched in RY2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation, such as the materials and components procured by Kubota Corporation. The first award ceremony was held in January 2016.

In accordance with the Kubota Group’s Green Procurement Guidelines, this award system recognizes environmental conservation activities of particularly high level engaged in by suppliers, such as saving resources and energy-saving activities in relation to good supplied to Kubota Corporation.

We will continue to utilize this system and carry out activities in the name of green procurement and promote environmental conservation initiatives hand-in-hand with our suppliers.
Environmental Education and Enlightenment

### Results of environmental education in RY2015

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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Course title</th>
<th>Frequency</th>
<th>No. of participants</th>
<th>Course descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education by employee-level</strong></td>
<td>Kubota Introductory course (new employees, etc.)</td>
<td>3</td>
<td>171</td>
<td>Global and local environmental issues and Kubota’s environmental conservation activities</td>
</tr>
<tr>
<td></td>
<td>Training for employees promoted to managerial positions</td>
<td>3</td>
<td>122</td>
<td>The Kubota Group’s environmental management</td>
</tr>
<tr>
<td></td>
<td>Training for newly appointed supervisors</td>
<td>2</td>
<td>48</td>
<td>Kubota’s environmental management and efforts as supervisors</td>
</tr>
<tr>
<td></td>
<td>Training for newly appointed foremen</td>
<td>1</td>
<td>24</td>
<td>Kubota’s environmental management and efforts as foremen</td>
</tr>
<tr>
<td></td>
<td>Environmental forum for executive management</td>
<td>1</td>
<td>154</td>
<td>Lecture by Mr. Hideki Ishida, representative of Earth Village Research Lab. LLC</td>
</tr>
<tr>
<td><strong>Professional education</strong></td>
<td>Basics of environmental management</td>
<td>1</td>
<td>22</td>
<td>Basic knowledge of legal systems, environmental risk, and environmental conservation</td>
</tr>
<tr>
<td></td>
<td>Waste management</td>
<td>3</td>
<td>103</td>
<td>Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.</td>
</tr>
<tr>
<td></td>
<td>New waste management system training</td>
<td>18</td>
<td>80</td>
<td>Training on electronic information management systems</td>
</tr>
<tr>
<td><strong>General training</strong></td>
<td>Business sites in Japan Environmental education</td>
<td>7</td>
<td>93</td>
<td>The Kubota Group’s environmental management and medium-term environmental conservation targets</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>39</td>
<td>817</td>
<td></td>
</tr>
<tr>
<td><strong>Supporting to education in outside organizations</strong></td>
<td>Internship program with Utsunomiya Hakuyo High School</td>
<td>1</td>
<td>6</td>
<td>Kubota environmental conservation activities and efforts at Utsunomiya Plant</td>
</tr>
</tbody>
</table>
P.T. Kubota Indonesia conducted an energy-saving awareness raising activity focusing on the homes of its employees in June 2015 with the aim of reducing energy consumption and contribute to preventing climate change. LED lightbulbs were distributed to approximately 400 employees to promote a switch from incandescent lightbulbs in their homes, and posters promoting energy-saving initiatives were distributed and employees requested to display them in their homes. In each home, the employee switched to the LED lightbulbs and put up the poster together with their families and shared photos of these scenes with the company. It was an opportunity to learn and think about energy-saving methods together with the family and company.

P.T. Kubota Indonesia will promote this activity in local elementary schools as an opportunity to learn about energy-saving by installing LED lightbulbs in classrooms.

At the Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd in line with the Kubota Group's Environment Month in June, original posters were displayed to promote energy savings. The posters highlighted the need to remove wasteful energy use from workplaces and notified employees about a photo contest on the topic of energy-saving activities at home. Moreover, the plant also displayed a poster in July calling for the prevention of air leaks on the production line. By promoting energy-saving activities in the workplace and at home through posters, the plant is attempting to raise its employee's awareness of environmental issues.
Environmental Achievement Award

Every June during the Kubota Group's Environment Month, individuals and groups are awarded for making notable contributions through environmental conservation activities. In RY2015, excellent accomplishments by certain Kubota Group production sites were awarded for activities such as the reduction of chemical materials waste, saving energy, and recycling paint wastewater. In RY2016, the Kubota Group will expand the scope of these awards to also include non-production sites and activities outside of the company unrelated to work tasks that contribute to the environment.
Receiving Environmental Awards

Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd. Receives Thailand Energy Award

In November 2015, the Amata Nakorn Plant of SIAM KUBOTA Corporation Co., Ltd. (SKCA) received an award at the Thailand Energy Awards 2015 event hosted by the Department of Alternative Energy Development and Efficiency, Ministry of Energy, Thailand. This award was in recognition of the plant’s contribution to the prevention of global warming through the reduction of CO2 emissions as a result of installing technology from the Ministry of Energy (i.e., water treatment utilizing photocatalysis) and cutting costs.

The Amata Nakorn Plant was also the recipient of Carbon Footprint Certification in the industrial category from the Ministry of Natural Resources and Environment for its efforts in reducing greenhouse gases in corporate activities, the CSR-DIW Award 2015 from the Ministry of Industry for its CSR activities, and the AMATA Waste Management Award from the Amata Nakorn Industrial Park for its efforts in waste management.

Two Thai Sites Receive the Green Industry Award

SIAM KUBOTA Metal Technology Co., Ltd. (SKMT) and SIAM KUBOTA Corporation Co., Ltd. (head office, SKCN) received the Green Industry Award in 2015 from the Thai government after being recognized as clean plants that are environmentally conscious. This award is broken down into five levels, (with Level 5 being the highest). SKMT was rewarded Level 3 for the solid operation of its environment management system, while SKCN was rewarded Level 4 in recognition of having a well-established corporate culture that carries out environmental conservation activities.

SIAM KUBOTA Metal Technology Co., Ltd. Receives the Eco Industrial Town Award

In 2015, SIAM KUBOTA Metal Technology Co., Ltd. received the Eco Industrial Town award from Thailand’s Ministry of Industry. For this award, officers from the Ministry of Industry visit companies and assess the management and improvement activities related to air and water quality, and then award the companies recognized as producing superior results. Five companies in Thailand’s east, including SKMT, received this award in 2015.
P.T. Kubota Indonesia Receives the BLUE PROPER Award

P.T. Kubota Indonesia (PTKI) has received its fourth BLUE PROPER Award from the Indonesian Ministry of Environment in recognition of its corporate activities over the year beginning July 2014. The Environmental Performance Rating Program (PROPER) is operated by the Indonesian Ministry of Environment and evaluates the compliance of companies with environmental regulations, as well as the implementation of environmental countermeasures. This initiative aims to raise the awareness of companies regarding environment management, as well as achieving energy savings, conserving biodiversity and community development.

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

Kubota Agricultural Machinery (Suzhou) Co., Ltd. Receives the Tinglan Home Environment Council's Leading Company Award

In January 2015, Kubota Agricultural Machinery (Suzhou) Co., Ltd. (KAMS) received the RY2014 the Tinglan Home Environment Council's Leading Company Award from the Suzhou Industrial Park Environmental Office. This award is given to companies who contribute to improvements in the environment surrounding Tinglan Home through proactive participation in Environment Council* activities for the Suzhou Industrial Park zone, organized by the Environmental Office. KAMS received the award in recognition of the fact it has participated in various environment conservational activities since March 2014, donated books to Tinglan Home, the residential area near the plant, and invited local residents to participate in a factory tour.

KAMS will aim to further raise the standard of its environmental management through ongoing participation in the Environment Council, communication with the local community, and sharing success stories on environmental conservation with other companies.

* The Tinglan Home Environment Council’s Leading Company Award: An environmental conservation organization established by the Environment Office in 2014 consisting of residents from the Tinglan Home residential area, surrounding companies, the residents committee, residential area engineers’ committee and the industrial park environmental conservation department.
Farm Management Support System of Kubota Smart Agri System (KSAS) Receives Award of Excellence at 12th Eco-Products Awards of the Eco-Products Promotion Association

The Kubota Group is extremely honored to have received the Award of Excellence at the 12th Eco-Products Awards of the Eco-Products Promotion Association for the Kubota Smart Agri System (KSAS), which proposes a new farm management method fusing farm machinery with information and communication technologies (ICTs).

KSAS simplifies the collection and analysis of crop/farm work information, ensures the appropriate distribution of fertilizer, helps to efficiently produce crops that offer the safety and reassurance sought by consumers, and lengthens the life of farm machinery by monitoring its operational status.

Thanks to all the support we have received, we have already installed KSAS for customers in over 1,000 locations.

We hope to continue contributing to sustainable farming that considers the environment through the widespread utilization of KSAS.

Voice

Kubota Smart Agri System (KSAS) Receives Award of Excellence at 12th Eco-Products Awards

The Kubota Group is extremely honored to have received the Award of Excellence at the 12th Eco-Products Awards from the Eco-Products Promotion Association for the Kubota Smart Agri System (KSAS), which proposes a new farm management method fusing farm machinery with information and communication technologies (ICTs).

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Thanks to all the support we have received, we have already installed KSAS for customers in over 1,000 locations.

We hope to continue contributing to sustainable farming that considers the environment through the widespread utilization of KSAS.

Yoshifumi Kobayashi
KSAS Promotion Group
Agri Solutions Promotion Dept.
Kubota Corporation
Scenes from the Funabashi Environment Fair

SIAM KUBOTA Corporation Co., Ltd. (head office, SKCN) invited students and customers to a plant introduction, tour and explanation of environmental conservation activities being undertaken at the plant. In June, July and December of 2015, a total of 120 people participated in tours of the plant. SKCN introduced environmental conservation activities such as the 3R initiative involving the recycling of water resources, etc., the production of products with low environmental load, and also communicated the importance of environmental conservation.

The plant will continue to be proactive in offering plant introductions and tours, and disclose information to the local community such as the results of environmental conservation activities and environmental measurement results.

Practice Report

Kubota Keiyo Plant (Funabashi) Exhibits at Funabashi Environment Fair

In June 2015, Kubota Keiyo Plant (Funabashi) ran a panel exhibition at the 18th Funabashi Environment Fair hosted by the Environmental Conservation Section, Funabashi City.

This event aims to raise awareness of the environment in citizens, business operators and government organizations alike, and create a healthy and bountiful environment. Each year, many environment organizations, companies, individuals and members of the local government participate. In the 17th Funabashi Environment Fair, the Keiyo Plant presented panels on CO2 reduction by changing fuel, effective utilization of waste, utilization of green areas represented by the dragonfly pond and so on, responding to questions from local residents and enjoying the opportunity to obtain an understanding of the Kubota Group’s environmental initiatives. In total, 45 organizations participated in the 2015 fair; however, the number of participants practically doubled from the previous year to 6,000, which really gave the impression that awareness of the environment is increasing among residents.

The Kubota Keiyo Plant will continue aiming to contribute to global and local environment conservation activities through corporate activities that consider the environment.

Environmental Education during Plant Tour
at SIAM KUBOTA Corporation Co., Ltd. (Head office)

SIAM KUBOTA Corporation Co., Ltd. (head office, SKCN) invited students and customers to a plant introduction, tour and explanation of environmental conservation activities being undertaken at the plant. In June, July and December of 2015, a total of 120 people participated in tours of the plant. SKCN introduced environmental conservation activities such as the 3R initiative involving the recycling of water resources, etc., the production of products with low environmental load, and also communicated the importance of environmental conservation.

The plant will continue to be proactive in offering plant introductions and tours, and disclose information to the local community such as the results of environmental conservation activities and environmental measurement results.
This is an overall summary of the Kubota Group's environmental load from its diverse business activities in Japan and overseas in RY2015. We will continue to assess and analyze environmental load and engage in initiatives to reduce it.

### Overview of the Kubota Group's Environmental Load

**INPUT**

- **Energy**
  - 12,000 TJ
  - 4,578 TJ
  - Purchased electricity: 698,832 MWh
  - Transportation fuel*: 843 TJ
  - Solar power generation: 1,286 MWh

- **Water resources**
  - Service water: 1.10 million m³
  - Industrial water: 2.87 million m³
  - Ground water: 0.97 million m³
  - Total: 5.03 million m³

- **Major raw materials**
  - Cement: 8.7 kilotons
  - New pig iron: 7.5 kilotons
  - Steel scrap: 99.6 kilotons

- **Recycled materials**
  - Old pig iron: 63.2 kilotons
  - Steel scrap: 271 kilotons

- **Chemical substances**
  - Amount of PRTR-designated: 5,368 tons
  - Amount of Chemical substances handled*: 335 tons

**OUTPUT**

- **Atmospheric discharge**
  - CO₂: 673 kilotons CO₂
  - Energy sources: 665 kilotons CO₂
  - Other than the above: 8 kilotons CO₂

- **Distribution CO₂**: 144 kilotons CO₂
- **SOX**: 24.7 tons
- **NOX**: 78.2 tons
- **Soot and dust**: 15.2 tons
- **PRTR-designated substances**: 544 tons
- **VOCs**: 538 tons
- **Chemical substances (VOCs) (Overseas)**

- **Water system discharge**
  - (Discharge water includes rain and spring water)
  - Public water areas:
    - Amount of discharge water COD**: 9.9 tons
    - Nitrogen**: 9.8 tons
    - Phosphorous**: 0.35 tons
    - PRTR-designated substances**: 0 tons
  - Sewage treatment:
    - Amount of discharge water: 1.57 million m³
    - PRTR-designated substances**: 23 kg

- **Waste**
  - Amount of waste discharge: 115.9 kilotons
  - Resources recycled for external use (including in the above):
    - Landfill waste: 12.2 kilotons
    - Amount of construction waste, etc., discharge**: 43.7 kilotons

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*1 Data for Japan

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

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

### INPUT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy input</td>
<td>TJ</td>
<td>9,646</td>
<td>11,320</td>
<td>12,150</td>
<td>12,611</td>
<td>12,080</td>
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<td>Fossil fuel</td>
<td>TJ</td>
<td>3,726</td>
<td>4,370</td>
<td>4,660</td>
<td>5,021</td>
<td>4,576</td>
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<td>Purchased electricity</td>
<td>MWh</td>
<td>543,100</td>
<td>642,400</td>
<td>690,600</td>
<td>712,674</td>
<td>698,632</td>
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<tr>
<td>Transportation fuel (Japan)</td>
<td>TJ</td>
<td>587</td>
<td>641</td>
<td>695</td>
<td>591</td>
<td>643</td>
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<tr>
<td>Water consumption</td>
<td>million m³</td>
<td>4.45</td>
<td>4.50</td>
<td>4.68</td>
<td>4.86</td>
<td>5.03</td>
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<tr>
<td>Overseas included in the above</td>
<td>million m³</td>
<td>0.52</td>
<td>0.83</td>
<td>0.89</td>
<td>1.04</td>
<td>1.21</td>
</tr>
<tr>
<td>Service water</td>
<td>million m³</td>
<td>0.87</td>
<td>1.03</td>
<td>1.10</td>
<td>1.22</td>
<td>1.19</td>
</tr>
<tr>
<td>Water for industrial use</td>
<td>million m³</td>
<td>2.56</td>
<td>2.46</td>
<td>2.56</td>
<td>2.64</td>
<td>2.87</td>
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<tr>
<td>Groundwater</td>
<td>million m³</td>
<td>1.02</td>
<td>1.01</td>
<td>1.02</td>
<td>1.00</td>
<td>0.97</td>
</tr>
<tr>
<td>Amount of PRTR-designated substances handled (Japan)$^1$</td>
<td>tons</td>
<td>5,321</td>
<td>5,740</td>
<td>5,912</td>
<td>6,725</td>
<td>5,368</td>
</tr>
<tr>
<td>Amount of chemical substances (VOCs) handled (Overseas)$^2$</td>
<td>tons</td>
<td>-</td>
<td>329</td>
<td>354</td>
<td>354</td>
<td>335</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
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<tr>
<td>Atmospheric discharge</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>CO2 emissions</td>
<td>kilotons CO2e</td>
<td>471</td>
<td>585</td>
<td>663</td>
<td>715</td>
<td>673</td>
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<td>Overseas included in the above kilotons CO2e</td>
<td>93</td>
<td>135</td>
<td>172</td>
<td>181</td>
<td>167</td>
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<td>Energy sources</td>
<td>kilotons CO2e</td>
<td>465</td>
<td>579</td>
<td>657</td>
<td>707</td>
<td>665</td>
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<td>Other than the above</td>
<td>kilotons CO2e</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Distribution CO2 (Japan)</td>
<td>kilotons CO2e</td>
<td>40</td>
<td>44</td>
<td>48</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>SOx emissions*3,4</td>
<td>tons</td>
<td>2.9</td>
<td>6.6</td>
<td>17.6</td>
<td>55.1</td>
<td>24.7</td>
</tr>
<tr>
<td>NOx emissions*4</td>
<td>tons</td>
<td>58.0</td>
<td>59.6</td>
<td>70.4</td>
<td>82.1</td>
<td>76.2</td>
</tr>
<tr>
<td>Soot and dust emissions*4</td>
<td>tons</td>
<td>5.3</td>
<td>4.3</td>
<td>9.1</td>
<td>11.1</td>
<td>15.2</td>
</tr>
<tr>
<td>Amount of PRTR-designated substances released (Japan)</td>
<td>tons</td>
<td>384</td>
<td>422</td>
<td>462</td>
<td>543</td>
<td>544</td>
</tr>
<tr>
<td>VOC (included in the above)*2</td>
<td>tons</td>
<td>384</td>
<td>419</td>
<td>460</td>
<td>539</td>
<td>539</td>
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<tr>
<td>Amount of chemical substances (VOCs) released (Overseas)*2</td>
<td>tons</td>
<td>119</td>
<td>175</td>
<td>186</td>
<td>219</td>
<td>235</td>
</tr>
<tr>
<td>Water system discharge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public water areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater discharge</td>
<td>million m³</td>
<td>3.82</td>
<td>3.48</td>
<td>3.82</td>
<td>3.74</td>
<td>3.82</td>
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<tr>
<td>COD*5(Japan)</td>
<td>tons</td>
<td>11.9</td>
<td>10.4</td>
<td>10.6</td>
<td>9.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Nitrogen discharge*5(Japan)</td>
<td>tons</td>
<td>10.2</td>
<td>9.7</td>
<td>8.9</td>
<td>9.0</td>
<td>9.6</td>
</tr>
<tr>
<td>Phosphorous discharge*5(Japan)</td>
<td>tons</td>
<td>0.29</td>
<td>0.30</td>
<td>0.32</td>
<td>0.37</td>
<td>0.35</td>
</tr>
<tr>
<td>Amount of PRTR-designated substances released (Japan)</td>
<td>kg</td>
<td>40</td>
<td>9.0</td>
<td>8.4</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Sewage lines</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater discharge</td>
<td>million m³</td>
<td>1.01</td>
<td>1.34</td>
<td>1.23</td>
<td>1.52</td>
<td>1.57</td>
</tr>
<tr>
<td>Trend in amount of PRTR-designated substances released (Japan)</td>
<td>kg</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>34</td>
<td>23</td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of waste discharge</td>
<td>kilotons</td>
<td>78.2</td>
<td>89.7</td>
<td>98.2</td>
<td>114.0</td>
<td>115.9</td>
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<tr>
<td>Overseas included in the above kilotons</td>
<td>14.5</td>
<td>25.4</td>
<td>32.6</td>
<td>38.0</td>
<td>40.4</td>
<td></td>
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<tr>
<td>Landfill waste</td>
<td>kilotons</td>
<td>4.1</td>
<td>7.2</td>
<td>13.1</td>
<td>9.8</td>
<td>12.2</td>
</tr>
<tr>
<td>Amount of construction waste, etc. discharge (Japan)</td>
<td>kilotons</td>
<td>32.7</td>
<td>31.8</td>
<td>23.8</td>
<td>35.8</td>
<td>43.7</td>
</tr>
</tbody>
</table>

*1 Data from RY2012 to RY2014 was revised to improve accuracy.
*2 VOCs comprise the six VOCs that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene and 1,3,5-trimethylbenzene.
*3 Previously, the sulfur contained in the slag and particulate matter was included in the calculation of SOx emissions emitted from the fuel combustion in casting plants. However, from RY2014, it has been excluded from calculations as it is not emitted into the atmosphere.
*4 Data from RY2011 to RY2014 was revised to improve accuracy.
*5 Data for total discharge from business sites subject to total emission control.
Eco-efficiency was improved in all four categories: CO₂, waste, water and VOC. These improvements in figures mean that the sales per unit of environmental load have increased, which indicates higher eco-efficiency.

\*1 CO₂ Eco-efficiency = Consolidated net sales (million yen)/ CO₂ emissions (tons CO₂e)

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

\*3 Water Eco-efficiency = Consolidated net sales(million yen)/ Water consumption (m³) × 10

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

\*5 RY2015 consolidated net sales is the total consolidated net sales from April 2015 to March 2016.
## Calculation Results of PRTR-Designated Substances

### RY2015 Results of PRTR reporting (Japan)

<table>
<thead>
<tr>
<th>Number specified in Cabinet Order</th>
<th>Chemical substance</th>
<th>Releases</th>
<th>Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Atmosphere</td>
<td>Public water areas</td>
</tr>
<tr>
<td>1</td>
<td>Water-soluble zinc compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>53</td>
<td>Ethylbenzene</td>
<td>125,577</td>
<td>0.0</td>
</tr>
<tr>
<td>71</td>
<td>Ferric chloride</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>80</td>
<td>Xylene</td>
<td>206,753</td>
<td>0.0</td>
</tr>
<tr>
<td>87</td>
<td>Chromium and chromium (Ⅲ) compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>132</td>
<td>Cobalt and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>185</td>
<td>Dichloro-pentafluoro-propane</td>
<td>3,004</td>
<td>0.0</td>
</tr>
<tr>
<td>239</td>
<td>Organic tin compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>240</td>
<td>Styrene</td>
<td>24,859</td>
<td>0.0</td>
</tr>
<tr>
<td>243</td>
<td>Dioxins</td>
<td>0.032</td>
<td>0.0</td>
</tr>
<tr>
<td>277</td>
<td>Triethylamine</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>296</td>
<td>1, 2, 4-trimethylbenzene</td>
<td>16,631</td>
<td>0.0</td>
</tr>
<tr>
<td>297</td>
<td>1, 3, 5-trimethylbenzene</td>
<td>4,183</td>
<td>0.0</td>
</tr>
<tr>
<td>300</td>
<td>Toluene</td>
<td>161,113</td>
<td>0.0</td>
</tr>
<tr>
<td>302</td>
<td>Naphthalene</td>
<td>1,527</td>
<td>0.0</td>
</tr>
<tr>
<td>305</td>
<td>Lead compounds</td>
<td>8.2</td>
<td>0.0</td>
</tr>
<tr>
<td>308</td>
<td>Nickel</td>
<td>0.54</td>
<td>0.0</td>
</tr>
<tr>
<td>309</td>
<td>Nickel compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>349</td>
<td>Phenol</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>352</td>
<td>Dialyl phthalate</td>
<td>109</td>
<td>0.0</td>
</tr>
<tr>
<td>354</td>
<td>Di-n-butyl phthalate</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>400</td>
<td>Benzene</td>
<td>2.7</td>
<td>0.0</td>
</tr>
<tr>
<td>405</td>
<td>Boron compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>412</td>
<td>Manganese and its compounds</td>
<td>0.014</td>
<td>0.0</td>
</tr>
<tr>
<td>448</td>
<td>Methylenebis (4, 1-phenylene) diisocyanate</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>453</td>
<td>Molybdenum and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>543,768</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>23</td>
<td>227,297</td>
<td></td>
</tr>
</tbody>
</table>

**Scope:** Total of substances with annual handling volume of one ton or more (0.5 ton or more for Specific Class 1 Designations) at each business site.

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

**Volatile Organic Compounds (VOCs)**

**Six VOCs substances targeted for reduction in Medium-Term Environmental Conservation Targets 2015**
Environmental Accounting

The Kubota Group performs environmental accounting and publicizes data about the cost of investments in environmental conservation and the economic and environmental benefits of these investments.

### Environmental Conservation Costs

(Yen in millions)

<table>
<thead>
<tr>
<th>Classifications</th>
<th>Main activities</th>
<th>The year ended March 31, 2015</th>
<th>The nine months ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Investment</td>
<td>Expenses</td>
</tr>
<tr>
<td>Within the business area cost</td>
<td></td>
<td>1,476</td>
<td>1,657</td>
</tr>
<tr>
<td>Local environmental conservation cost</td>
<td>Prevention of air and water pollution, soil contamination, noise, vibration, etc.</td>
<td>563</td>
<td>433</td>
</tr>
<tr>
<td>Global environmental conservation cost</td>
<td>Prevention of climate change</td>
<td>888</td>
<td>326</td>
</tr>
<tr>
<td>Resource recycling cost</td>
<td>Minimizing waste production, reducing quantity of waste, and recycling</td>
<td>25</td>
<td>898</td>
</tr>
<tr>
<td>Upstream and downstream costs</td>
<td>Collection of used products and commercialization of recycled products</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Management activities cost</td>
<td>Environmental management personnel, ISO maintenance and implementation, environmental information dissemination</td>
<td>14</td>
<td>1,581</td>
</tr>
<tr>
<td>R&amp;D cost</td>
<td>R&amp;D for reducing of product environmental load and developing environment conservation equipment</td>
<td>282</td>
<td>6,598</td>
</tr>
<tr>
<td>Social activities cost</td>
<td>Local cleanup activities and membership fees and contributions to environmental groups, etc.</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Environmental remediation cost</td>
<td>Contributions and impositions, etc.</td>
<td>0</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,772</td>
<td>9,950</td>
</tr>
</tbody>
</table>

Total capital investment (including land) for the corresponding period (consolidated data) 35,300

Total R&D costs for the corresponding period 29,600
### Environmental Conservation Effects

<table>
<thead>
<tr>
<th>Effects</th>
<th>Items</th>
<th>The year ended March 31, 2015</th>
<th>The nine months ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental effect related to resources input into business activities</td>
<td>Energy consumption (Except for transportation fuel) [units of heat; in terajoules (TJ)]</td>
<td>8,274</td>
<td>5,988</td>
</tr>
<tr>
<td></td>
<td>Water consumption (million m³)</td>
<td>3.82</td>
<td>2.92</td>
</tr>
<tr>
<td>Environmental effect related to waste or environmental impact originating from business activities</td>
<td>CO2 emissions (Energy related) (kilotons CO2e)</td>
<td>526</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td>SOx emissions (tons)</td>
<td>19.8</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>NOx emissions (tons)</td>
<td>70.0</td>
<td>44.8</td>
</tr>
<tr>
<td></td>
<td>Soot and dust emissions (tons)</td>
<td>3.5</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>Releases and transfers of PRTR-designated substances (tons)*</td>
<td>758</td>
<td>710</td>
</tr>
<tr>
<td></td>
<td>Waste discharge (kilotons)</td>
<td>76.0</td>
<td>59.6</td>
</tr>
<tr>
<td></td>
<td>Waste to landfills (kilotons)</td>
<td>2.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

### Economic Effects

<table>
<thead>
<tr>
<th>Classifications</th>
<th>Details</th>
<th>Annual effects of the nine months ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy conservation measures</td>
<td>Use alternative fuels for production facilities and switch to more efficient lighting and air handling systems</td>
<td>243</td>
</tr>
<tr>
<td>Zero-emissions measures</td>
<td>Reduce the amount of industrial waste; promote resource recycling; other</td>
<td>181</td>
</tr>
<tr>
<td></td>
<td>Sales of valuable resources</td>
<td>480</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>895</td>
</tr>
</tbody>
</table>

---

*Environmental accounting principles>*

2) The data of business sites in Japan are considered in the calculation.
3) Data was calculated referring to the Environmental Accounting Guidelines 2005, published by Japan’s Ministry of the Environment.
4) "Expenses" includes depreciation costs. Depreciation cost was calculated based on the standards applied to Kubota’s financial accounting, and assets acquired in and after 1998 were considered in the calculation. "Management activities" and "R&D costs" include personnel expenses. "Resource recycling costs" does not include costs incurred during disposal of construction waste at construction sites.
5) "R&D costs" represents which was spent on environmental purposes, calculated on a pro-rata basis.
6) "Economic effects" is obtained only by adding up tangible results and does not include estimated effects.

* The value in the year ended March 31, 2015 was corrected to improve accuracy.
## Status of Environmental Management System Certification Acquisition

The Kubota Group has achieved ISO 14001 certification at all of its production sites in Japan. We are currently introducing activities to expand ISO 14001 certification approval at our production sites overseas. One site in Thailand received ISO 14001 certification in RY2015.

### ISO 14001 Certification

#### Kubota Corporation in Japan

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Other Organizations and Subsidiaries Included</th>
<th>Main Business</th>
<th>Inspecting/Certifying Organization</th>
<th>Date of Certification</th>
</tr>
</thead>
</table>
| 1  | Tsukuba Plant             | • Eastern Main Parts Center  
• Eastern Technical Training Center Tsukuba Service G  
• Kanto Kubota Precision Machinery Co., Ltd.   | Engines, tractors, etc.                                                                                   | LRQA                              | November 28, 1997     |
| 2  | Keiyo Plant               | • Distribution Center                                                                                     | Ductile iron pipe, spiral welded steel pipe                                                              | LRQA                              | July 16, 1998         |
| 3  | Ryugasaki Plant           | • KUBOTA Vending Service Co., Ltd Ryugasaki Plant  
• KUBOTA Kanto Vender Center Inc. Ryugasaki Plant                                                      | Vending machines                                                                         | DNV                               | November 13, 1998    |
| 4  | Hanshin Plant             | • Marushima Factory                                                                                      | Ductile iron pipe, spiral welded steel pipe, rolling-mill roll, TXAX                                  | LRQA                              | March 5, 1999         |
| 5  | Kyuhoji Business Center   | • Kubota Environmental Service Co., Ltd  
• KUBOTA Membrane Corp.  
• KUBOTA Keiso Corp.                                                                                   | Measuring instruments, measuring systems, rice-milling products, waste shredder systems, submerged membranes, and mold temperature controllers | DNV                               | March 19, 1999       |
<p>| 6  | Hirakata Plant            |                                                                                                           | Valves, cast steel, new ceramic materials, and construction machinery                                  | LRQA                              | September 17, 1999   |
| 7  | Okajima Business Center   |                                                                                                           | Industrial cast iron products, drainage pipes, and other cast iron products                           | JICQA                             | December 22, 1999    |
| 8  | Sakai Plant/Sakai Rinkai Plant |                                                                                                             | Engines, tractors, small-size construction machinery, etc.                                             | LRQA                              | March 10, 2000       |
| 9  | Shiga Plant               |                                                                                                           | FRP products                                                                                  | JUSE                              | May 18, 2000         |
| 10 | Water Engineering &amp; Solution Business Unit | • Shin-yodogawa Environmental Plant Center                                                                 | Sewage and sludge water purification, wastewater treatment facilities                               | ICJ                               | July 14, 2000        |
| 11 | Pumps Business Unit       | • KUBOTA Kiko Ltd.                                                                                         | Sewage and water purification plants, pumps and pump stations                                      | LRQA                              | July 14, 2000        |
| 12 | Utsunomiya Plant          | • Eastern Technical Training Center Utsunomiya Service G                                                 | Rice transplanters and combine harvesters                                                             | LRQA                              | December 8, 2000     |</p>
<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Other Organizations and Subsidiaries Included</th>
<th>Main Business</th>
<th>Inspecting/Certifying Organization</th>
<th>Date of Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nippon Plastic Industry Co., Ltd.</td>
<td>Head office and plant, Mino Plant</td>
<td>Plastic pipes, plastic sheets, etc.</td>
<td>JSA</td>
<td>October 27, 2000</td>
</tr>
<tr>
<td>2</td>
<td>Kubota Construction Co., Ltd.</td>
<td></td>
<td>Design and construction of civil engineering structures and buildings</td>
<td>JQA</td>
<td>December 22, 2000</td>
</tr>
<tr>
<td>3</td>
<td>Kubota Environmental Service Co., Ltd.</td>
<td>Tochigi Plant, Sakai Plant, Odawara Plant, Kyushu KUBOTA Chemical Co., Ltd.</td>
<td>Installation, maintenance and management of environmental systems for service water, sewage, landfill disposal, raw waste and waste plants, etc.</td>
<td>MSA</td>
<td>November 20, 2002</td>
</tr>
<tr>
<td>4</td>
<td>Kubota ChemiX Co., Ltd.</td>
<td>Tochigi Plant, Sakai Plant, Odawara Plant</td>
<td>Plastic pipes and couplings</td>
<td>JUSE</td>
<td>March 27, 2003 (integrated authentication in 2011)</td>
</tr>
<tr>
<td>5</td>
<td>KUBOTA Air Conditioner Co., Ltd.</td>
<td>Tochigi Plant</td>
<td>Central air conditioning systems</td>
<td>JQA</td>
<td>August 27, 2004</td>
</tr>
<tr>
<td>6</td>
<td>KUBOTA Precision Machinery Co., Ltd.</td>
<td></td>
<td>Hydraulic valves, hydraulic cylinders, transmissions, hydraulic pumps, hydraulic motors, etc.</td>
<td>LRQA</td>
<td>March 17, 2007</td>
</tr>
<tr>
<td>7</td>
<td>KUBOTA KASUI Corporation</td>
<td></td>
<td>Design, construction and maintenance management of environmental conservation facilities</td>
<td>BCJ</td>
<td>February 1, 2010</td>
</tr>
<tr>
<td>8</td>
<td>Kansouken Inc.</td>
<td></td>
<td>Package software supporting water business</td>
<td>JCQA</td>
<td>April 14, 2014</td>
</tr>
</tbody>
</table>
### Kubota Group: Overseas companies

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Main Business</th>
<th>Inspecting/Certifying Organization</th>
<th>Date of Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SIAM KUBOTA Corporation Co.,Ltd. (Thailand)</td>
<td>Small diesel engines and agricultural machinery</td>
<td>MASCI</td>
<td>February 28, 2003</td>
</tr>
<tr>
<td>2</td>
<td>P.T. Kubota Indonesia (Indonesia)</td>
<td>Diesel engines and agricultural machinery</td>
<td>LRQA</td>
<td>February 10, 2006</td>
</tr>
<tr>
<td>3</td>
<td>Kubota Materials Canada Corporation (Canada)</td>
<td>Cast steel products, TXAX</td>
<td>SGS (U.S.)</td>
<td>June 15, 2006</td>
</tr>
<tr>
<td>4</td>
<td>P.T. Metec Semarang (Indonesia)</td>
<td>Vending machines</td>
<td>TÜV</td>
<td>March 16, 2011</td>
</tr>
<tr>
<td>5</td>
<td>Kubota Precision Machinery (Thailand) Co., Ltd. (Thailand)</td>
<td>Equipment for tractors</td>
<td>LRQA</td>
<td>August 5, 2015</td>
</tr>
<tr>
<td>7</td>
<td>SIAM KUBOTA Corporation Co., Ltd. (Amata Nakorn, Thailand)</td>
<td>Tractors and combine harvesters</td>
<td>BV</td>
<td>September 27, 2012</td>
</tr>
<tr>
<td>8</td>
<td>ATEC Instrument and Chemical Co., Ltd. (Vietnam)</td>
<td>Chemical agents for water treatment</td>
<td>BSI</td>
<td>January 18, 2013</td>
</tr>
<tr>
<td>9</td>
<td>KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd. (China)</td>
<td>Pumps</td>
<td>CCSCC</td>
<td>May 29, 2013</td>
</tr>
<tr>
<td>10</td>
<td>Kubota Agricultural Machinery (SUZHOU) Co., Ltd. (China)</td>
<td>Combine harvesters, rice transplanters and tractors</td>
<td>SGS</td>
<td>November 13, 2013</td>
</tr>
<tr>
<td>12</td>
<td>SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)</td>
<td>Cast iron products for engines and tractors</td>
<td>BV</td>
<td>December 19, 2014</td>
</tr>
</tbody>
</table>

---

**EMAS Certification**

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Main Business</th>
<th>Inspecting/Certifying Organization</th>
<th>Date of Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kubota Baumaschinen GmbH (Germany)</td>
<td>Construction machinery</td>
<td>IHK</td>
<td>January 3, 2013</td>
</tr>
</tbody>
</table>

---

**LRQA**: Lloyd's Register Quality Assurance Limited (U.K.)

**DNV**: DNV Certification B.V. (Netherlands)

**JUSE**: Union of Japanese Scientists and Engineers ISO Center

**JICQA**: JIC Quality Assurance Ltd. (Japan)

**JSA**: Japanese Standards Association

**JQA**: Japan Quality Assurance Organization

**MSA**: Management System Assessment Center (Japan)

**BCJ**: The Building Center of Japan

**JCQA**: Japan Chemical Quality Assurance Ltd.

**MASCI**: Management System Certification Institute (Thailand)

**SGS (U.S.)**: Systems & Services Certification, a Division of SGS North America Inc. (U.S.)

**TÜV**: TÜV Rheinland Cert GmbH (Germany)

**BSI**: BSI Assurance UK Limited (U.K.)

**BV**: Bureau Veritas Certification Holding SAS–UK Branch (U.K.)

**CCSCC**: China Classification Society Certification Company (China)

**CQC**: China Quality Certification Centre (China)

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**IHK**: Industrie- und Handelskammer für die Pfalz (Germany)
Until KUBOTA REPORT 2015, fiscal year 2016 (FY2016) was the period commenced in April 2015 and ended in March 2016 (overseas data: January 2015 to December 2015).

In KUBOTA REPORT 2016, we changed our fiscal year end from March to December and reported our financial results for the nine months ended December 2015. However, for the Environmental report, we reported our environmental data for the year ended March 2016. Reporting year 2015 (RY2015) is the period commenced in April 2015 and ended in March 2016 (overseas data: January 2015 to December 2015).

Period: April 2015 to March 2016 (overseas data: January 2015 to December 2015)

Organizations covered: Kubota Corporation and 51 consolidated subsidiaries in Japan and 102 overseas consolidated subsidiaries (100% coverage). In addition, 14 affiliated companies are accounted for under the equity method covered by the scope of the Kubota Group’s environmental management, resulting in a total of 153 consolidated subsidiaries and 14 affiliated companies.

Companies accounted for under the equity method have been included as part of the organization since RY2014.

### Calculation Standards of Environmental Performance Indicators

#### Energy and CO2-related

<table>
<thead>
<tr>
<th>Environmental performance indicators</th>
<th>Unit</th>
<th>Calculation method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy input</td>
<td>TJ</td>
<td>[Calculation formula] • Amount of purchased electricity × per-unit heat value + Σ [amount of each fuel consumed × per-unit heat value of each fuel] • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on the Rational Use of Energy, Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Calculation scope] • Purchased electricity and fossil fuel used at business sites • Transportation fuel used in distribution (Japan)</td>
</tr>
<tr>
<td>Energy use</td>
<td>PJ</td>
<td>[Calculation formula] • Amount of purchased electricity × per-unit heat value + Σ [amount of each fuel consumed × per-unit heat value of each fuel] • Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on the Rational Use of Energy, Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Calculation scope] • Purchased electricity and fossil fuel used at business sites</td>
</tr>
<tr>
<td>Environmental performance indicators</td>
<td>Unit</td>
<td>Calculation method</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------</td>
<td>--------------------</td>
</tr>
<tr>
<td>CO2 emissions (Scope 1 and Scope 2)</td>
<td>kilotons-CO2e</td>
<td></td>
</tr>
</tbody>
</table>
| [Calculation formula] | • Amount of purchased electricity × CO2 emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO2 emission coefficient of each fuel] + non-energy source greenhouse gas emissions  
• Non-energy source greenhouse gas emissions = CO2 emissions from non-energy sources + non-CO2 greenhouse gas emissions  
[CO2 emission coefficients]  
Electricity: Data for Japan are effective emission coefficients published by electricity utilities (before reflecting carbon credits)  
Overseas data are emission coefficients of respective countries published in the Greenhouse Gas Protocol Initiative (Ver. 4.7)  
Effect of CO2 emission coefficients for electricity: The difference between the emitted amount of CO2 calculated using the RY2011 CO2 emission coefficients for electricity in Japan, which are based on the amounts reported by electricity utilities in RY2010, and the emitted amount of CO2 calculated using the same CO2 emission coefficients for each year  
 [Calculation scope] | • Data are for HFC, PFC and SF6 emissions from January to December included in non-energy source greenhouse gases |
| Freight traffic | ton-km |  
| [Calculation formula] | Σ [Freight transportation amount (tons) × distance traveled (km)]  
| [Calculation scope] | • Transportation in Japan (products and industrial waste discharge) |
| Fuel consumption during transportation | TJ |  
| [Calculation formula] | • Σ [Freight traffic by truck × Fuel consumption per ton-kilometer × per-unit heat value]+Σ [Freight traffic by rail and water × energy use (heat value) per unit ton-kilometer]  
| [Calculation scope] | • Transportation in Japan (products and industrial waste discharge) |
| CO2 emissions during distribution | kilotons-CO2e |  
| [Calculation formula] | • Σ [Fuel consumption for freight shipment by truck × CO2 emission per ton-kilometer by fuel of transportation ]+Σ [Fuel consumption for freight shipment by rail and water × CO2 emission per ton-kilometer by means of transportation]  
<p>| [Calculation scope] | • Transportation in Japan (products and industrial waste discharge) |</p>
<table>
<thead>
<tr>
<th>Environmental performance indicators</th>
<th>Unit</th>
<th>Calculation method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 3 emissions</strong> kilotons-CO\textsubscript{2}\text{e}</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource extraction, transportation and manufacturing related to purchased goods, etc.</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[Production volume } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td>Production volume is calculated based on the number of machinery-based products and weight for materials-based products. &quot;CO\textsubscript{2} emissions per unit&quot; is estimated from the CO\textsubscript{2} emissions per unit of production of the representative product.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> Machinery-based products: Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (compact excavators, etc.) Materials-based product: Ductile iron pipe</td>
<td></td>
</tr>
<tr>
<td>Extraction and production of capital goods such as equipment</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[Equipment investment amount } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> Equipment investment (Japan and overseas)</td>
<td></td>
</tr>
<tr>
<td>Extraction, production and transportation for fuels for generation of purchased electricity</td>
<td></td>
<td><strong>Calculation formula</strong> Electricity consumed $\times \text{CO}_2 \text{ emissions per unit}$</td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> Purchased electricity (Japan and overseas)</td>
<td></td>
</tr>
<tr>
<td>Disposal of wastes discharged from business sites</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[Amount of waste discharge by type } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> Waste generated at business sites (Japan and overseas)</td>
<td></td>
</tr>
<tr>
<td>Employee business travels</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[transportation expenses paid by method of transport } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td>Transportation expenses for each method of travel for a portion of the overseas subsidiaries (45 sites) are estimated by multiplying the net sales of the subsidiaries in each of the regions and countries mentioned by the ratio of transportation expenses for each method of travel included in the net sales of major subsidiaries in Europe, North America, Asia and China.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> The amount of transportation expenses paid for airline tickets and railway tickets (Japan and overseas)</td>
<td></td>
</tr>
<tr>
<td>Employee commuting</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[transportation expenses paid by method of transport } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> The amount of transportation expenses paid for Kubota employees' railway tickets and car travel (Japan and overseas)</td>
<td></td>
</tr>
<tr>
<td>Processing of sold products</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[Sales volume of intermediate products } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td>&quot;CO\textsubscript{2} emissions per unit&quot; is estimated from the CO\textsubscript{2} emissions per unit at Kubota Group's processing plants</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> Intermediate products (engines)</td>
<td></td>
</tr>
<tr>
<td>Use of products sold</td>
<td></td>
<td><strong>Calculation formula</strong> $\Sigma \text{[No. of products sold } \times \text{CO}_2 \text{ emissions per unit]}$</td>
</tr>
<tr>
<td></td>
<td>CO\textsubscript{2} emissions per unit is calculated as: Fuel consumption $\times$ annual hours of use $\times$ Years of service life $\times$ per-unit heat value of each fuel $\times$ CO\textsubscript{2} emission coefficient of each fuel</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Calculation assuming fuel consumption per hour, annual hours of use and years of service life per representative product</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Calculation scope</strong> Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (compact excavators, etc.)</td>
<td></td>
</tr>
<tr>
<td>End-of-life transportation and treatment of sold products</td>
<td></td>
<td><strong>Calculation formula</strong> CO\textsubscript{2} emissions per unit is estimated based on the CO\textsubscript{2} emissions of one representative product</td>
</tr>
</tbody>
</table>
### Waste-related

<table>
<thead>
<tr>
<th>Environmental performance indicators</th>
<th>Unit</th>
<th>Calculation method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of waste, etc. discharged</td>
<td>kilotons</td>
<td>[Calculation formula] Sales of valuable resources + amount of waste discharge</td>
</tr>
<tr>
<td>Amount of waste discharged</td>
<td>kilotons</td>
<td>[Calculation formula] Amount of waste recycled + volume reduction + landfill disposal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount of industrial waste discharged + amount of general waste discharged from business activities</td>
</tr>
<tr>
<td>Amount of landfill disposal</td>
<td>kilotons</td>
<td>[Calculation formula] Direct landfill + final landfill following external intermediate treatment</td>
</tr>
<tr>
<td>Recycling ratio</td>
<td>%</td>
<td>[Calculation formula] (Sales of valuable resources + external recycling volume) × 100 [%]</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount of construction waste discharged (including construction waste other than specific construction materials) + sales of valuable resources (generated from construction) (covers directly contracted companies that purchase valuable materials from the Kubota Group)</td>
</tr>
<tr>
<td>Amount of construction waste, etc. discharged</td>
<td>kilotons</td>
<td>[Calculation scope] Japan</td>
</tr>
<tr>
<td>Recycling ratio of construction waste</td>
<td>%</td>
<td>[Calculation formula] (Sales of valuable resources + resource recycling + volume reduction (including heat recovery)) / amount of construction waste, etc. discharged (including sales of valuable resources) × 100</td>
</tr>
</tbody>
</table>

### Water-related

<table>
<thead>
<tr>
<th>Environmental performance indicators</th>
<th>Unit</th>
<th>Calculation method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption</td>
<td>million m³</td>
<td>[Calculation formula] Total amount of service water, industrial water and groundwater consumption</td>
</tr>
<tr>
<td>Wastewater discharge</td>
<td>million m³</td>
<td>[Calculation scope] Wastewater discharge to public water areas and sewage lines (including rain and spring water)</td>
</tr>
<tr>
<td>Amount of COD, nitrogen and phosphorus discharge</td>
<td>tons</td>
<td>[Calculation formula] COD, nitrogen or phosphorous concentration (mg/L) × amount of effluent discharged to public water area (m³) × 10⁻⁶</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Calculation scope] Business sites subject to total emission control in Japan</td>
</tr>
<tr>
<td>Amount of recycled water</td>
<td>thousand m³</td>
<td>[Calculation formula] Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)</td>
</tr>
</tbody>
</table>
### Chemical substance-related

<table>
<thead>
<tr>
<th>Environmental performance indicators</th>
<th>Unit</th>
<th>Calculation method</th>
</tr>
</thead>
</table>
| Amount of PRTR-designated substances handled | tons | **[Calculation formula]**
|  |  | - Total amount of chemical substances handled, which are designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Law) whose amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances) per year |
|  |  | **[Calculation scope]**
|  |  | - Business sites in Japan (business sites subject to legal notification only) |
|  |  | - After RY2012 data includes designated chemical substances derived from recycled resources in accordance revisions to the Manual for PRTR Release Estimation Methods in the Steel Industry (Ver. 12 2012 use) |
| Amount of PRTR-designated substances released and transferred | tons | **[Calculation formula]**
|  |  | - Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law and whose annual total amount handled by each business site is one ton or more (or 0.5 ton or more in case of Specific Class I Designated Chemical Substances). |
|  |  | - Amount released = amount discharged to the atmosphere + amount discharged to public water areas + amount discharged to soil + amount disposed of by landfill in the premises of the business site |
|  |  | - Amount transferred = amount discharged to sewerage + amount transferred out of the business site as waste |
|  |  | **[Calculation scope]**
|  |  | - The same calculation scope as the amount of PRTR-designated substances handled |
| Amount of chemical substances (VOC) handled | tons | **[Calculation formula]**
|  |  | - Total amount of xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene |
|  |  | **[Calculation scope]**
|  |  | - Overseas |
|  |  | - Xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene that are at each site handled in amounts of one ton or more per year |
| VOC emissions | tons | **[Calculation formula]**
|  |  | - The total emissions of xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene |
|  |  | **[Calculation scope]**
|  |  | - Japan and overseas |
|  |  | - Xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene that are at each site handled in amounts of one ton or more per year |
| SOx emissions | tons | **[Calculation formula]**
|  |  | - Amount of fuel consumed (kg) × sulfur content in the fuel (wt %) + 100 × 64 + 32 × [1 - desulfurization efficiency(%)] + 100] × 10^{-3}, or amount of SOx emitted per hour (m³/Nh) × annual operation hours of the relevant facility (h) × 64 + 22.4 × 10^{-3}, or SOx emission concentration (ppm) × annual exhaust gas from facilities (m³/Ny) × 64 + 22.4 × 10^{-9}, or SOx emission concentration (mg/m³N) × annual exhaust gas from facilities (m³/Ny) × 10^{-9} |
|  |  | **[Calculation scope]**
|  |  | - Smoke and soot generating facilities at business sites in Japan as defined by the Air Pollution Control Law, and facilities at overseas business sites covered in laws and regulations. |
| NOx emissions | tons | **[Calculation formula]**
|  |  | - NOx concentration (ppm) × 10^{-6} × amount of gas emitted per hour (m³/Nh) × annual operation hours of the relevant facility (h) ÷ 46 + 22.4 × 10^{-3} |
|  |  | **[Calculation scope]**
|  |  | - The same calculation scope as that for SOx emissions. |
| Soot and dust emissions | tons | **[Calculation formula]**
|  |  | - Soot and dust concentration (g/m³N) × amount of gas emitted per hour (m³/Nh) × annual operation hours of the relevant facility (h) × 10^{-6} |
|  |  | **[Calculation scope]**
|  |  | - The same calculation scope as that for SOx emissions. |
Since RY2004, the Kubota Group has received third-party assurance for the purpose of improving the reliability and comprehensiveness of its environmental data. The symbol indicates that the information provided has been confirmed by a third party. Based on the third-party assurance obtained this reporting year, the KUBOTA REPORT 2016 Business and CSR Activities <Full Report Version> (PDF), received the Environmental Report Assurance and Registration Symbol of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)\(^1\). This symbol indicates that information provided has been confirmed by a third party and that the reliability of the environmental data presented in the KUBOTA REPORT 2016 Business and CSR Activities <Full Report Version> (PDF) satisfies the requirements by J-SUS.

\(^1\)http://www.j-sus.org/english.html

Factory visit
Gonshiro Kubota (1870-1959)

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

Still Carrying on the Pioneering Spirit of Founder, Gonshiro Kubota

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

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

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

History

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

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

Major Products Driving the Development of Kubota

Cast iron pipes for water supply (1893)  Oil-based engines for agro-industrial purpose (1922)  Cultivators (1947)  Power shovels (1953)
Main Products of the Kubota Group

By focusing all of its energies, the Kubota Group is contributing to solving global problems related to food, water and the environment.

Farm & Industrial Machinery

Tractors
Used mainly in agricultural operations, including tillage, leveling and transportation.

Combine harvesters
Simultaneous harvesting and threshing of crops such as rice, wheat and pulses.

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

Implements
Connected to tractors and used for a variety of tasks.

Gasoline engines (left)
Diesel engines (right)
Used mainly as a power source in industrial machinery such as agricultural and construction machinery.

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

Wheel loaders
Used mainly for transporting and stacking tasks at construction sites, farms, etc.

Compact track loaders
Used mainly for transporting and stacking tasks at construction sites, farms, etc.

Skid steer loaders
Used mainly for transporting and stacking tasks at construction sites, farms, etc.

Utility vehicles
Useful in a variety of operations, including agricultural work, civil engineering and leisure activities.

Riding mowers
Used for cutting lawns in parks, office areas and private residences.

Mini power tillers
Used mainly in agricultural operations, including smaller farms.
Water & Environment

Platform Scales
Used for weighing goods in industries, factories, agriculture and fisheries.

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

Vending machines
Used for the automatic sales of products, including drinks.

Main Products of the Kubota Group

Platform Scales
Used for weighing goods in industries, factories, agriculture and fisheries.

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

Vending machines
Used for the automatic sales of products, including drinks.

Water & Environment

Ductile iron pipes
Used in infrastructure, including water and sewage lines, as well as gas piping.

Plastic pipes
Used in infrastructure, including water and sewage lines, as well as gas piping.

Valves
Used in water, sewerage and other lines to control the flow of fluids or gases.

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

Membrane solutions
Used to purify waste water, including industrial and domestic sewage.

Johkasou systems (septic tanks)
Used to treat sewage in areas where there are no sewage lines.

Spiral welded steel pipes
Used in foundation construction, including for buildings and bridges in addition to harbor and river projects.

Steel castings
Used at plants in the petrochemical industry for ethylene purification and other operations.

Rolls
Used in the rolling process, mainly at steel plants.
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.

Enhancing global management, we will continue to grow as a corporate group needed by people worldwide in the future.
## Europe

<table>
<thead>
<tr>
<th>Companies</th>
<th>Overview Offices</th>
<th>Group Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budapest, HUNGARY</td>
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<td>Kocaeli, TURKEY</td>
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<td>Kubota Turkey Makine Ticaret</td>
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<td>Budapest, HUNGARY</td>
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<td>Brussels, BELGIUM</td>
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Third-party Comments on KUBOTA REPORT 2016 Business and CSR Activities

**CSR at a turning point**

The year 2015 was brought major movements on a global scale regarding CSR and environmental management. In September, the Sustainable Development Goals, comprised of 17 goals and 169 targets, were announced by the United Nations, and in December, a new climate change framework treaty, the Paris Agreement, was adopted at COP21. In light of such movements, global corporations are now expected to take on an even higher level of responsibility towards society and the environment. This involves not only companies making an effort, but also responding as a management system.

**Comprehensive and systematic CSR activities**

After reviewing KUBOTA REPORT 2016, I understand the comprehensive initiatives for CSR and the systematic activities for the various initiatives as a global organization are of a high standard. Of particular note is the fact that Kubota’s top management (President Kimata) gives an extremely detailed description of Kubota’s business and CSR efforts. This is something that the CSR reports produced by many Japanese companies have failed to provide to date. This point distinguishes Kubota from other companies. Moreover, the fact that the report not only discuss each activity abstractly, but also uses specific indicators for CSR management and promotion makes it clear that systematic CSR and environment management activities are being promoted.

**Benchmark management and materiality specification**

If improvements were to be made, I believe it would be beneficial to add benchmark-type management and specify materiality while being aware of activity priorities. There are two approaches to CSR activities: the first is raising the overall standard, and the second is focusing on specific areas. While Kubota has shown itself competent at the former, I believe its activities would be further enhanced by adding an awareness of priority. Analyzing materiality while incorporating the opinions of external stakeholders helps to strengthen the management foundation of the company.

**Expectations towards Medium-Term Environmental Conservation Target 2020**

Kubota has slated Medium-Term Environmental Conservation Target 2020 as its target to achieve by 2020. It has also established Long-Term Environmental Conservation Target 2030 and is advancing environment management based on a long-term perspective. It is my hope that Kubota will enhance its activities so that it can achieve these targets. Many of the targets are quantitative, however an even higher level of effectiveness could be achieved if qualitative goals such as suppressing CO2 emissions in the supply chain—a separate activity being implemented by Kubota—were also incorporated to secure a broader scope. I hope Kubota engages in efforts to achieve its targets at a global level while fulfilling its social responsibility and considering the relationship with SDGs.
In response to the above comments

We wish to express our sincere appreciation to Dr. Kokubu for providing his invaluable comments again this year.

He has been providing third-party comments since fiscal 2009. This time it was very encouraging to receive a certain degree of appraisal regarding his comments relating to our top management giving an extremely detailed description of Kubota's business and CSR efforts, and using specific indicators for CSR management and promotion.

In regards to his comment that Kubota CSR activities would be further enhanced by being aware of priorities, this is definitely an issue we will consider in the future. We will do our best to ensure that the activities we are engaged in are connected to achieving medium-term targets directed to increasing the momentum of environmental conservation activities and expanding them to cover a broader scope.

The Kubota Group positions its corporate philosophy, the Kubota Global Identity, as the foundation of management. With the high number of issues relating to food, water and the environment in countries all around the world, both Kubota business opportunities and social responsibility alike will continue to grow. Within this environment, we have set the goal of establishing Kubota as "Global Major Brand" that is trusted by a majority of customers as the result of providing the greatest contribution to society.

Every one of the 36,000 employees of companies in the Kubota Group are united the mission of reaching the status of "Global Major Brand," and is committed to rising to the challenge of helping regions and countries around the world, thus becoming a group with a solid foundation capable of continual advancement over the long-term.

Toshihiro Kubo
Representative Director and Executive Vice President, Kubota Corporation
"Food, water, and the environment" Solve problems in these fields and build a low carbon society. We support the Japanese Ministry of the Environment’s climate change campaign called “Fun to Share.”

We participate in a water project promoted by a public-private partnership.

We support the Japanese Ministry of the Environment’s “COOL CHOICE” movement as a countermeasure for global warming.

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

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