2017 KUBOTA REPORT

For Earth, For Life

Kubota

Business and CSR Activities 〈Full Report Version〉

Contents

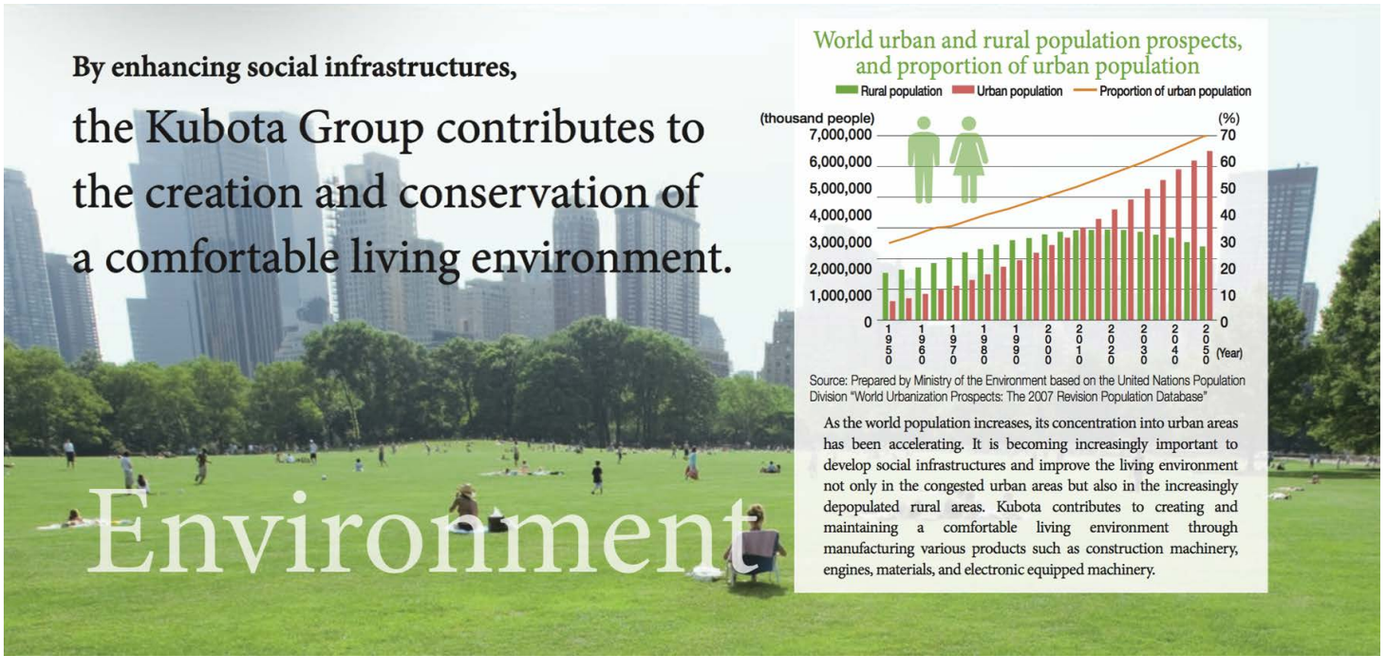
Environmental Report

Social Report

Governance Report

CSR Management of the Kubota Group

* CSR=Corporate Social Responsibility



Basic Policy for CSR Management

All Kubota Group employees share the Kubota corporate principles of Kubota Global Identity and will contribute to their 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.

Editorial note

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

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

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

Relationship between Digest Version and Full Report Version

Digest Version: 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(PDF download)
- Full Report Version(PDF download)

Period covered by this report

January 2016 - December 2016

Note: Some entries may be outside of the terms stated above.
In Environmental Report, "RY" stands for "Reporting Year."
See "Calculation Standards of Environmental Performance Indicators" for details.

Boundary of the KUBOTA REPORT 2017

In principle, the entire Kubota Group is covered.

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

Financial Report

The Economic Report contains data on the consolidated accounting based on U.S. accounting standards of generally accepted accounting principles in the United States (U.S. GAAP).
The nine months ended December 31, 2016: 172 consolidated subsidiaries and 17 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, 172 consolidated subsidiaries and 12 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.

Questionnaire concerning KUBOTA REPORT 2017

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's Direction to Aim at

Realization of “Global Major Brand Kubota”

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

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

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

Japan Kubota Brand Enhancement Project

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

Strengths of the Kubota Group

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

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

Major Businesses

Agricultural machinery

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

Construction machinery

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

Engines

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

Pipe systems and water treatment facilities

Represented by the ductile iron water pipes passed since foundation as its core business boasting the largest share in Japan, Kubota is a comprehensive manufacturer of water-related products, from the intake of water to its discharge, including major products such as pumps, valves and water treatment facilities. Within Japan, in addition to our flagship iron pipes, Kubota has made several accomplishments as a top brand in the water treatment field.

Corporate Data (as of December 31, 2016)

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

Top Message

The Kubota Group Business Activities

Contributing to solving global issues with products, technologies and services

The Kubota Group positions its corporate philosophy—the Kubota Global Identity—as the foundation of corporate management. On the basis of this philosophy, we wish to be a corporate group in which each and every officer and employee fosters awareness to whether or not the Kubota Group activities are helping to resolve issues in the fields of food, water and the environment, and contributing to society.

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

Review of the year ended December 2016

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

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

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

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

Strengths of the Kubota group

Promoting corporate management based on its corporate philosophy "Kubota Global Identity"

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

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

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

Issues and initiatives in the medium to long term

Promoting initiatives toward realization of "Global Major Brand Kubota"

Now that we have entered the era of dynamic changes in the business environment, in order to keep up with the turbulent trends and secure the growth in the medium to long term, we will further accelerate the initiatives toward realization of the "Global Major Brand (GMB)" that Kubota aims at. We will improve all of our business processes, from product development to production and sales.

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

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

Business development for the year ending December 2017

Improving earning power and accelerating business development in strategic fields

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

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

At the same time, through the deployment of the KPS to all Group companies and segments starting from fiscal 2017, we will thoroughly eliminate waste in all processes from order receipt to purchasing, production, shipment, delivery, sales, and collection of receivables, and will also achieve just-in-time operations. Furthermore, by improving the speed of product supply through the lead time reduction project, we will reduce inventories and expand market share.

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

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

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

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

Pursuing CSR management

Placing greater emphasis on social responsibility amid global business expansion

For the realization of GMB, fulfillment of CSR, corporate social responsibility, from a global perspective will become increasingly important. Through earnestly engaging in CSR activities based strongly on our corporate philosophy, the Kubota Global Identity, we will build and strengthen relationships of trust with customers and communities all over the world.

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

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

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

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

To our Stakeholders

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

We sincerely request your continuous support.

March 2017

President and Representative Director,
Kubota Corporation

木股昌俊

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

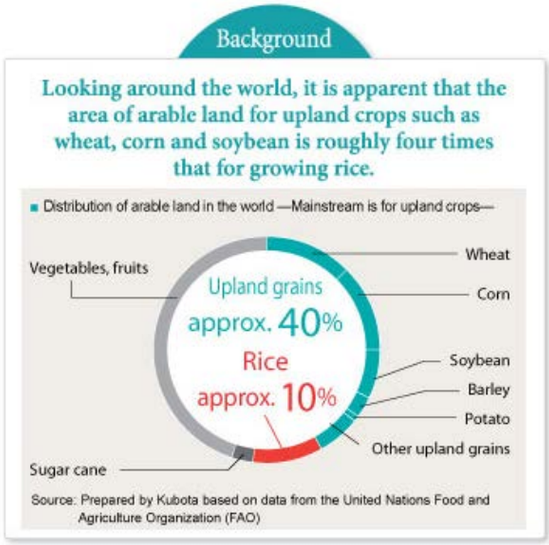
As rising food demand due to increasing populations has been boosting the demand for agricultural machinery worldwide, Kubota is accelerating the global launch of its agricultural machinery for upland farming. The Company aims to help improve the efficiency of production of upland crops, which account for approximately 40% of global agriculture, taking advantage of the technological capabilities it has developed in the rice cultivation field.

Especially in North America and Europe, where the scale of agriculture has been increasingly expanding, large, high-horsepower agricultural machinery capable of performing heavy operations is in strong demand.

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

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

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



Enhancing production, sales, and service activities

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

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

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

Improving operability, mobility, and comfort

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

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

Creating synergies with implements

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

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

Skid steer loader (SSL)

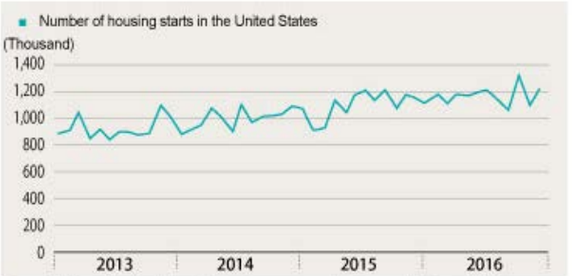
SSL's main market is North America. It is used for multiple purposes, such as construction, civil engineering, and agriculture.

For the development of society, it is crucial to enhance social infrastructure (social environment), such as constructions and roads. Housing demand in North America, in particular, has been showing an upward trend.

For the sustainable development of society, it is necessary to improve work efficiency, paying attention to the preservation of natural environment and cost reduction for public works and construction companies. Under these circumstances, construction machinery that can meet a wide range of construction needs of not only urban centers but also in rural areas is expected to play an extremely significant role.

Background

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



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

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

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

Compact excavators

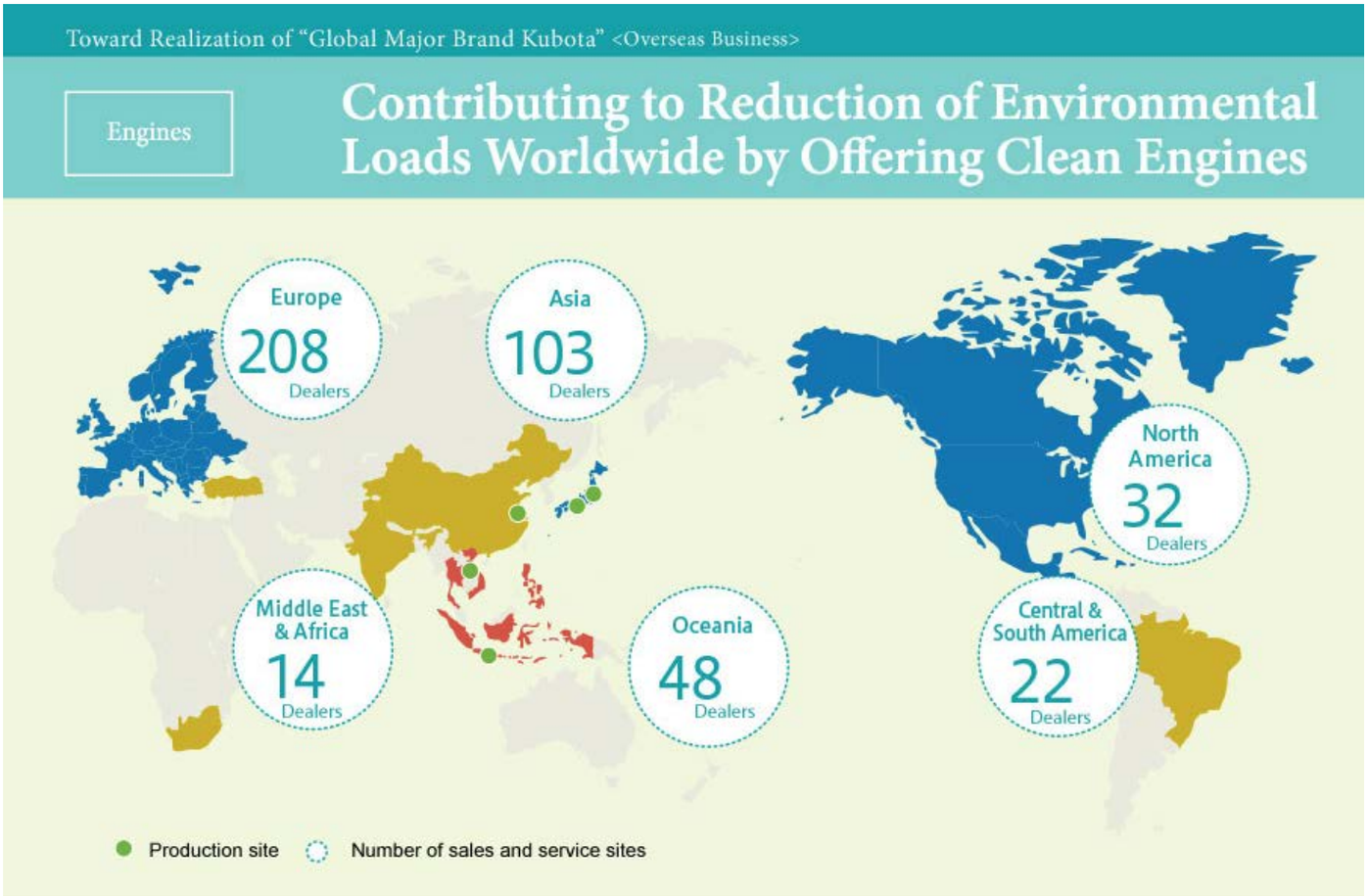
Chosen by many customers in Japan, Europe, and North America, holding the world's top share in the compact excavator market (less than 6 t).

Wheel loaders

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

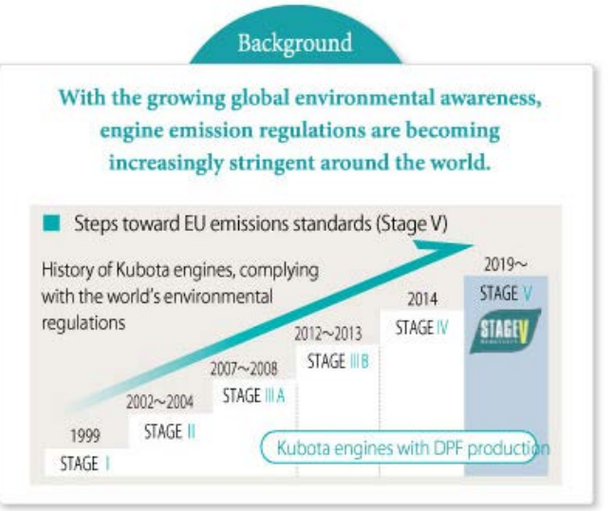
Compact truck loaders

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



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

In line with the growing global environmental awareness, engine emission regulations are becoming increasingly stringent in many countries around the world. Kubota, based on the technologies it has cultivated so far, is developing engines that can satisfy the most stringent emissions regulations in the world (EU Stage V) with reduced burden on the environment.



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

Europe, US, Japan

DPF+SCR

DPF only

China, India, Turkey, South Africa, Brazil

With EGR

Thailand, Philippines, Vietnam, Indonesia

Without EGR

DPF（Diesel Particulate Filter）	Post-exhaust treatment device (filter) that collects the particles contained in diesel engine exhaust
SCR（Selective Catalytic Reduction）	Post-diesel exhaust treatment device that reduces nitrogen oxides (NOx) to harmless nitrogen and water
EGR（Exhaust Gas Recirculation）	Mechanism that recirculates a portion of exhaust back into combustion air, thereby reducing generation of nitrogen oxides (NOx)

Production, sales and service sites

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

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

Toward Realization of "Global Major Brand Kubota" <Business in Japan>

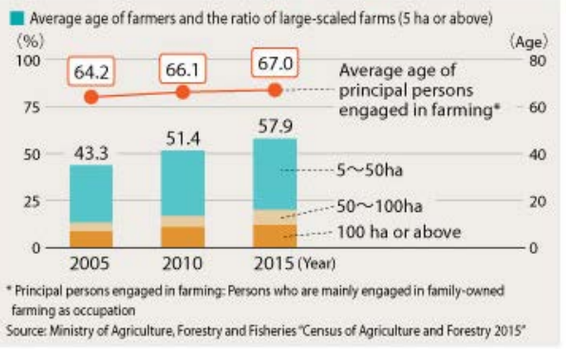
Agricultural Machinery

Contributing to Sustainable Japanese Agriculture

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

Background

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



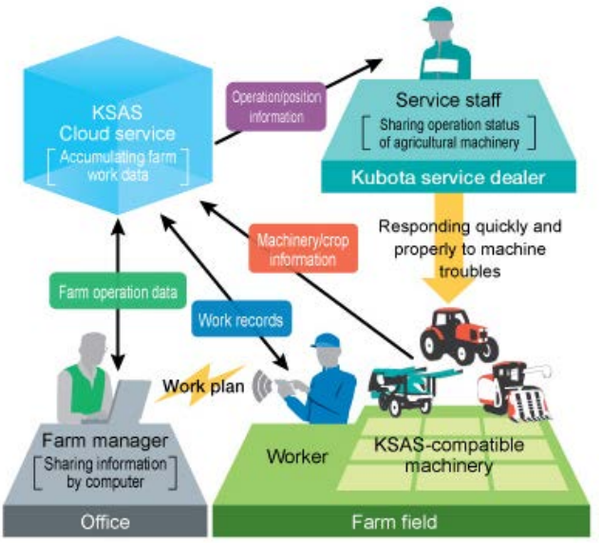
* Principal persons engaged in farming: Persons who are mainly engaged in family-owned farming as occupation

Source: Ministry of Agriculture, Forestry and Fisheries "Census of Agriculture and Forestry 2015"

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

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

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



KSAS
KUBOTA Smart Agri System

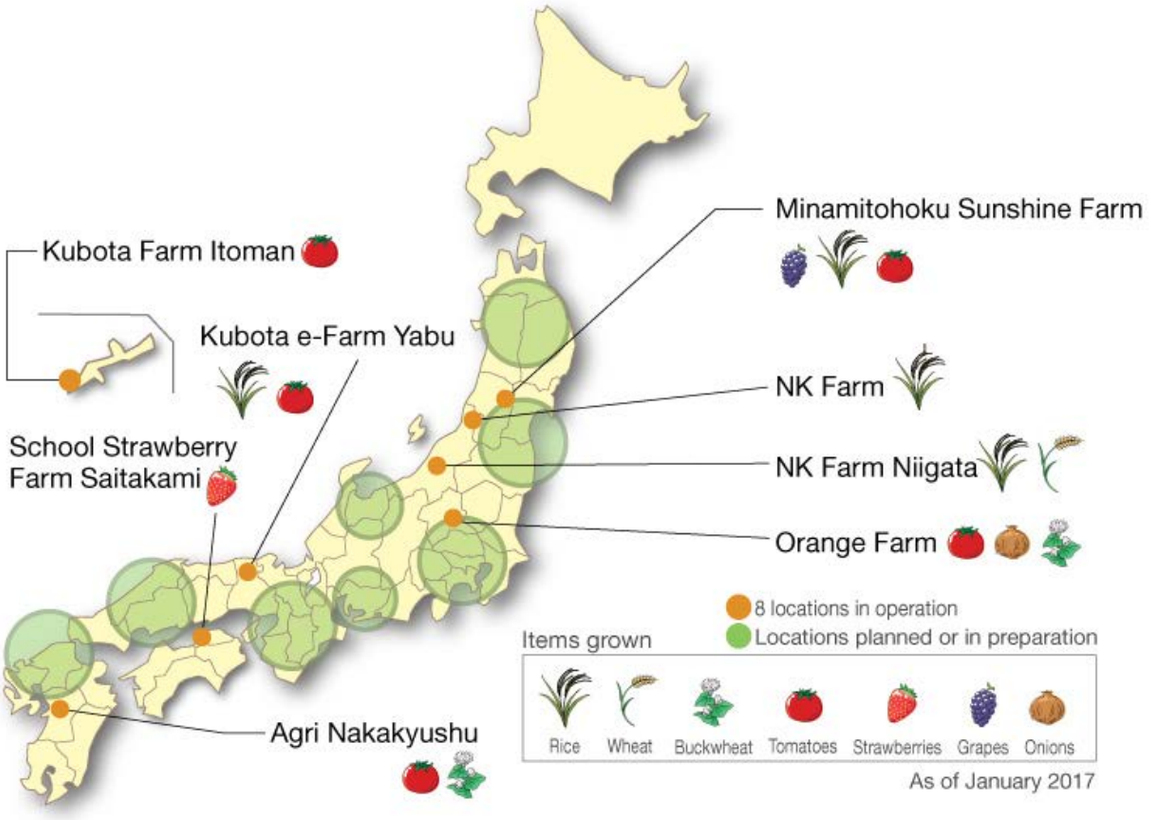

Rice transplanter with keeping straight function


Autonomous tractor (under development)

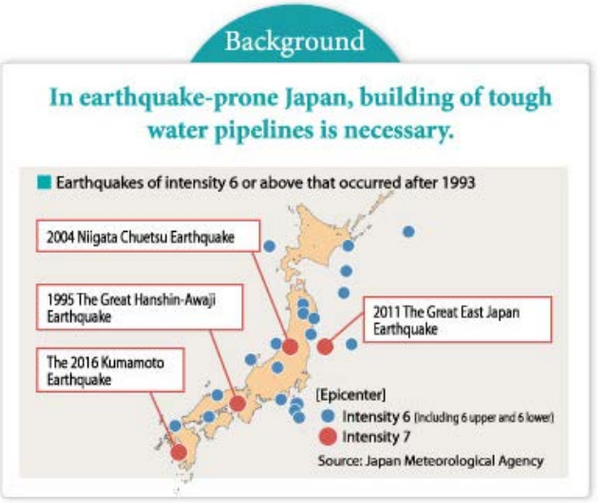
"Kubota's Farm" to practice and demonstrate sustainable farm management models

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

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

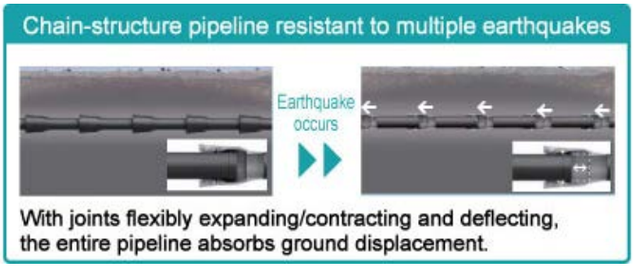


In Japan, at least one earthquake with intensity of 6 lower or above on the Japanese seismic intensity scale occurs each year on average. Water suppliers are required to update and make earthquake-resistant the water pipelines with limited budget and staff, while income from usage fees has been decreasing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



Contributing to promotion of updated and earthquake-resistant water pipelines

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



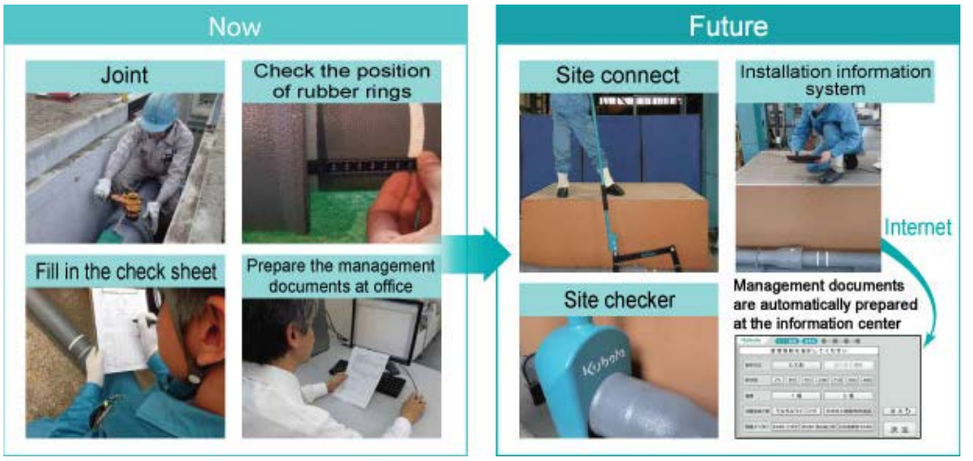
Efficient water pipeline installation and construction management utilizing IoT

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

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

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

Site innovation



KSIS
KUBOTA Smart Infrastructure System

Financial and Non-financial Highlights

4-year Summary of Key Financial Data

	2014.3	2015.3	2015.12 (9 months)	2016.12
Operating results for fiscal year (in billions of yen)				
Revenues	¥1,510.5	¥1,584.3	¥1,244.8	**¥1,596.1**
Operating income	203.9	203.1	166.9	**188.8**
Income before income taxes and equity in net income of affiliated companies	212.4	210.7	169.5	**197.0**
Net income attributable to Kubota Corporation	132.7	139.5	110.1	**132.5**
Capital investments	51.6	50.4	35.3	**65.4**
Depreciation and amortization	35.3	38.2	31.2	**43.4**
R&D expenses	36.0	39.5	29.6	**43.0**
Net cash provided by operating activities	83.0	85.9	197.0	**185.0**
Free cash flow*1	29.5	39.5	157.8	**128.8**
As of fiscal year-end (in billions of yen)				
Total assets	¥2,110.7	¥2,472.2	¥2,532.9	**¥2,670.6**
Shareholders' equity	935.8	1,100.1	1,140.3	**1,198.8**
Interest-bearing debt	592.1	765.1	768.7	**818.0**
Per share data (yen)				
Earnings per share (EPS)*2	¥105.74	¥111.68	¥88.47	**¥106.58**
Book-value per share (BPS)*3	748.76	883.10	916.28	**966.19**
Annual cash dividends	28	28	28	**30**
Financial indicators				
Operating margin (%)	13.5	12.8	13.4	**11.8**
Return on assets (ROA)*4 (%)	10.7	9.2	—*	**7.6**
Return on equity (ROE)*5 (%)	15.3	13.7	—*	**11.3**
Shareholders' equity to total assets (%)	44.3	44.5	45.0	**44.9**
Payout ratio (%)	26.5	25.1	31.6	**28.1**
Net debt equity ratio*6(times)	0.54	0.59	0.55	**0.54**

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, some data on the chart below is presented on the 12-month basis, which commenced on January 1, 2015 and ended on December 31, 2015, as a reference. Return on assets and return on equity of the year ended December 31, 2015 are calculated on the 12-month basis only.

* Kubota Corporation adopted the new accounting standard related to debt issuance costs on January 1, 2016. To reflect the impact of this change, the results for the previous years have been retrospectively adjusted.

*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

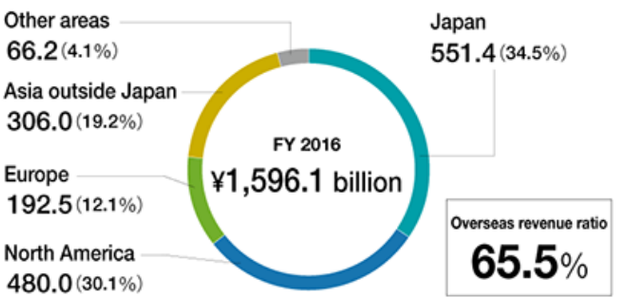
*4 Return on assets (ROA) = Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and ending balance)

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

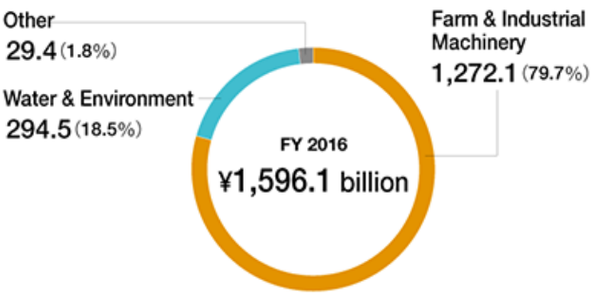
*6 Net debt equity ratio = (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity

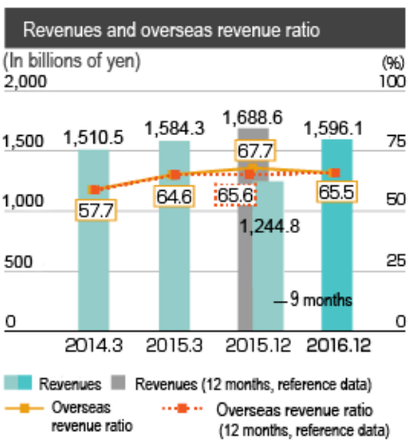
Please refer to the Annual Securities Report for the detailed financial information.
>For details. see here.

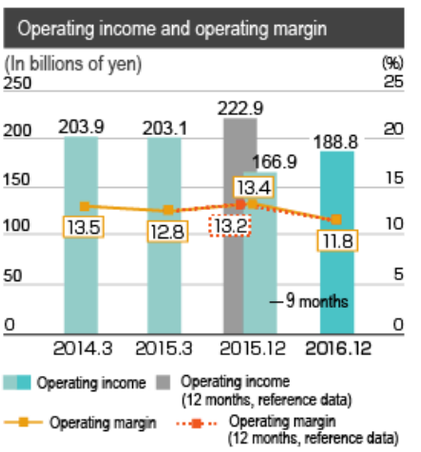
Revenues by region (billions of yen)

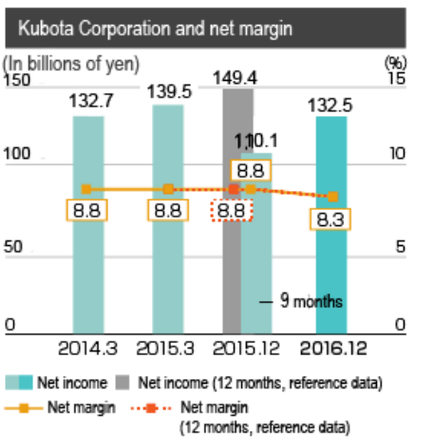


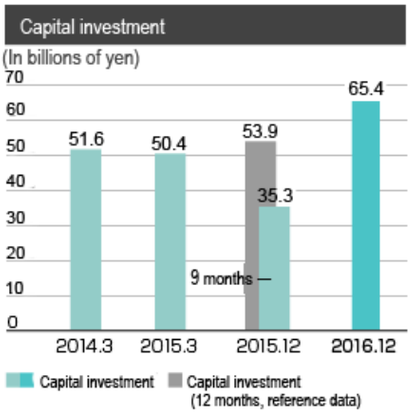
Revenues by reporting segment (billions of yen)

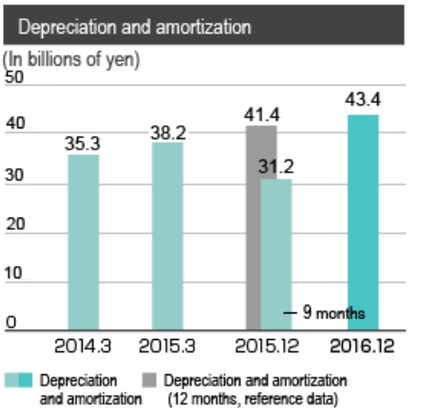


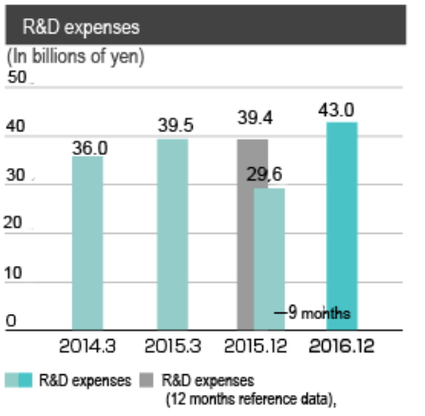




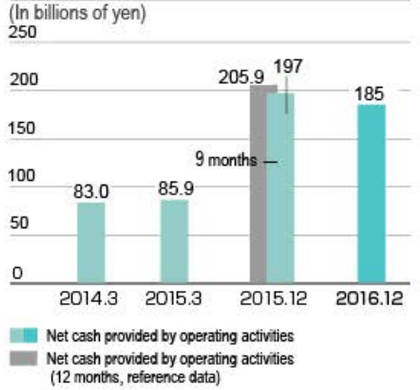




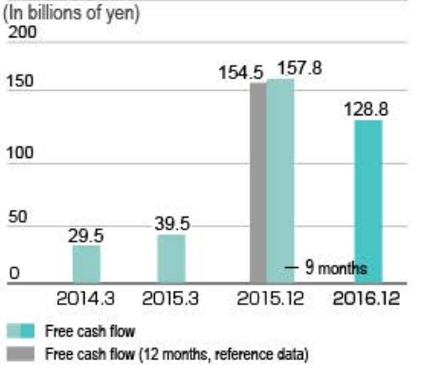




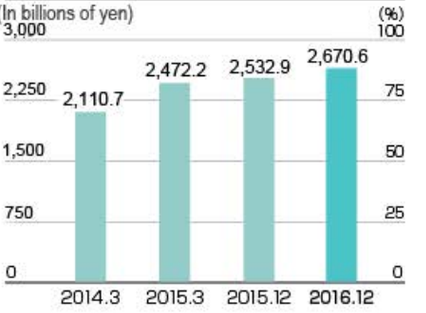
Net cash provided by operating activities



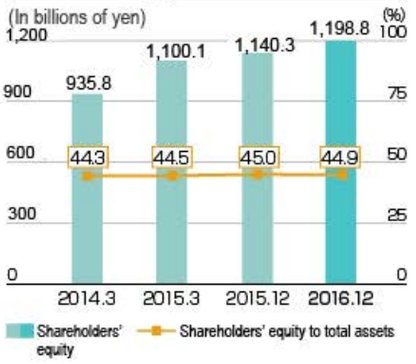
Free cash flow



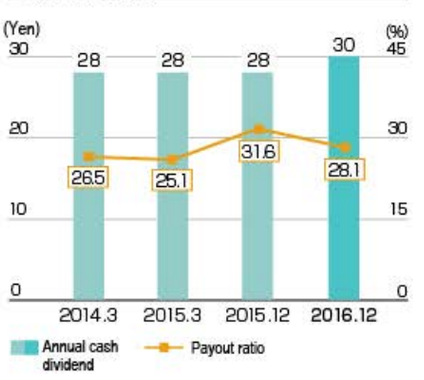
Total assets



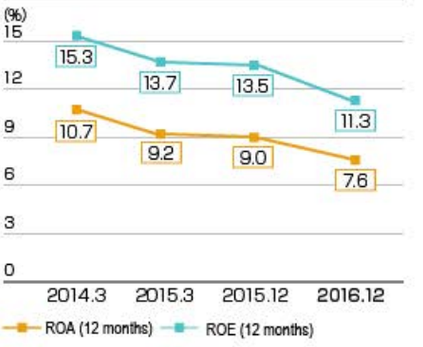
Shareholders' equity and shareholders' equity to total assets



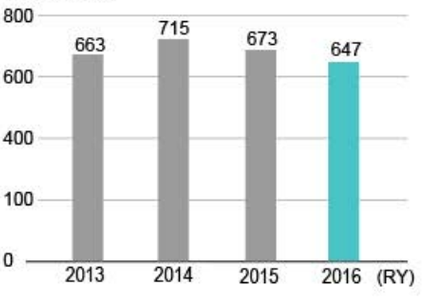
Annual cash dividend per share and Payout ratio



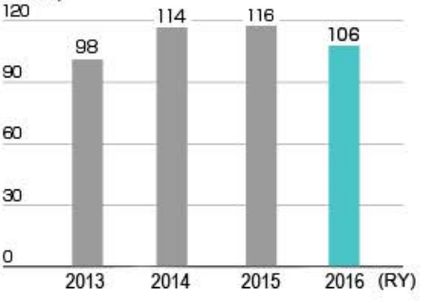
ROA*4 · ROE*5



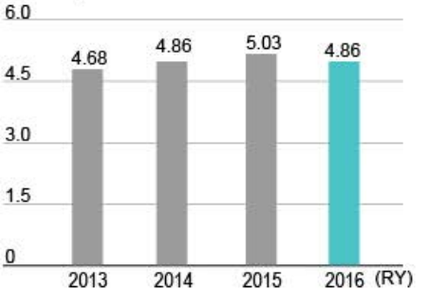
CO_2 emissions*7



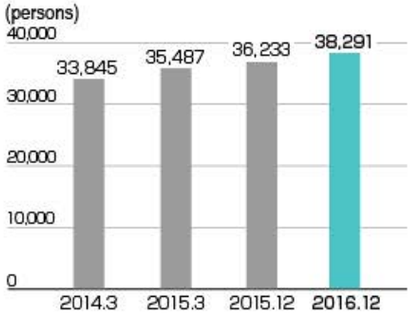
Waste discharge*7



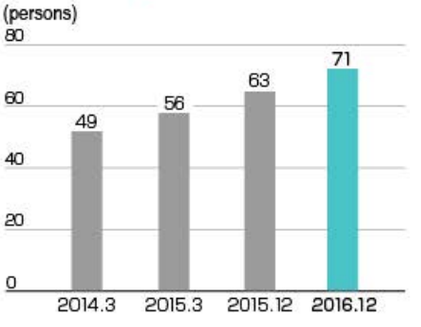
Total water consumption*7



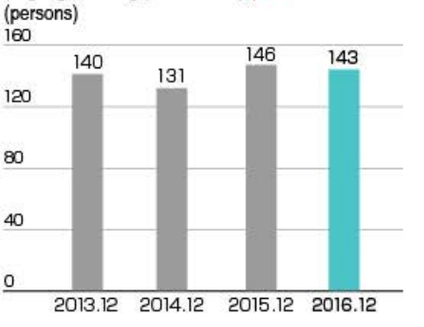
No. of employees



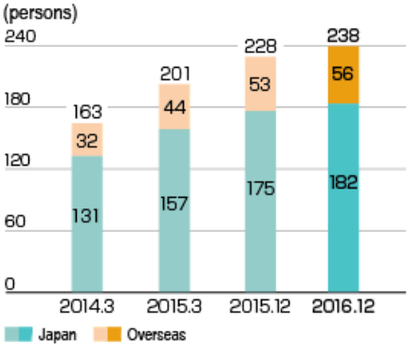
No. of females in management positions (Kubota Corp.)*8



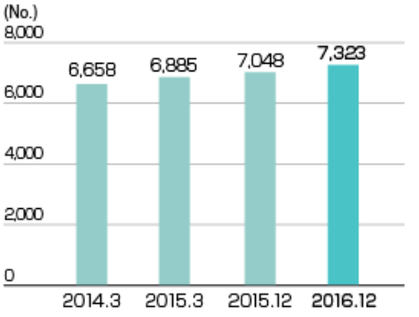
No. of employees who have completed foreign language training (Kubota Corp.)*8



No. of participants in the Technical Skills Contest



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



Inclusion in SRI Indices

member of the INVESTMENT REGISTER
ETHIBEL EXCELLENCE
MSCI 2017 Constituent MSCI Global Sustainability Indexes
MSCI 2017 Constituent MSCI Global SRI Indexes
Corporate Responsibility Prime rated by oekom research
MS-SRI
(As of March 1, 2017)

*7 For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators.

*8 The totals for the period from January 1 to December 31 of each year.

Business Overview

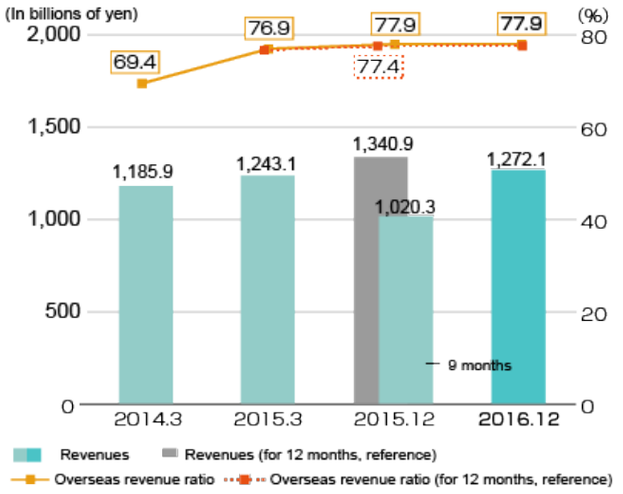
Farm & Industrial Machinery

Results of FY2016

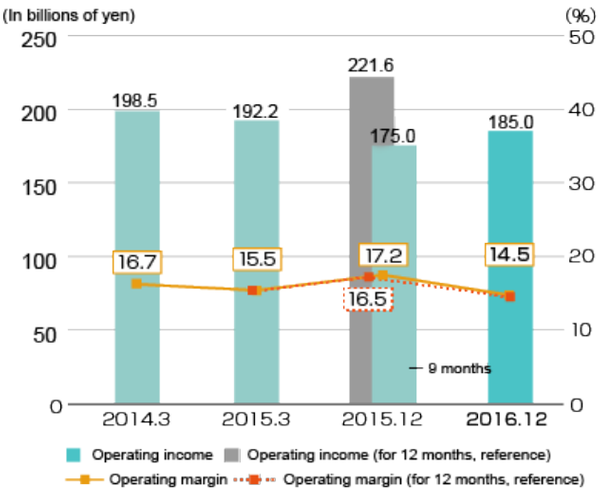
Revenues in Farm & Industrial Machinery decreased by 5.1% from the same period in the prior year to ¥1,272.1 billion and accounted for 79.7% of consolidated revenues. Domestic revenues decreased by 7.0% to ¥281.5 billion. Overseas revenues decreased by 4.6% to ¥990.7 billion. Operating income decreased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

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

Revenues and overseas revenue ratio



Operating income and operating margin



Launching multipurpose tractors tailored to local needs in the Indian market

In India, the largest tractor market in the world, tractors are used year-round, not only for agricultural work but also for towing trailers to transport farm produce and construction materials.

Kubota developed a multipurpose tractor specifically designed to meet the unique needs of the Indian market, and started mass production and sales at the end of 2015. This model is heavier than conventional tractors, and demonstrates excellent towing performance and high durability against use under severe conditions.

With this launch of tractors tailored to local needs, Kubota will proactively open up the Indian market.

Multipurpose tractor transporting sugar cane

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

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

Since they use different sizes of trucks to unload rice hulls from combine harvesters and park the trucks in a variety of places, Kubota has launched the head-feeding combine harvesters equipped with rotary unloaders, which can be used under various conditions.

Also, in response to the rising demand for higher-performance machines to win competitions between professional contract harvesters, Kubota has also introduced crawler-type conventional combine harvesters with horsepower improved from 67 to 99, thereby satisfying the needs of the rapidly changing Chinese market.

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

Crawler-type conventional combine harvester PRO988Q

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

In Japan, where the number of large-scaled farmers has been increasing and the scale of farming operation has been expanding, there is growing need for agricultural machines with improved work efficiency and operability.

In response to this need, Kubota has fully launched the M7 Series for the large-scale upland and dairy farming market in Japan. By introducing models equipped with an auto-steering function, thereby enhancing the lineup of its GPS machinery called the Farm Pilot series, Kubota aims to contribute to improving the productivity of farming operations in Japan.

This M7 Series won the Good Design Award 2016. Its performance in reducing the burden of workers and its dynamic design demonstrating the tractor's inherent strengths were highly regarded.

The cabin designed to ensure comfort for long work hours

Water & Environment

Results of FY2016

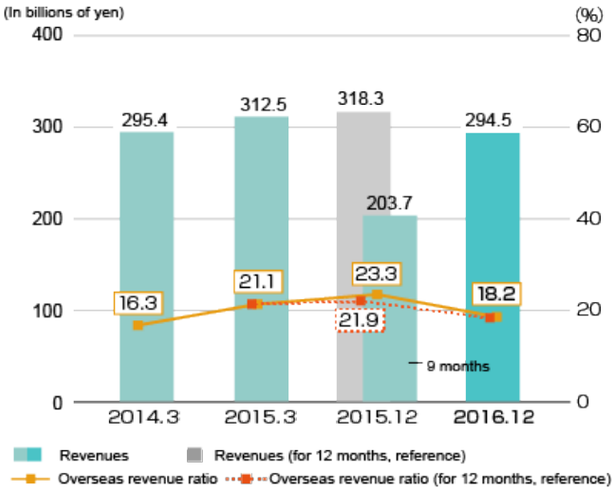
Revenues in Water Environment decreased by 7.5% from the same period in the prior year to ¥294.5 billion and accounted for 18.5% of consolidated revenues.

Domestic revenues decreased by 3.2% to ¥240.9 billion. Overseas revenues decreased by 22.8% to ¥53.7 billion.

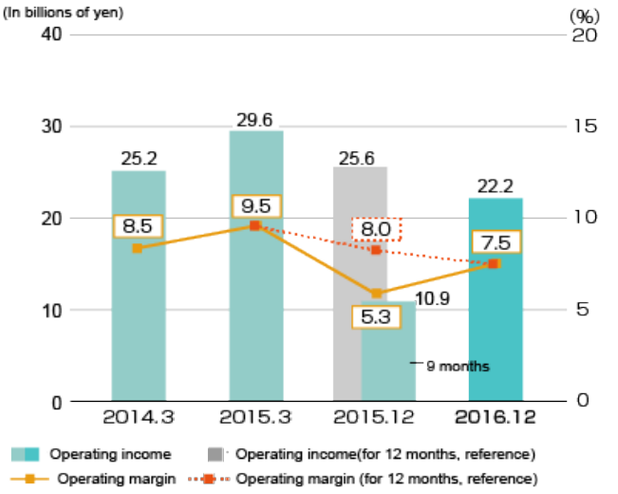
Operating income decreased by 13.3% to ¥22.2 billion.

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

Revenues and overseas revenue ratio



Operating income and operating margin



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

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

The project is intended to be completed in 2019. Kubota will contribute to ensuring safe water supply and improving the living environment of the residents of Chittagong, by making full use of its know-how of waterworks infrastructure development that it has cultivated for over a century.

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

Instructing local engineers of the installation procedure

Environmental Management Basic Policy

In line with its brand statement, "For Earth, For Life," while protecting the beauty of the global environment, the Kubota Group is committed to the continued support of people's affluent lifestyles. Through its business, the Group contributes to building a sustainable society.

Environmental 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 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

Kenshiro Ogawa
Director and Senior Managing Executive Officer
General Manager of Manufacturing Engineering Headquarters
(Environmental Conservation Control Officer)

The Kubota Group upholds the slogan "For Earth, For Life" as its mission, and contributes to the conservation of the global environment through "Made by Kubota" manufacturing activities. We promote environmental management led by members at the management level, and accelerate initiatives to reduce the environmental loads and environmental risks and enhance the lineup of environmentally-friendly products, with the aim of achieving the Long-Term Environmental Conservation Targets for 2030 and the Medium-Term Environmental Conservation Targets for 2020 formulated in the year before last.

For the realization of the Global Major Brand Kubota (GMB Kubota), the goal we announced last year, we are implementing measures to enhance our business structure, such as the shortening of lead times and reduction of stocks, with the aim of establishing a global manufacturing system based on the Kubota Production System (KPS). We adopt this concept of KPS in the environmental sphere, and will promote the complete elimination of waste and loss in the use of energy and resources and make continuous efforts for further improvement of our activities.

For environmentally-friendly products, while working to expand the sales ratio of Eco-Products, we will also enhance our products and services that contribute to the conservation of the environment and the solution of customers' problems, such as KSAS, a cloud service to help improve the efficiency of farm operations, and KSIS, an IoT solution system that will help optimize the operations of water infrastructure facilities and plant management.

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

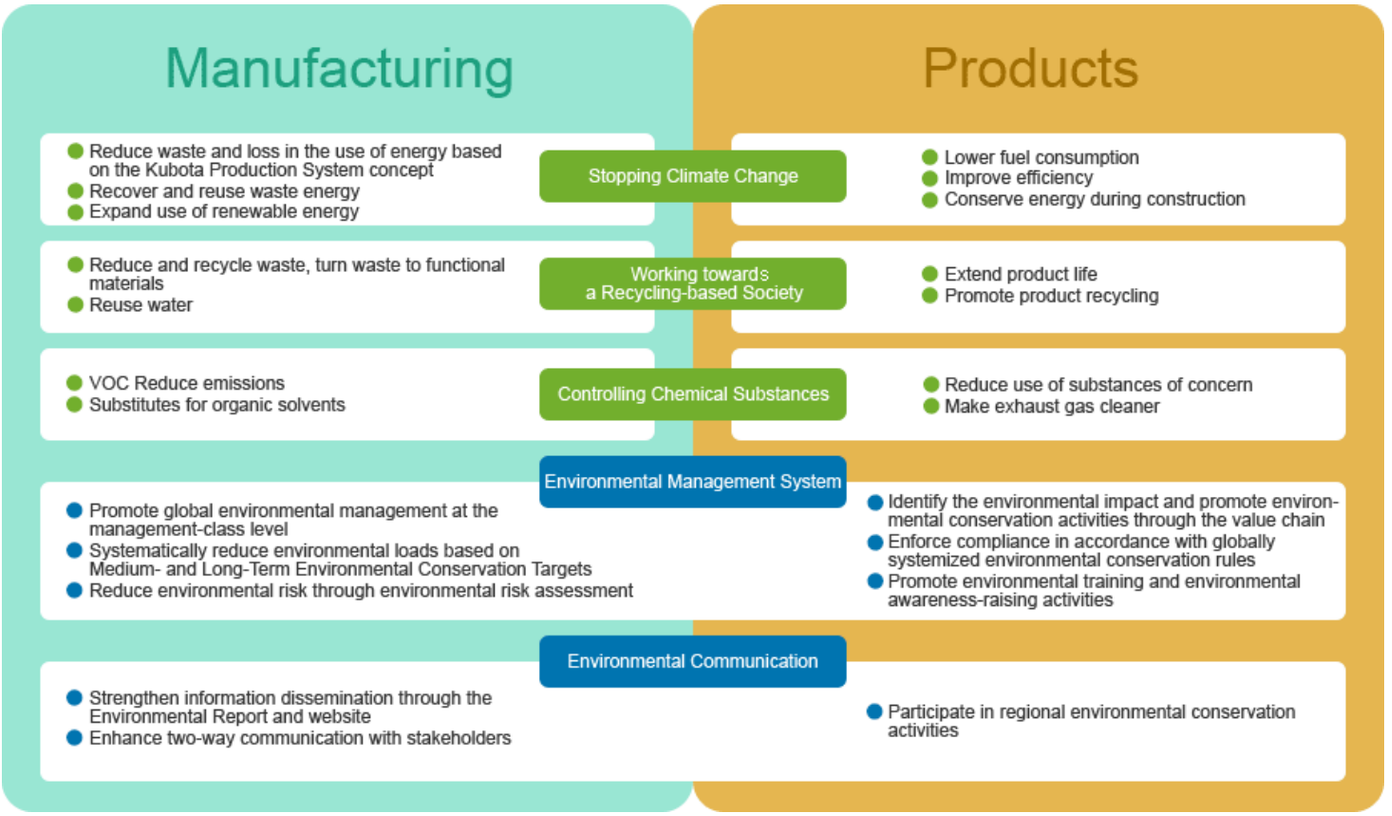
Basic Direction of Corporate Environmental Management / Key Measures

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

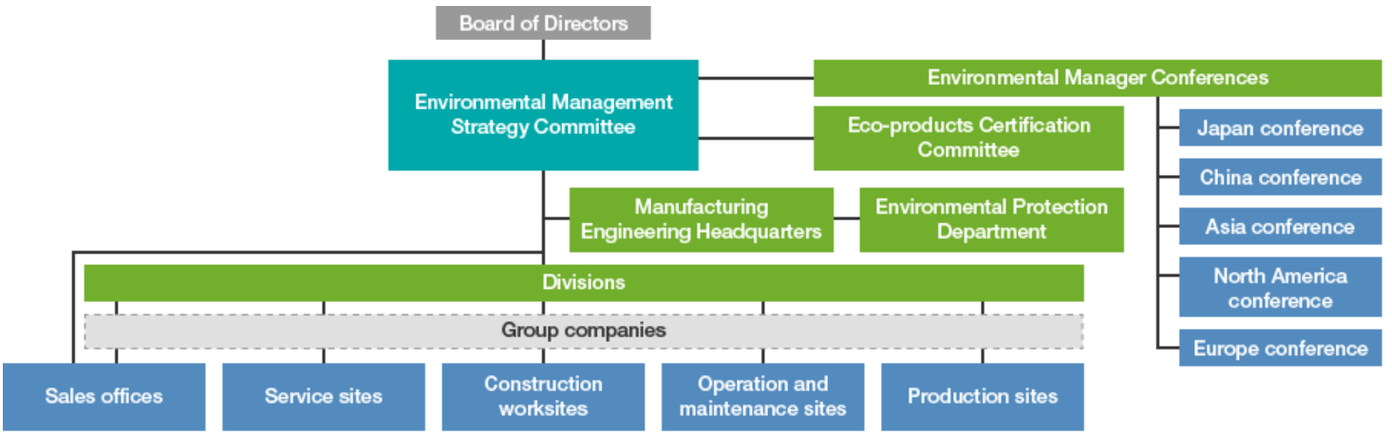
Aiming to achieve the Basic Direction of Corporate Environmental Management, the Kubota Group engages in environmental management with key measures focused on the two perspectives of manufacturing and products, and in accordance with the basic concept of reducing environmental load at the same time as 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 medium- and long-term direction of the Kubota Group's environmental management, such as medium and long-term targets and key measures. It determines priority items and plans that should be carried out in order to reduce environmental impact and risk, and to enhance 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 Management Strategy Committee

Environmental Manager Conferences

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

In RY2016, the conferences were held in Japan and China. For the Japan Conference, environmental managers and staff members of 22 sites, including Group companies, gathered. At the China Conference, in addition to the environmental managers and staff members of seven companies with production sites in China, environmental managers from Japan’s mother plants also participated.

At these conferences, the policies of the Kubota Group and the results of discussions at the Environmental Management Strategy Committee were communicated. Participants presented their achievement of energy-saving measures and observed the improvement initiatives at plants. They also discussed the problems of each operation field faced by each site, as well as Group-wide problems, and examined the countermeasures to be taken. After the conference, participants gave positive feedback, such as that it was a precious opportunity to learn the initiatives of other sites and that they could deepen their understanding through exchanging opinions.

In Japan, some subcommittees were newly established under this conference, in order to have more focused discussions on issues of specific operation fields, such as waste management and reduction of environmental load, with a view to finding measures for improvement. We will position these conferences as a function for enhancing our activities on a practical basis, raising the level of environmental conservation activities at each site, and enhancing ties within each region.

China Conference at Kubota Construction Machinery (Wuxi) Co., Ltd.

Japan Conference at Kubota Utsunomiya Plant

Medium- to Long-Term Environmental Conservation Targets and Results

The influence of climate change, such as extreme weather events, has been gradually worsening, and the world's movement toward the reduction of greenhouse gas has been increasingly activated. Global environmental issues are posing a significant threat to "ensuring food security", as well as "ensuring a safe and secure water supply."
In order to contribute to building a sustainable society as a sustainable company, the Kubota Group has been promoting environmental activities by formulating its medium and long-term targets for environmental conservation. The Kubota Group has formulated Long-Term Environmental Conservation Targets for 2030 and Medium-Term Environmental Targets for 2020. Toward achieving these targets, the Group is advancing systematic initiatives in both the production and product development stages.

The environmental information provided in the KUBOTA REPORT 2017 Business and CSR Activities <Full Report Version>(PDF) has received third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indexes subject to assurance are marked with " " symbol.

Long-Term Environmental Conservation Targets 2030

Efforts to stop climate change

Reduce CO_2 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[*2] certified products 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 and the Results for RY2016

In RY2016, the Kubota Group started the initiatives toward achieving its new medium-term targets, Medium-term Environmental Conservation Targets 2020. Each business site and division determined measures to take and formulated an implementation plan up to RY2020, taking into consideration the fluctuations in the volume and contents of business. From now on, we will work to ensure the implementation of the plans and examine advanced measures.

Scope	Issues	Actions items	Management Indicators*4	Base RY	Targets for RY 2020*9	Results of RY 2016*9	Achievement Status
Global production sites	Stopping Climate Change	Reduce CO_2*1	CO_2 emissions per unit of production	2014	▲14%	▲9.6%	We are promoting the energy-saving initiatives for production equipment, lighting, etc., fuel conversion, and the measures for heat insulation of buildings.
		Save energy	Energy consumption per unit of production	2014	▲10%	▲8.7%	
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲10%	▲8.8%	We are promoting thorough sorting of wastes and separating valuable resources out of wastes.
			Recycling ratio (Japan)*5	-	More than 99.5%	99.8%	We are maintaining the existing level through continuous efforts.
			Recycling ratio (Overseas)*5	-	More than 90.0%	89.0%	We are promoting the reduction of the amount of waste sent to landfills by changing contractors.
		Conserve water resources	Water consumption per unit of production	2014	▲10%	▲2.7%	We are promoting recycling of waste water and saving of water use.
	Controlling Chemical Substances	Reduce VOCs*3	VOC emissions per unit of production*6	2014	▲10%	▲7.1%	We are promoting the substitution or reduced use of VOC-contained paint, thinner, etc.

Scope	Issues	Actions items	Management Indicators*4	Base RY	Targets for RY 2020*9	Results of RY 2016*9	Achievement Status
Product	Improving Product's Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products*2	—	More than 60%	44.2%	In RY2016, 22 products were newly certified as Eco-Products.
		Promote recycling	Usage ratio of recycled materials*7	—	More than 70%	More than 70%	We are maintaining the usage ratio of recycled materials higher than the target.
		Develop vehicles compliant with exhaust gas regulations	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*8			The following products*10 were put on the market. ・Tractors（M6S Series）: North America EPA Regulation (75 kW and above, lower than 130 kW, Tier 4) ・Tractor（WORLD M1060W）: Japan regulations on Emissions from Non-Road Special Motor Vehicles (75 kW and above, lower than 130 kW, Regulation 2014)	

*1 CO_2 emissions include greenhouse gases from non-energy sources. In Medium-Term Environmental Conservation Targets 2020, we use the emissions coefficient for electricity of the base year in our calculation of CO_2 emissions from energy sources.

*2 The sales ratio of the products which have fulfilled the internal requirements in our own Eco-Products Certification System
Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

*3 VOCs (volatile organic compounds) comprise the six substances 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 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100. Heat recovery is included in external recycling amount.

*6 VOC emissions and the production money amount of Great Plains Manufacturing, Inc. (GP), which became Kubota's consolidated subsidiary in July 2016, are excluded from the calculation of the VOC emissions per unit of production for the result of RY2016.

*7 Usage ratio of recycled materials (%):materials used in the cast metal products and parts (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))

*8 Targeting the tractors and combine harvesters (output range: 56 kW≤P<560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage IV) level, shipped to Europe, North America, Japan, and Korea.

*9 ▲ means "minus".

*10 Major products of launched products into markets in 2016

As an "Eco-First Company"

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

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

Eco-First Mark

See here for details on Eco-First Company certification

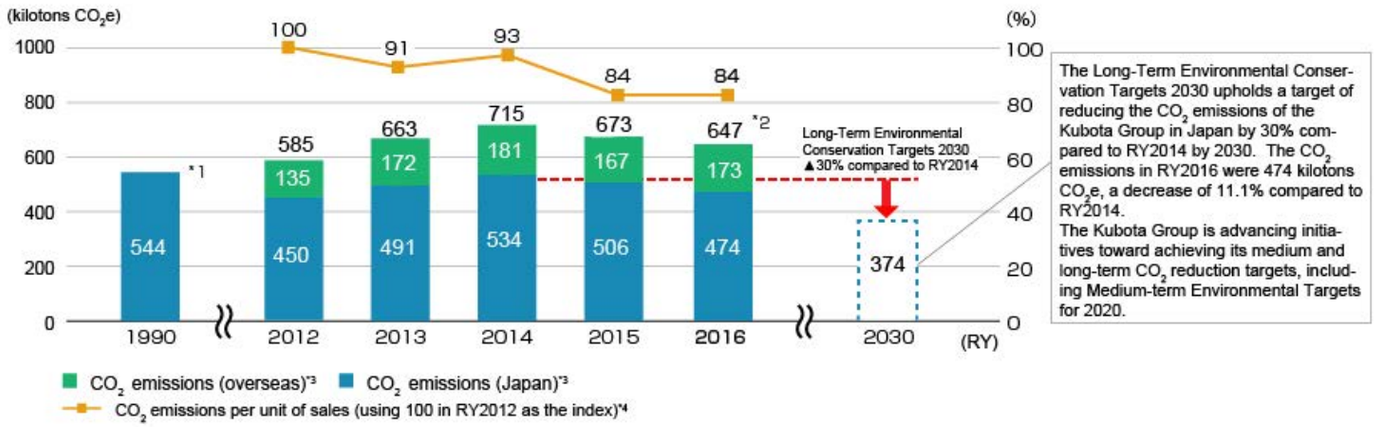
Stopping Climate Change

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 entered into force in November 2016 and the world's movement toward the reduction of greenhouse gas has been increasingly activated. The Kubota Group is engaged in initiatives to reduce CO_2, placing a focus on energy-saving activities in order to prevent global warming.

CO_2 Emissions (Scope 1 and Scope 2)

In RY2016, CO_2 emissions were 647 kilotons CO_2e, a decrease of 3.9% compared to the previous reporting year. Additionally, CO_2 emissions per unit of sales improved by 0.6% compared to the previous reporting year. The decrease in CO_2 emissions is mainly due to the reduction of production volume at cast iron production sites in Japan. We are continuously promoting the energy-saving initiatives for production equipment, lighting, etc., fuel conversion, and various other measures.

Trends in CO_2 Emissions and Emissions per Unit of Sales



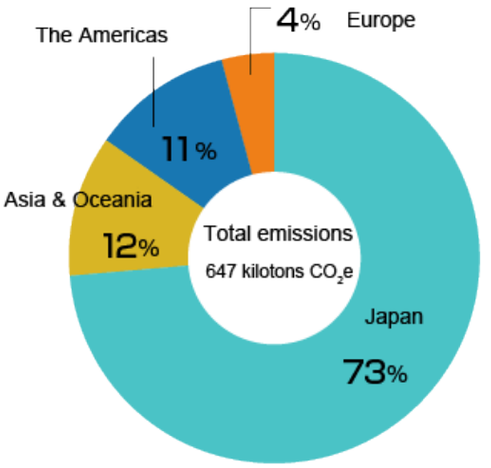
*1 CO_2 emissions for RY1990 are the emissions from energy sources at only Kubota production sites.

*2 CO_2 emissions (647 kilotons CO_2e) include portions of CO_2 that were not released into the atmosphere but absorbed as carbon into products such as iron pipe (24 kilotons CO_2e).

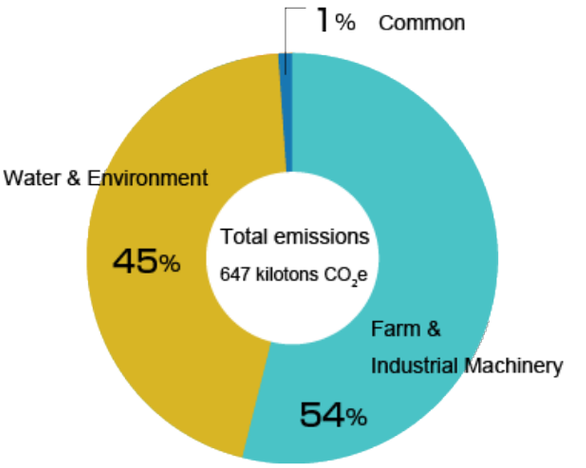
*3 CO_2 emissions after RY2012 include greenhouse gases from non-energy sources.

*4 CO_2 emissions per unit of consolidated net sales.

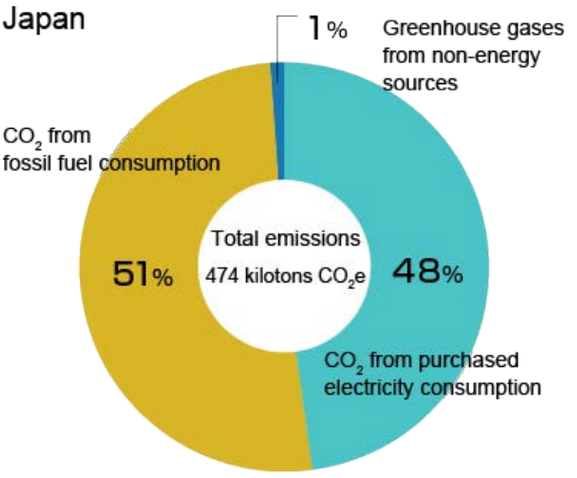
CO_2 Emissions by Region (RY2016 results)

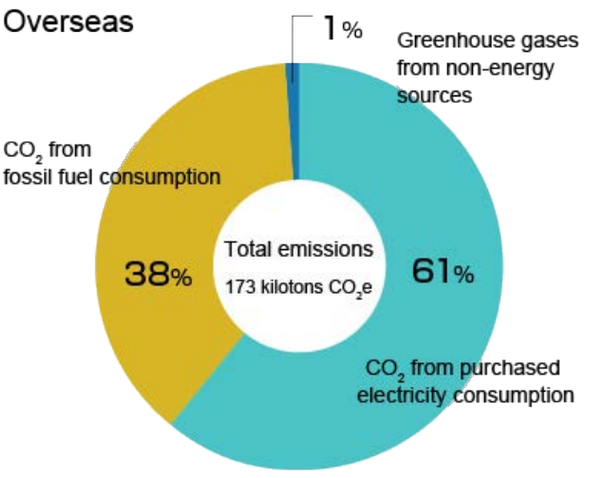


CO_2 Emissions by Business (RY2016 results)

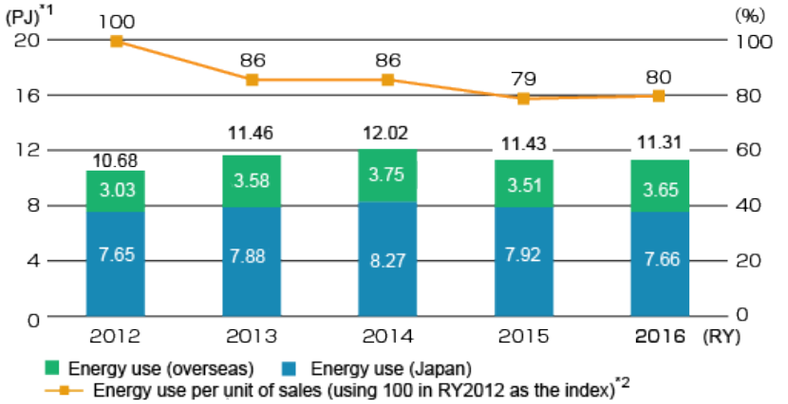


CO_2 Emissions by Emission Source (RY2016 results)





Trends in Energy Use at Business Sites



*1 PJ = 10^{15}J

*2 Energy use per unit of consolidated net sales.

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

We at SIAM KUBOTA Corporation Co., Ltd. Amata Nakorn Plant (Thailand) worked on reduction of the energy consumption in the painting lines.

The conventional pre-paint treatment solution required heating up to 45 to 50°C. For this temperature control, our plant had to operate four boilers, which consumed approx. 60% of the natural gas used at the entire plant.

We therefore started research and development in cooperation with the manufacturer in 2011 to enable room-temperature management of the pre-paint treatment solution. The switchover to the pre-paint treatment solution available at room temperature started in 2012 for part of the painting lines, and completed by the end of 2015 for all the painting lines.

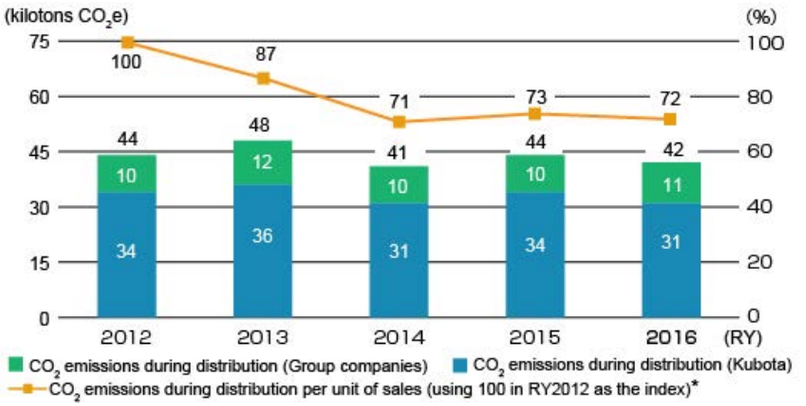
As a result, operation of the four boilers became unnecessary, and we succeeded in substantial reduction of the use of natural gas in 2016. For this achievement, we received in November 2014 the Prime Minister's Industry Award from the prime minister of Thailand and the Thailand Energy Award from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. We will make continued efforts to further reduce the energy consumption.

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

CO_2 Emissions during Distribution

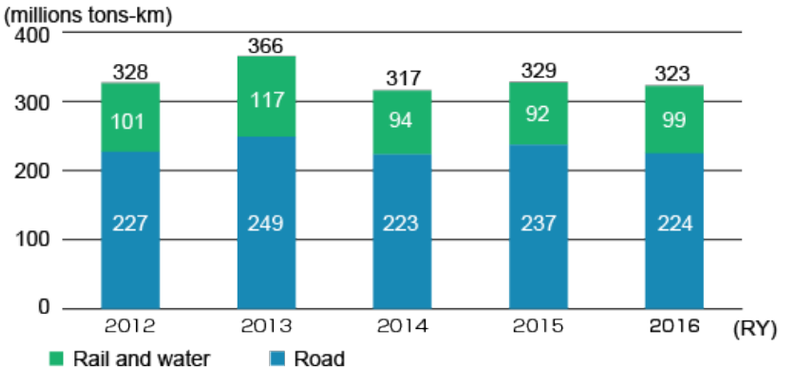
In RY2016, CO_2 emissions during distribution were 42 kilotons CO_2e, a decrease of 5.2% compared to the previous reporting year. Additionally, CO_2 emissions during distribution per unit of sales improved by 2.0% compared to the previous reporting year. The decrease in CO_2 emissions during distribution is mainly due to the reduction in the volume of freight traffic. We are continuously promoting various approaches such as improving loading efficiency by combining transportation and realizing a modal shift through the use of ships.

Trends in CO_2 Emissions during Distribution and Emissions per Unit of Sales (Japan)



* CO_2 emissions during distribution per unit of consolidated net sales.

Trends in Freight Traffic (Japan)



* From KUBOTA REPORT 2017, we combined the volume of freight traffic of transportation by rail and water.

CO_2 Emissions throughout the Value Chain

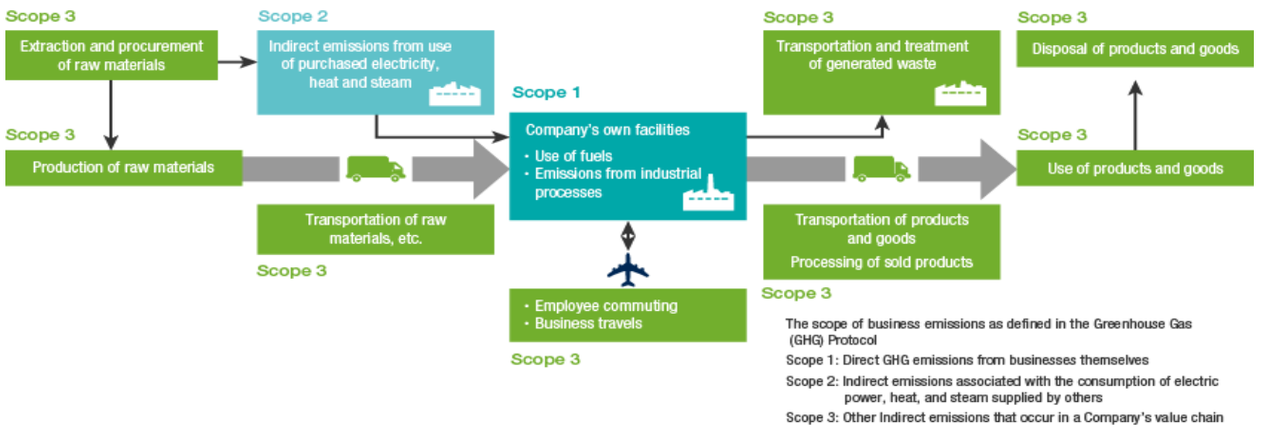
The Kubota Group makes concerted efforts to figure out CO_2 emissions throughout the value chain in addition to its business sites. Following guidelines*, we calculate CO_2 emissions based on Scope 3, and continue to expand the categories in the Scope of our calculation of CO_2 emissions.

* 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.

CO_2 Emissions in Each Stage of Value Chain (RY2016 results)

Classification		Scope of calculation	CO_2 emissions (kilotons CO_2e)
Emissions of the Kubota Group's business sites	Direct emissions (Scope 1)	Use of fossil fuels	306
		Non-energy-related greenhouse gas emissions	7
	Indirect emissions (Scope 2)	Purchased electricity use	334
Upstream and downstream emissions	Other indirect emissions (Scope 3)	Resource extraction, transportation and manufacturing related to purchased goods, etc.	2061
		Extraction and production of capital goods such as equipment	219
		Extraction, production and transportation of fuels for generation of purchased electricity	25
		Disposal of wastes discharged from business sites	16
		Employee business travels	9
		Employee commuting	3
		Transportation of products and wastes	42
		Processing of sold products	65
		Use of sold products	18440
		End-of-life transportation and treatment of sold products	38

Example Activities of Each Scope



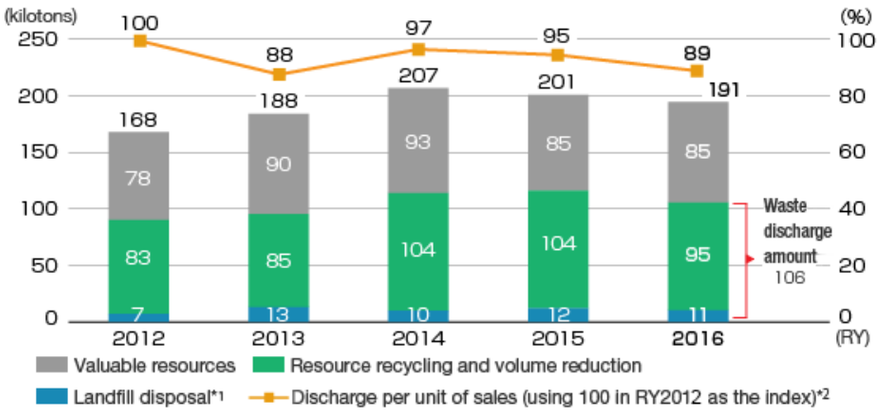
Working towards a Recycling-based Society - The 3Rs of Waste

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 wastes 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 RY2016, the waste discharge amount was 106 kilotons, a decrease of 8.8% compared to the previous reporting year. Additionally, the waste discharge per unit of sales improved by 5.7% compared to the previous reporting year. The decrease in waste discharge is mainly due to the reduction of production volume at cast iron production sites in Japan. We are continuously promoting thorough sorting of wastes and separating valuable resources out of wastes.

Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales

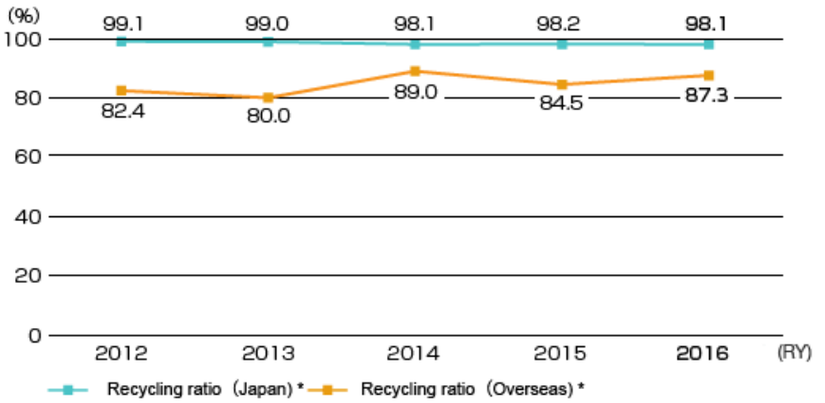


*1 Landfill disposal = Direct landfill disposal + Final landfill disposal following intermediate treatment

*2 Waste discharge per unit of consolidated net sales.
Waste discharge = Resource recycling and Volume reduction + Landfill disposal

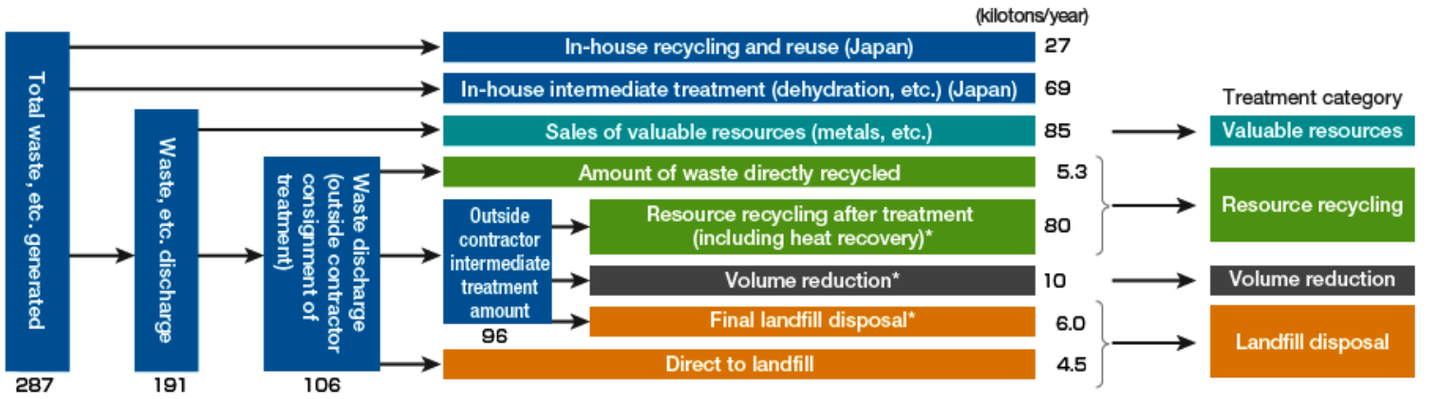
The resource recycling ratio in RY2016 was 98.1% in Japan, down 0.1 points compared to the previous reporting year. On the other hand, the recycling ratio overseas was 87.3%, a 2.8 points improvement compared to the previous reporting year, due to the efforts such as promoting recycling of casting dust, etc.

Trends in Recycling Ratio



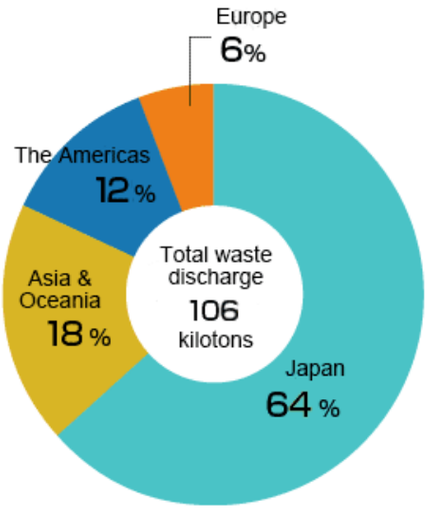
* Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount)÷(Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100. Starting in RY2013, heat recovery has been included in external recycling volume. The resulting difference compared with the previous method that did not include heat recovery is minor.

Waste Recycling and Treatment Flow (RY2016 results)

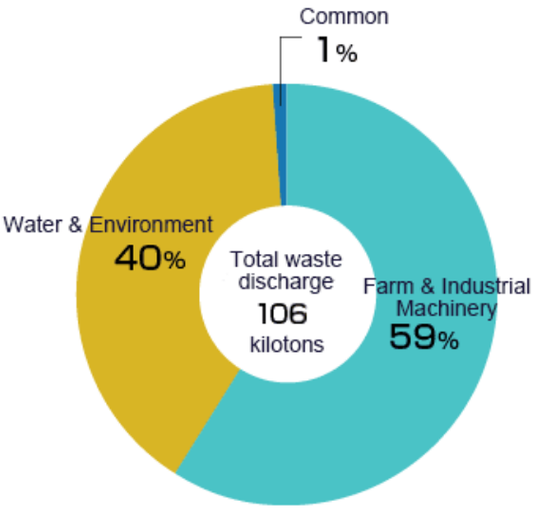


* The amounts of resource recycling after treatment, volume reduction, and final landfill disposal were the results of surveys conducted by outside intermediate treatment companies.

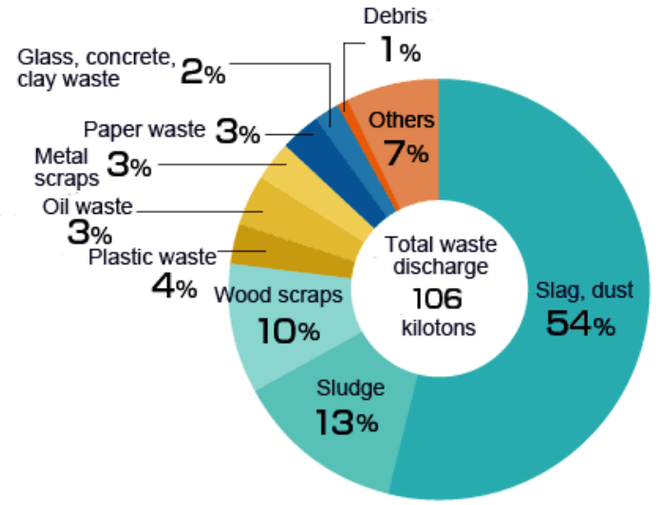
Waste Discharge by Region (RY2016 results)



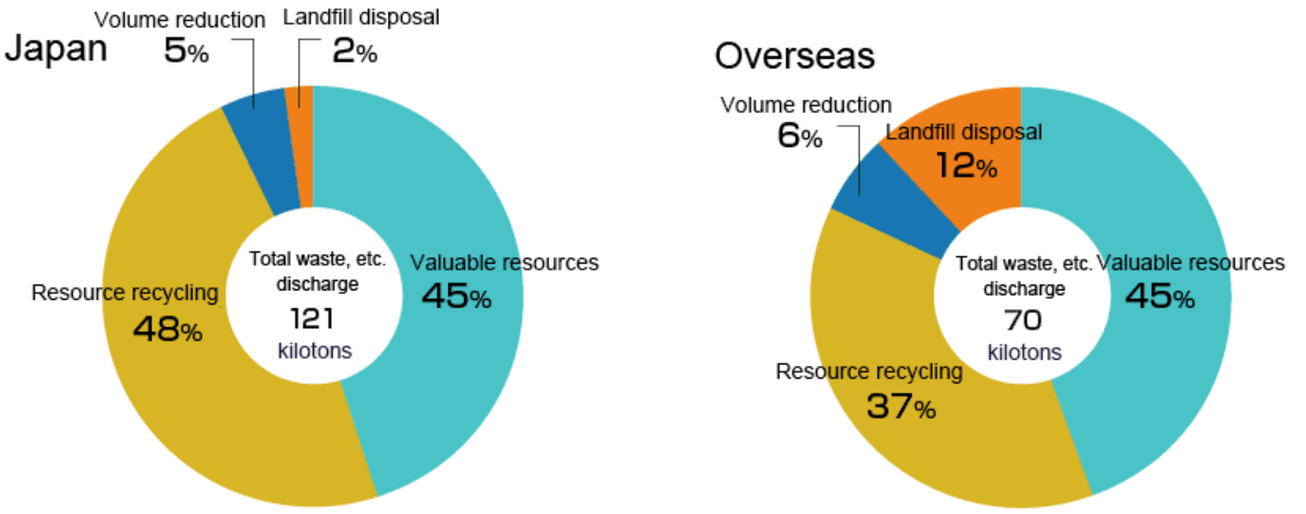
Waste Discharge by Business (RY2016 results)



Waste Discharge by Type (RY2016 results)



Waste, Etc. Discharge by Treatment Category (RY2016 results)



Voice Reducing waste discharge by introducing a sludge removal system for the painting booth water tanks

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) developed a system to remove sludge of the painting booth water tanks, with the aim of reducing the amount of waste discharge.

Before this development, sludge removal for the four water tanks of our painting booth had to be conducted separately for each tank using chemicals, and the water of the tanks had to be entirely thrown away and replaced once or twice monthly.

Thus, in February 2015 we started examining a system that would help reduce the frequency of changing the tank water, and in November the same year, we introduced a circulatory system using a collective water tank. In this circulatory system, water of the tanks of each painting booth is sent to a newly installed collective water tank, in which sludge removal is collectively conducted, and the water after sludge removal is sent back to each painting booth.

The introduction of this system reduced the frequency of changing the tank water to once a year, resulting in the reduction of approx. 500 tons (estimated value) of water disposal annually, which is approx. one-sixth of the amount before the introduction of the circulatory system. The system has also enabled automatic sludge removal without suspending operation of the paining equipment, thereby improving efficiency of work.

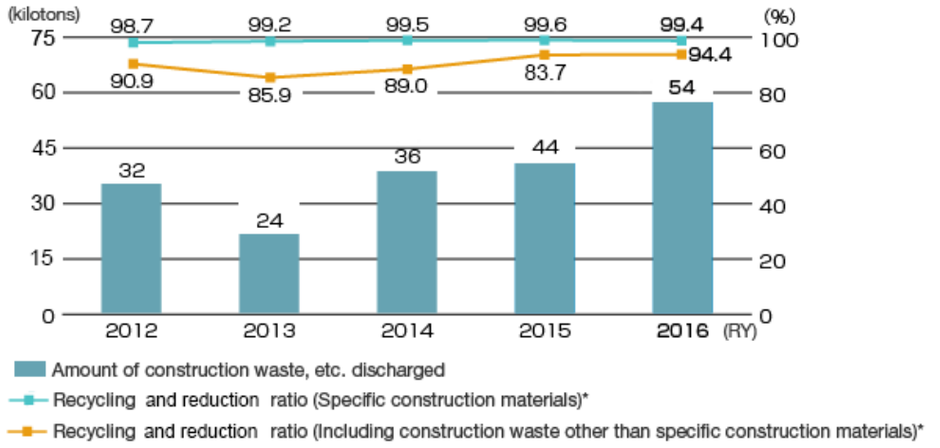
We will make continued efforts to further reduce the waste generation and improve work efficiency.

Kubota Agricultural Machinery (Suzhou) Co., Ltd.
Manufacturing Engineering Department
Chen Chao

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 and reduction ratio fluctuates. However, Kubota maintains a high recycling and reduction ratio for specific construction materials.

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



* Recycling and reduction ratio = [Sales amount of valuable resources + Resource recycling (including heat recovery) + Volume of reduction] ÷Amount of construction waste, etc. discharged (including sales amount of valuable resources) x 100 (%)
Until RY2015, the resource recycling ratio (referring to the Calculation Standards of Environmental Performance Indicators) was calculated. In RY2016, we adopted a new calculation method in which we calculate the reduction volume in accordance with the Promotion Plan for Recycling of Construction Waste 2014 (Ministry of Land, Infrastructure, Transport and Tourism) and determine the recycling and reduction ratio.
The result of conventional calculation for RY2016 is 99.2% for the special construction materials, and 87.6% for the entire construction waste, etc.

Handling and Storage of Equipment Containing PCB (in Japan)

Transformers, capacitors and other equipment containing polychlorinated biphenyls (PCB) are properly reported, stored and handled based on the Japanese Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and Japanese Waste Disposal Law. Waste with high-concentration PCB is being disposed of steadily, beginning with sites for which acceptance at PCB treatment facilities are available. Waste with low-concentration PCB will be properly disposed of by the disposal deadline of March 2027.

Although PCB-containing waste in storage is being controlled in accordance with the relevant laws, a case of inappropriate disposal of equipment containing low-concentration PCB was found in 2016. We implemented necessary countermeasures and are working to prevent recurrence.

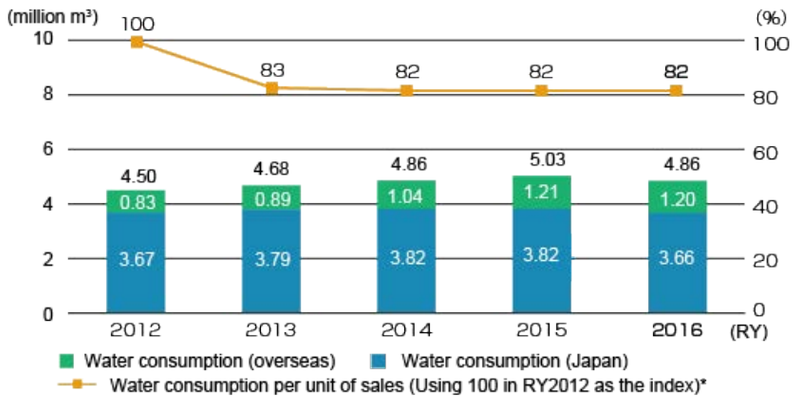
Working towards a Recycling-based Society - The 3Rs of Water

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

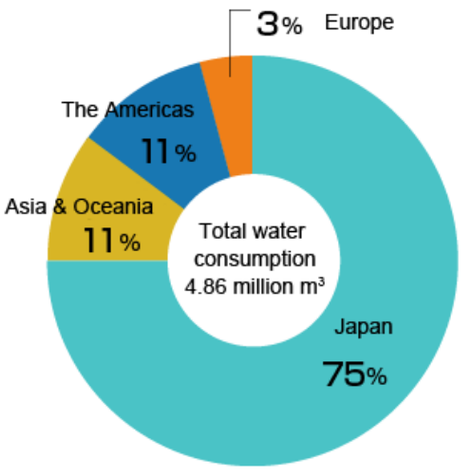
In RY2016, water consumption was 4.86 million m^3, a decrease of 3.4% compared to the previous reporting year. Additionally, water consumption per unit of sales improved by 0.2% compared to the previous reporting year. The decrease in water consumption is mainly due to the reduction of production volume at cast iron production sites in Japan and at overseas production sites for formed and fabricated materials. We are continuously promoting recycling of waste water and saving of water use.

Trends in Total Water Consumption and Consumption per Unit of Sales

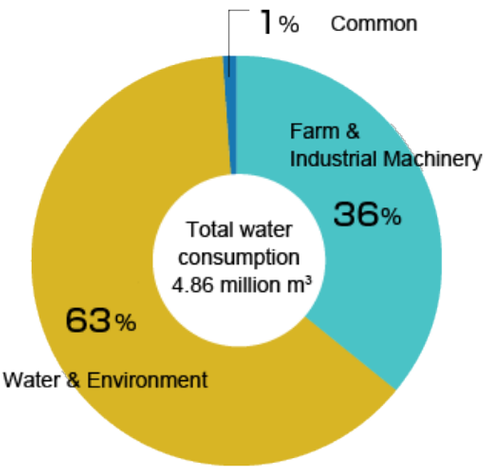


* Water consumption per unit of consolidated net sales.

Water Consumption by Region (RY2016 results)

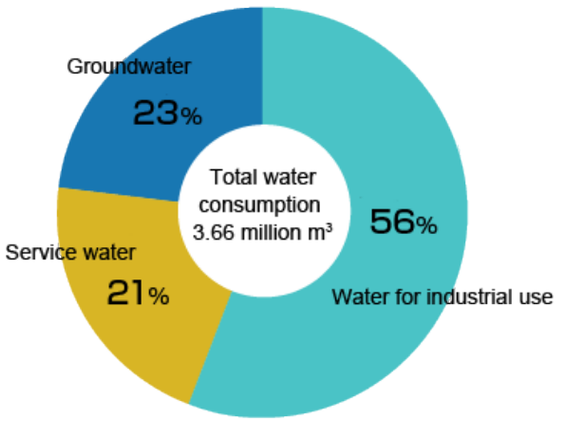


Waste Consumption by Business (RY2016 results)

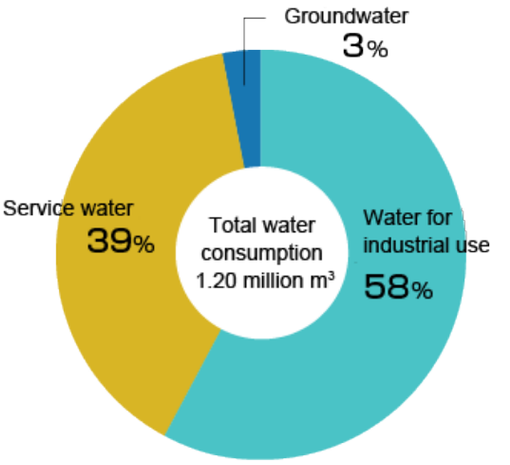


Water Consumption by Type (RY2016 results)

Japan



Overseas



Water Stress Survey Conducted for All Production Sites

Demand for fresh water is expected to rise sharply worldwide, due to population increase and economic growth. Meanwhile, however, supply of freshwater is likely to become increasingly unstable due to the impact of global warming, etc. Thus, there is a growing interest in "water risks," such as water shortage, flood, and torrential rain, as a factor that may have serious impact on business activities.

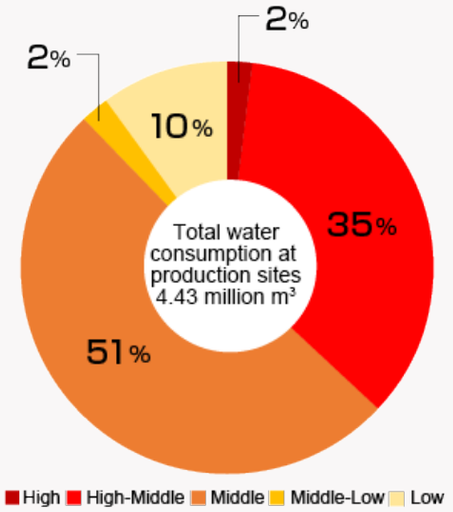
In order to identify the risks related to the use of water resources and find effective responses to such water risks, the Kubota Group conducted a survey concerning water stress[*1] for all of its production sites.

The results of the survey on water stress of a total of 52 sites in 15 countries using WRI Aqueduct[*2] and WBCSD Global Water Tool(Version2015 1.3.5)[*3] are as follows:

Results of the Survey on Water Stress of Production Sites

Region/country		Water stress level / number of sites				
		High	High-Middle	Middle	Middle-Low	Low
Asia	Japan	1	9[*4]	9	2	0
	China	0	3	1	0	0
	Indonesia	0	2[*4]	0	0	0
	Thailand	0	0	4	1	0
	Saudi Arabia	1[*4]	0	0	0	0
Europe	Russia	0	1	0	0	0
	Norway	0	0	0	0	1
	Denmark	0	0	0	0	1
	Netherland	0	0	0	1	0
	Germany	0	0	1	1	0
	France	0	1	0	0	1
	Italy	0	1	0	0	0
	United Kingdom	0	0	1	0	0
North America	Canada	0	0	0	0	1
	United States	6	0	2	0	0
Total		**8**	**17**	**18**	**5**	**4**

Water Consumption by Water Stress Level (RY2016 results)



The results of the survey showed that about half of the production sites (25 sites in total) are located in areas with water stress of the high to middle level, of which the sites in the coastal area of Osaka Bay (Japan), Saudi Arabia, and the Midwest area of the United States (eight sites in total) are located in areas with extremely high water stress. The amount of water consumption in these areas with extremely high water stress account for approx. 2% of total water consumption.

The Kubota Group has been involved in initiatives such as the effective utilization of water resources by promoting wastewater recycling. As a result of these initiatives, the Group achieved in RY2016 approx. 150,000 m^3 reduction (compared to RY2014) in water consumption at production sites. Based on the results of this survey on water stress, Kubota will continue to promote the initiatives to ensure 3Rs of water.

*1 Water stress refers to the state where the annual water availability per capita is less than 1700 t and people feel inconvenience in their daily life (according to the World Resources Institute (WRI)).

*2 A tool developed and released by the World Resources Institute (WRI) to assess water risk information

*3 A tool developed and released by the World Business Council for Sustainable Development (WBCSD) to assess water risk information

*4 For the sites with no data by river basin, assessment results by country are employed.

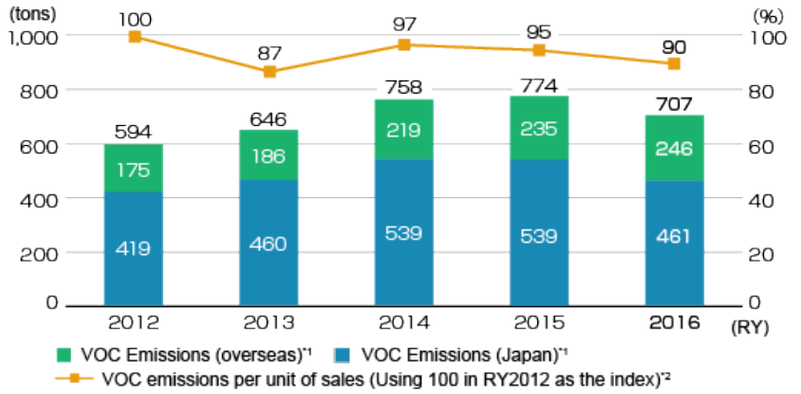
Controlling Chemical Substances

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

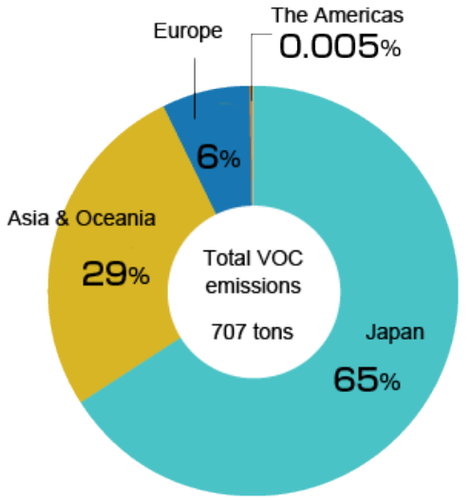
In RY2016, volatile organic compound (VOC) emissions were 707 tons, a decrease of 8.6% compared to the previous reporting year. Additionally, the VOC emissions per unit of sales improved by 5.5% compared to the previous reporting year. The decrease in VOC emissions is mainly due to the reduction of production volume at cast iron production sites in Japan. We are promoting the ongoing measures, such as elimination or reduced use of VOC-contained paint, thinner, etc., and switching to VOC-free materials.

Trends in VOC Emissions and Emissions per Unit of Sales

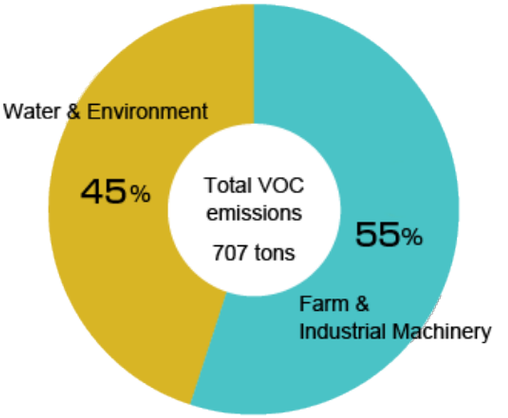


*1 VOCs comprise the six VOCs that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.
*2 VOC emissions per unit of consolidated net sales.

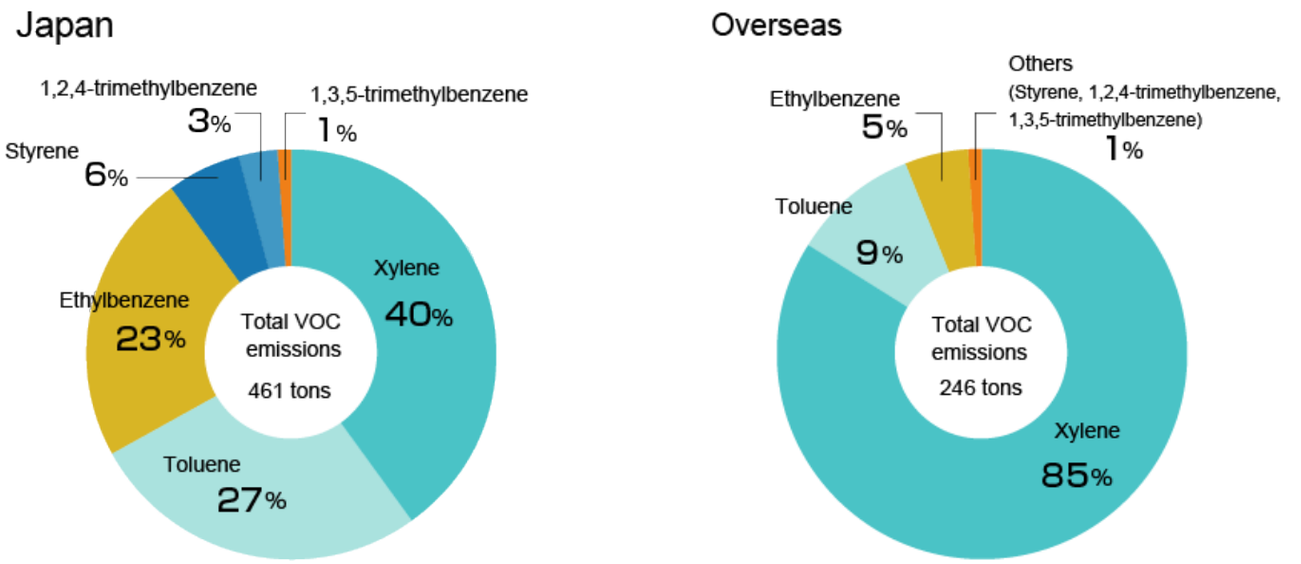
VOC Emissions by Region (RY2016 results)



VOC Emissions by Business (RY2016 results)



VOC Emissions by Substance (RY2016 results)

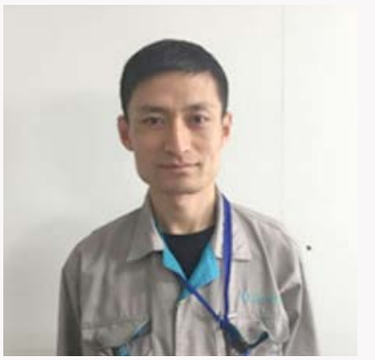


Voice **Reducing the use of chemical substances by changing the pre-paint treatment solution and introducing a thinner collection and recycling system**

At Kubota Engine (Wuxi) Co., Ltd., we worked on the reduction of the amount of chemical substances handled in production processes. As the pre-paint treatment to improve corrosion resistance and adhesiveness of paint, iron phosphate was used. Since waste water containing iron phosphate is strictly regulated and is difficult to be discharged after treatment, we condensed it and then entrusted its disposal to contractors as industrial waste. This process was associated with generation of sludge. Thus, in November 2015, we changed the pre-treatment solution to zirconium oxide. This eliminated hazardous iron phosphate in waste water, reducing approx. 70% per product unit of the waste water for entrusted disposal, as well as the amount of sludge generated.

At about the same time, in December 2015, we introduced a thinner collection and recycling system to the paint adjustment room, for the purpose of reducing the use of VOC-containing thinner for cleaning. By collecting and recycling thinner, we were able to reduce approx. 60% of the use of thinner per product unit, with approx. 90% reduction of the amount of thinner thrown away after use.

We will make comprehensive efforts to further reduce the use of chemical substances in various aspects.



Kubota Engine (Wuxi) Co., Ltd.
Manufacturing Department, Manufacturing Division
Zhang Shihua

Voice Reducing VOC emissions by installing VOC removal equipment using zeolite

In October 2016 Kubota Baumaschinen GmbH introduced the VOC (volatile organic compound) removal equipment that employs zeolite as the absorber for emissions treatment of the painting line.

At our plant, we use VOC-containing paint and thinner in painting processes, and has been working to reduce VOC emissions by employing VOC-free paint and thinner.

However, in view of our expanding product lineups and increasing production volume, as well as the trends in domestic laws and regulations, and based on the prediction that the environmental burden posed by the VOC emissions is likely to become too large to ignore, we decided to introduce the latest-model VOC removal equipment.

The VOC removal equipment we have introduced employs the condensation and combustion system, which combines absorption of VOC gases by zeolite and heat regenerative combustion using ceramics, and can conduct efficient treatment of emission gases in the painting line. In introducing the equipment, we adjusted it to be able to control the treatment volume of emission gas according to the operation status of multiple painting lines, as well as the amount of use of electricity and gas fuels, so as to save energy consumption. We also attached a concentration meter at the final exhaust outlet, so as to be able to monitor the VOC concentration after treatment.

The introduction of this equipment enabled us to remove 90% of VOCs.

We will make continuous efforts to identify any change at the plant and implement appropriate measures to reduce environmental load.

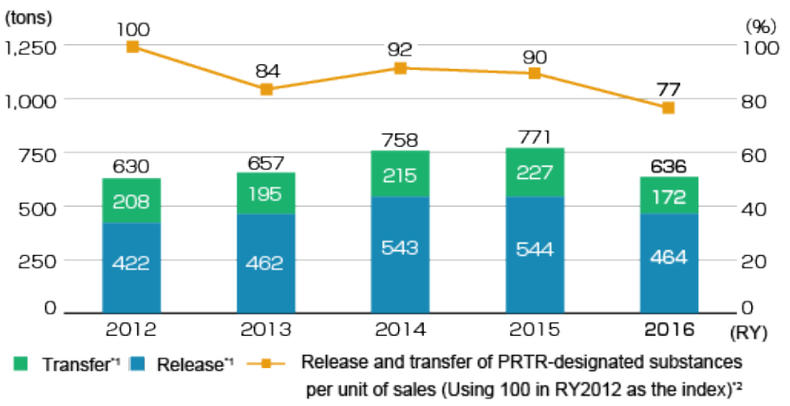
Kubota Baumaschinen GmbH
Chief, Work Safety Group
Michael Kieborz

Release and Transfer of PRTR-designated Substances

In RY2016, a total of 636 tons of substances stipulated in the PRTR Law* were released and transferred, a decrease of 17.5% compared to the previous reporting year. Additionally, the release and transfer per unit of sales improved by 14.7% compared to the previous reporting year. The decrease in PRTR release and transfer is mainly due to the reduction of production volume at cast iron production sites in Japan. Similar to reduction of VOC emissions, We are promoting the ongoing measures to reduce the PRTR-designated substances.

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

Trends in Release and Transfer of PRTR-designated Substances, and Release and Transfer per Unit of Sales (Japan)



*1 Total amount of declarable substances that are handled at each site (annual volume of 1 ton or more (0.5 ton for Specific Class I designations))
*2 Release and transfer of PRTR-designated substances per unit of consolidated net sales.

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 (RY2016)

Business site	Substance	Measured groundwater value	Environmental standard
Tsukuba Plant	Trichloroethylene	Non-detected (less than 0.0001mg/L)	Less than 0.03 mg/L
Utsunomiya Plant	Trichloroethylene	Non-detected (less than 0.001mg/L)	Less than 0.03 mg/L

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

Three Control 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

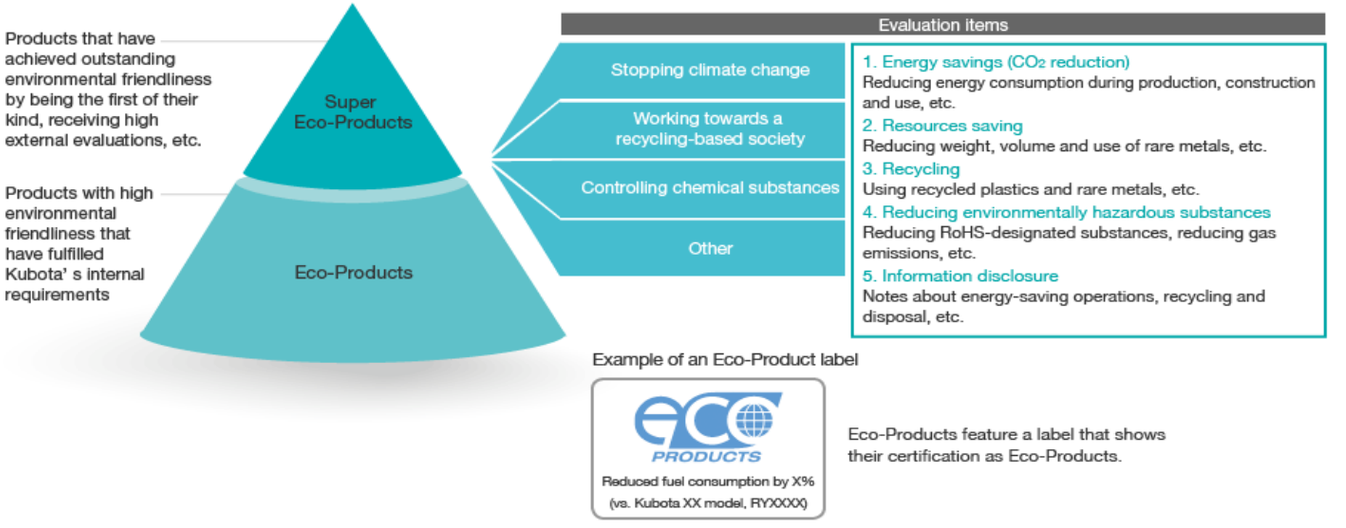
Expanding Environment-friendly Products and Services

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.

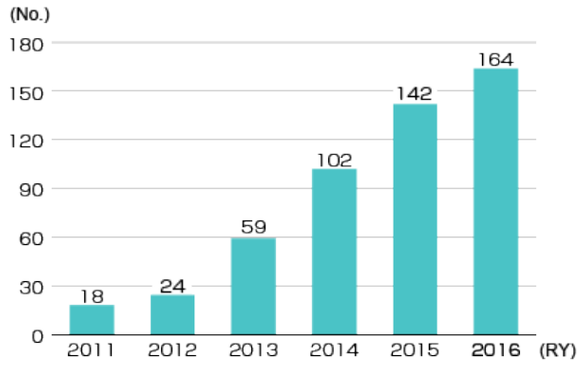


The Pathway to Expanding Certified Eco-Products

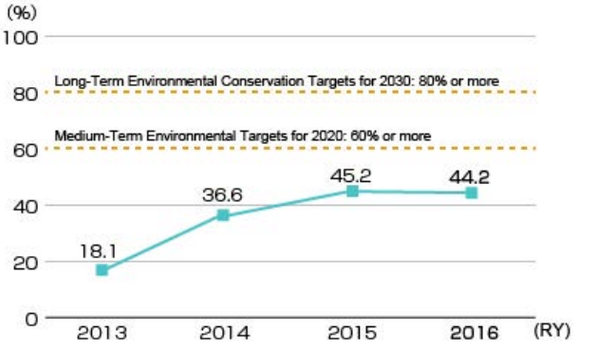
Based on the internal certification system established for Eco-Products, we certified additional 22 products in RY2016, bringing the total number of certified Eco-Products to 164. The ratio of Eco-Products to sales was 44.2%, a decrease of 1.0 point compared to the previous reporting year due to a decrease in sales of certified Eco-Products overseas.

We will continue to carry out initiatives focusing on the development of environment-friendly products and expand our Eco-Products lineup.

Trend in No. of Eco-Product Certifications (Total)



Trend in Sales Ratio of Eco-Products



Products certified as Eco-Products in RY2016 (excerpt)

Tractors
Slugger Series
SL35HQ

Compliant with exhaust gas regulations

Rice transplanters
SPV Series
2ZGQ-8D1 (SPV-8C) (China)

Compliant with exhaust gas regulations

Earthquake-resistant ductile iron pipe
GX-type
DN(Nominal diameter) 400

Conserving resources

Reducing environmentally hazardous substances

Wastewater treatment unit
Medium-size wastewater treatment units HCZ-type
HCZ-12-50

Conserving resources

Reducing environmentally hazardous substances

Combine harvesters
HARVEST MASTER
ERH450

Compliant with exhaust gas regulations

Construction equipment
Compact excavator
U-40-6E

Saving energy

Compliant with exhaust gas regulations

RY2016 Vending machine for cans and plastic bottles
2 compressor AC-type
36 cell, R1234yf refrigerant

Saving energy

Reducing environmentally hazardous substances

Packaged air conditioner
Air conditioner for area of factories
KBHP-ZP140-S

Saving energy

Reducing environmentally hazardous substances

Click here for details on products certified as Eco-Products

Environmental Considerations in the Product Life Cycle

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

Environmental Consideration in Construction Machinery

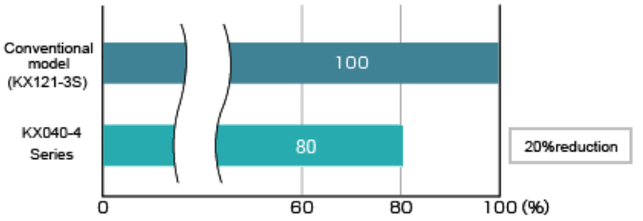
Construction machinery contributes to the development of social infrastructure, such as roads and water supply systems. The Kubota Group, as a leading manufacturer of small construction machinery, is engaged in initiatives to reduce environmental load during use of its products, such as the Kubota's unique approach to reduce fuel consumption, as well as ensuring compliance with emissions regulations and improving the maintenance performance to prolong product life.

Compact excavator KX040-4 Series

Reducing Fuel Consumption by Employing Kubota's Unique Hydraulic System and Energy-saving Engine

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

Comparison of fuel consumption per work unit



(1) Kubota's unique hydraulic system

Equipped with the "eco PLUS" function to perform optimal hydraulic control according to the work load, this hydraulic system helps to reduce fuel consumption.

(2) Energy-saving engine

The downsized* engine with a direct-injection combustion system helps to reduce fuel consumption.

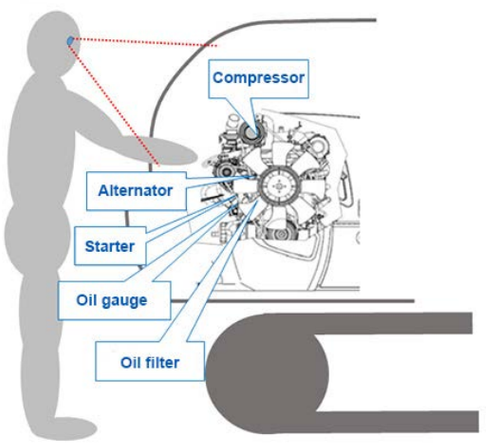
* With reduced displacement volume (2.2 liter →1.8 liter) and reduced number of cylinders (4 cylinders → 3 cylinders)

Making Exhaust Gas Cleaner to Comply with The Latest Exhaust Gas Regulations

Kubota's engines comply with the latest exhaust gas regulations (Tier4) in North America.

Improving The Maintenance Performance of The Engine Peripheral Area

For the engine peripheral area, the one-side maintenance structure is adopted to make daily inspection and maintenance easier, thereby preventing occurrence of failure, with the aim of contributing to the extension of the product life.



One-side maintenance structure
(The structure enables visual check of the portions requiring inspection and maintenance operations from the opening of the rear hood.)

Voice **Aiming to achieve both the development of social infrastructure and conservation of global environment**

Since its production start in 1974, the Kubota Group's compact excavators have undergone improvement of its workability to respond to the customer needs and optimization of the vehicle size, and have been used widely not only in Japan but also overseas, contributing the development of social infrastructure. Recent years, we have been working hard especially to improve environmental friendliness and safety.

In terms of environmental friendliness, we have achieved the reduction of environmental load and the improved work efficiency at the same time, through adopting energy-saving features such as the hydraulic system with improved efficiency and downsized engine, as well as the extended life of consumable parts.

Additionally, improved operability and easiness in maintenance, along with the locking system for all operation levers and other features make it easier for ordinary operators to use and work safely.

We will continue to provide our customers with products that achieve both the development of social infrastructure and conservation of global environment.

Kubota Construction Machinery Engineering Department for Excavator

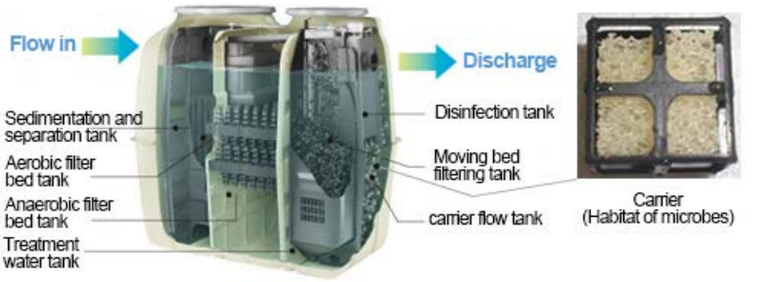
Teruo Kunizawa

Environmental Consideration in Small Wastewater Treatment Units

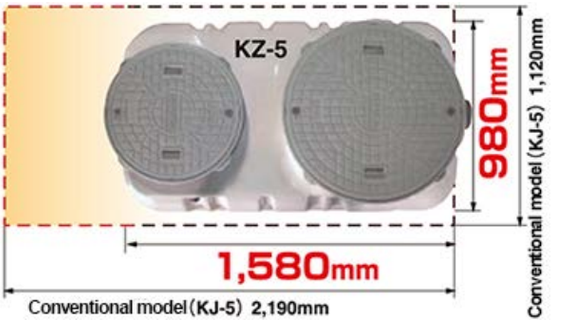
A wastewater treatment unit is the equipment to purify residential sewage, and used mainly in medium to small-sized cities. Since it requires installation of efficient and appropriate sewage treatment facility for each household, a small-sized unit, which can be easily installed in a limited space, is needed. The Kubota Group is working on downsizing of wastewater treatment units, thereby saving labor for construction.

Downsizing of Wastewater Treatment Units, thereby Saving Labor for Construction

Kubota has developed a compact wastewater treatment unit KZ-type, by employing carrier that can retain many microbes to improve the treatment performance per unit volume. This product is lighter and requires reduced volume of excavation for installation, contributing to the labor saving for construction work and the reduction of waste soil generated.

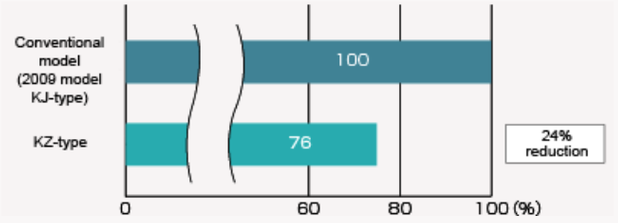


Perspective diagram of compact wastewater treatment unit KZ-type and high-performance carrier



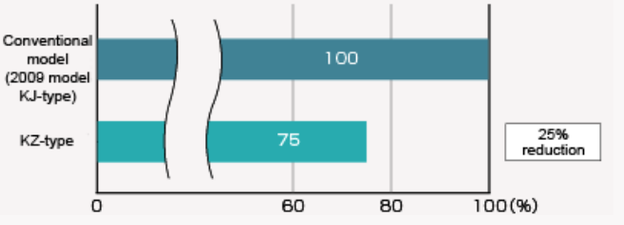
Downsizing of wastewater treatment unit KZ-type

Comparison of excavation volume* in construction



*Excavation volume is calculated based on the internal calculation standard.

Comparison of weight of small wastewater treatment units



The Evolution of Environment-friendly Products and Services

The Evolution of Engines

Since it started production of the water-cooled horizontal-type oil engine Type A for agriculture and industry in 1922, Kubota has thoroughly pursued basic performance of industrial engines. Responding also to the increasingly tightened exhaust gas regulations of many countries in the world, Kubota engines have constantly satisfied the needs of the customers worldwide as the power source of various types of industrial machinery.

History of Engines

Year	Topics	Conformity to Exhaust Gas Regulations*2	Total production volume
1920	• Started production of the water-cooled horizontal-type oil engine Type A for agriculture and industry. (1922)		
1930	• Started production of diesel engines for land use. (1931)		
1950	• Started production of air-cooled gasoline engines. (1956) • Started production of water-cooled vertical type diesel engines. (1959)		
1980	• Succeeded in direct injection of small diesel engines. (1982)		• Reached 10 million units (1987)
1990		• EPA Tier1 (1999)	
2000	• Started accepting bio diesel fuels. (2008)*1	• EPA Tier2 (2004) • EPA Tier3 (2008)	• Reached 20 million units (2002)
2010		• EPA Interim Tier4 (2012) • EPA Tier4 Final (2015) • Europe StageV*3 [Plan] (2019)	• Reached 25 million units (2011) • Reached 28 million units (2016)

*1 Please contact us if you use biodiesel.

*2 For exhaust gas regulations, the EPA (US exhaust gas regulations) regulations for the non-road diesel engines with output range of 56 to 75 kW are presented as the representative.

*3 For Europe StageV exhaust gas regulations (output less than 56 kW) are expected to be the world's most strict regulations for non-road diesel engines.

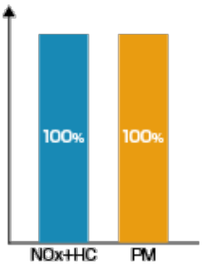
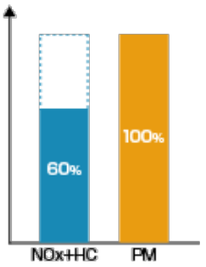
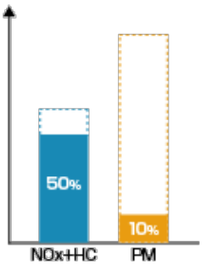
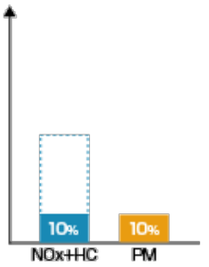
Conformity to Exhaust Gas Regulations

Kubota's engine technologies have evolved through undergoing improvements to conform to the exhaust gas regulations, which have been increasingly tightened year by year worldwide. Engines are required not only to satisfy the exhaust gas regulations but also to meet various performance requirements related to fuel efficiency, durability, etc. Kubota has developed basic performance based on its combustion control technologies, and selected the optimal parameters for the shape, materials, hardness, toughness, and other characteristics of each of the hundreds of parts constituting the engine, thereby pursuing the comprehensive improvement of the quality.

Kubota's engines have been highly evaluated for their compactness and high quality, boasting the largest share in the world market of industrial engines below 100 horsepower.

The following is the history of V3 Series, as the representative to show how the exhaust gas of Kubota engines have become cleaner.

History of Cleaning Exhaust Gas (engine output: 56 kW to 75 kW)

	From 2004	From 2008	From 2012	From 2015
Appearance				
Model	V3800DI-E2	V3800DI-T-E3	V3800-CR-TE4	V3800-TIEF4
Specifications	—	EGR	EGR+ CRS+ DOC+ DPF	EGR+ CRS+ DOC+ DPF+ SCR
Exhaust gas regulations	EPA Tier2	EPA Tier3	EPA Interim Tier4	EPA Tier4 Final
Exhaust gas regulation value* (g/kWh)				

* NOx (nitrogen oxides): Acidic substance that constitutes the cause of acid rain, bronchitis, etc.
HC (Hydrocarbon): is generated when mixture gas that was not burned due to incomplete combustion is discharged
PM (particulate matter): particulates generated in combustion, such as soot

Technologies Applied to Latest Engine

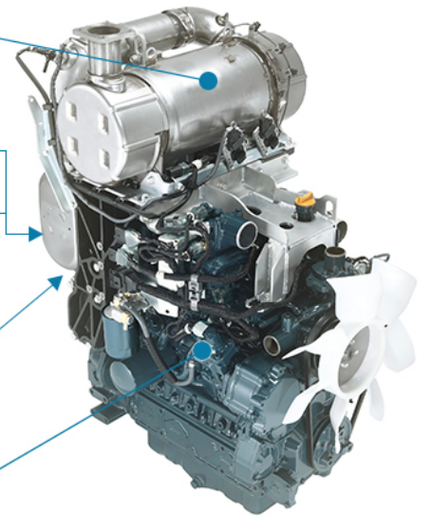
SCR: Selective Catalytic Reduction
Post-treatment equipment for diesel exhaust gas, which reduces NOx to harmless nitrogen and water

DOC: Diesel Oxidation Catalyst
Oxidizes unburned gases in the exhaust

DPF: Diesel Particulate Filter
Exhaust gas post-treatment equipment (filter) to collect particulate matter contained in the exhaust gas of diesel engines

EGR: Exhaust Gas Recirculation
A structure to reduce generation of NOx by returning a part of the exhaust gas into combustion air

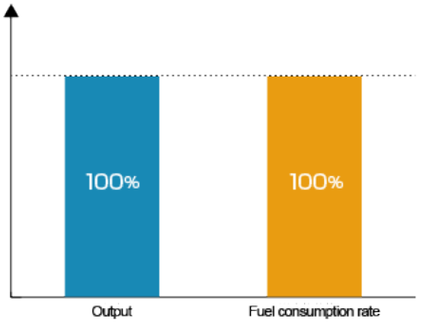
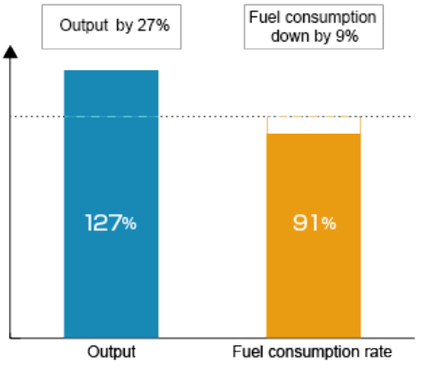
CRS: Common Rail System
Performs high-pressure injection of fuels multiple times, to improve combustion efficiency, achieving purification and high-power output of exhaust gas



Increasing Output and Improving Fuel Consumption Ratio

Kubota's engines contribute to the realization of comfortable and environment-friendly operations, as the power source of diverse and various industrial machinery. So far, Kubota has worked on increasing the engine output without changing their appearance and shape, and also improving the fuel consumption rate. It is important to improve the fuel consumption rate while satisfying the exhaust gas regulations.

Increasing Output and Reducing Fuel Consumption

		1999 Original model（V3300-TE）	2015 Latest model（V3800-TIEF4）
Rated output (kW) Fuel consumption rate*1 (g/kWh)			
Improvements	(1) Output increased Bore diameter*2 × strokes Displacement	100% ø98mm×110mm 3318cc	127% ø100mm×120mm 3769cc
	(2) Changed combustion method	Swirl chamber type (mechanical type)	Direct injection type (electronic control type)
	(3) Compliant with exhaust gas regulations (Specifications)	Conforming to EPA Tier1 (No EGR)	Conforming to EPA Tier4 Final (EGR+ CRS+ DOC+ DPF+ SCR)

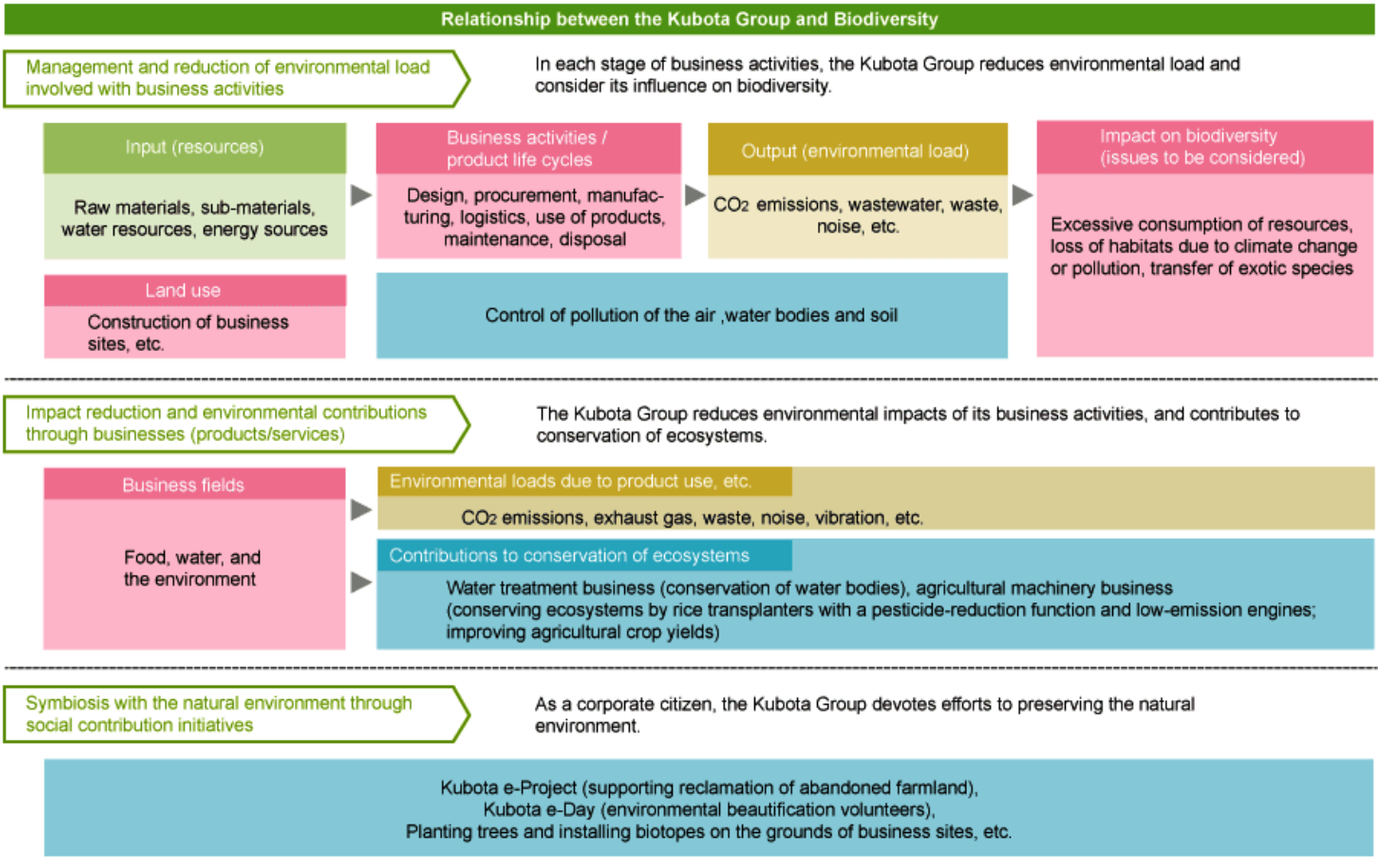
*1 Fuel consumption rate during rated output

*2 Cylinder internal diameter

Conservation of Biodiversity

Conservation of biodiversity is set as one of the targets for the Kubota Group's "Eco-First Commitment." In its 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



Initiatives taken at business sites

Kubota Kyuhoji Business Center　Voluntary maintenance and management of flowerbeds

Members of the Kubota Kyuhoji Business Center participate in a voluntary activity for maintenance and management of flowerbeds at the Kyuhoji Green Space twice annually. In 2016, members of the Business Center in the both labor and management sides, mainly the employees belonging to the Gardening Department, planted flower seedlings.

In December 2016, Kubota received a certificate of gratitude from the Kyuhoji Green Space administration office for this activity's great contribution to the development of the Kyuhoji Green Space.

Maintenance work for flowerbeds


感謝状

株式会社　クボタ　殿

貴団体はボランティア活動を通して久宝寺緑地の発展に大きく貢献されました
よってここにその功績をたたえ感謝の意を表します

平成二十八年十二月三日

堺市公園久宝寺緑地指定管理共同体
久宝寺緑地管理事務所
所長　荒木　幹雄

Certificate of gratitude from the Kyuhoji Green Space administration office

KUBOTA Precision Machinery(Thailand) Co., Ltd.　Planting trees on the grounds of plant site

KUBOTA Precision Machinery (Thailand) Co., Ltd. promotes tree-planting on the grounds within the plant site. In the Environment Month of June 2016, members of the company, including mainly the employees in safety and environment-related teams, and with participation of President, planted trees at the site. Aiming to make a clean plant that contributes to the environmental conservation, employees actively participate in the tree-planting activities




Members planting trees

Kverneland Group UK Ltd.　Planting trees at the office site

Employees of Kverneland Group UK Ltd. participate in tree-planting activities within the office site. In 2016, they planted fruit trees in the green space within the office site. They will have flowers in spring and bear fruits in summer. Moreover, they also made a table and benches using waste wooden pallets. As a result, a comfortable space where employees can freely spend their breaks and enjoy nature was created. There are also flowerbeds in front of the office, in which the kinds of flowers that may attract wild birds and bees are planted.

Planting trees

Maintenance work for flowerbeds

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.

Despite these efforts, however, in 2016 we had a case of exceeding of the wastewater control value and a case of inappropriate treatment of PCB-containing devices at production sites in Japan, and a case of the leakage of cooling water at a Group company in Japan. Moreover, in 2017 a case of exceeding the wastewater control value arose at a production site in Japan. None of these cases resulted in any serious incidents, and we implemented necessary measures to prevent any impact on the ambient environment and are working to prevent recurrence.

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.

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.

Environmental audit at Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China)

RY2016 Environmental audit implementation status

- Number of subject sites and departments:
  277
- Number of audit items:
  25 (for maintenance and management departments) up to 61 (for overseas production sites)
- 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.

Environmental Risk Assessment
Kubota Industrial Equipment Corporation (United States)

RY2016 environmental risk assessment implementation status

- Number of subject sites and departments:
  37 (27 production sites in Japan, 10 overseas production sites)
- Number of audit items:
  252 items (146 water quality, 106 air quality)
- Assessment targets:
  Water quality-related equipment, air quality-related equipment

Environmental Patrols

At each site, environmental patrols are carried out 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. In RY2016, Kubota formulated the Environmental Patrol Handbook, which provides the key points with which even unexperienced personnel can notice abnormality during environmental patrol, and distributed it to each site in Japan. Kubota aims to reduce the environmental risks by conducting the environmental patrol using this Handbook and finding the situation that may cause any abnormality in an early stage.

Practice Report Environmental patrol at Kubota Ryugasaki Plant

The Kubota Ryugasaki Plant conducts environmental patrols in accordance with the environmental conservation regulations of the Kubota Group.

We check the workplace environment and the management status of waste disposal and wastewater treatment, etc. in the monthly patrols. In the Kubota Group Environment Month in June 2016, we added saving of energy, electricity, and water use to the activity themes, and distributed to each workplace a checklist summarizing the matters to check. Based on this checklist, the equipment and devices, such as lights and air-conditioners, were checked at all workplaces including production floors and business offices. Through participation in the environmental patrols, each employee became aware of the importance of eliminating wasteful use of energy.

We will continue to conduct and further enhance the periodic environmental patrols, with the aim of eliminating wasteful use of energy and preventing environmental accidents, as well as raising the environmental awareness of the employees.

Environmental patrol in the painting booth

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.

Emergency response drill simulating the leakage of paint/thinner
Kubota Air Conditioner, Ltd.

Emergency response drill simulating the leakage of gas
P.T. Metec Semarang (Indonesia)

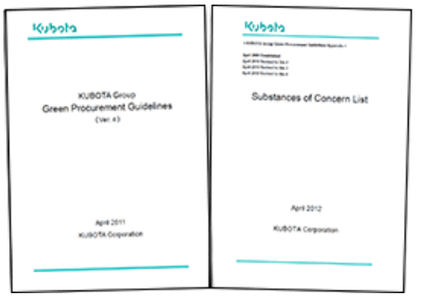
Green Procurement

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, Kubota presents its policies on green procurement to suppliers through the Kubota Group's Green Procurement Guidelines, asking for their understanding and cooperation.

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



The Kubota Group's Green Procurement Guidelines and Appendix
(Published in Japanese, English and Chinese)

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 awards are presented every year.

In accordance with the Kubota Group's Green Procurement Guidelines, this award system quantitatively evaluates environmental conservation activities engaged in by suppliers, such as saving resources and energy-saving activities in relation to goods supplied to Kubota Corporation, and awards the excellent activities.

In RY2016, of the 152 environmental conservation activities, 12 activities with particularly high achievements were awarded.

RY2016 awarding ceremony (January 2017)

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 RY2016

The Kubota Group offers environmental education programs to raise awareness among 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.

Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	Kubota Introductory course (new employees, etc.)	3	181	Global and local environmental issues and Kubota's environmental conservation activities
	CSR training	2	101	Environmental issues and environmental risk management
	Training for newly appointed supervisors	2	32	Kubota's environmental management and efforts as supervisors
	Training for newly appointed foremen	1	18	Kubota's environmental management and efforts as foremen
	Environmental forum for executive management	1	193	Lecture by Tokio Imbe, President of National Agriculture and Food Research Organization
Professional education	Basics of environmental management	1	26	Basic knowledge of legal systems, environmental risk, and environmental conservation
	Waste management	2	37	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Environment-related facility management	2	27	Pollution control technologies and pollution control laws
	Education to train ISO 14001 environmental auditors	4	62	The ISO 14001 standard, environment-related laws, audit techniques
	New waste management system training	13	148	Training on waste electronic information management systems
General training	Business sites in Japan and overseas Environmental education	7	190	The Kubota Group's environmental management and medium-term environmental conservation targets
	Total	38	1015	

Supporting education in outside organizations	Internship program with Utsunomiya Hakuyo High School	1	5	Kubota environmental conservation activities and efforts at Utsunomiya Plant

Environmental management education (Participants: environmental staff of each Chinese site)

Environmental forum for executive management (Lecturer: Mr. Tokio Imbe)

Practice Report Environmental awareness-raising activities through the Environment Dojo

Kubota Sakai Plant set up the Environment Dojo within the Plant in 2012 and has promoted activities to raise environmental awareness of its employees. The Environment Dojo is a training program targeting all employees of the Plant from new entrants to management. Its objective is to make all employees aware of the necessity of the environmental conservation activities, thereby activating the initiatives toward elimination of the environmental risks and reduction of environmental loads. The program includes the ideas to make the training contents easy to understand and interesting, such as display of actual goods and distribution of leaflets.

The Environment Dojo program is continuously held twice to four times a month. The contents were totally renewed in March 2016 to start the second version of the program, in which a total of 2,046 employees have participated as of December 2016. We will continue to make efforts to raise awareness of all employees, and promote the improvement activities at workplaces as well as the environmental awareness-raising activities that may be put into practice at home.

Environment Dojo Energy-conservation display corner

Environment Month Report Raising environmental awareness of employees and family members through Kubota Eco Challenge

In order to boost the level of each member's understanding and awareness of the environmental issues toward the realization of its brand statement "For Earth, For Life," the Kubota Group launched "Kubota Eco Challenge" as a new initiative during the Kubota Group Environment Month in June 2016. The Kubota Eco Challenge is an environmental photo contest, inviting photos of eco-friendly actions by the Group employees and their family members around the world at work or home.

A total of 385 photos were posted, each demonstrating unique characteristics of each country or site. The top ten photos in a popularity poll were awarded.

This contest not only helped raise the environmental awareness, but also provided a good opportunity for the Group employees and their family members around the world, who usually have no contact with each other, to gather under the same theme and share their thoughts.

Cleaning of a temple (Myanmar)

Greening of the rooftop of a family house (China)

Environmental Achievement Awards

During the Environment Month in June every year, the Kubota Group presents the Environmental Achievement Awards to praise the individuals and groups that have made notable contributions to environmental conservation, as well as to boost the Group's employees' environmental conservation awareness and activate their environmental activities.

In RY2016, the scope of the awards was expanded to include non-production sites and product development departments in addition to production sites, and various environmental conservation activities including education and enlightenment, and social contribution, were evaluated. As a result, 24 cases were awarded for their achievements in energy saving, waste reduction, VOC emissions reduction, development of environment-friendly products, environmental awareness raising, community environmental activities, etc. Two of them were awarded as Excellent Prize.

We will continue to award the excellent initiatives that contribute to the environmental conservation, and encourage sharing of the details of such initiatives within the Group, with the aim of further activating the environmental activities.

Environmental Achievement Award Excellent Prize in RY2016

Scope	Company, department	Theme
Production sites	SIAM KUBOTA Corporation Co., Ltd. Amata Nakorn Plant (Thailand)	Reduction of the consumption of natural gas by boilers through research and development of pre-paint treatment solution available at room temperature
Non-production sites	KBS Kubota Co., Ltd. Kubota Machine Logistics Solution Department	CO_2 reduction by round use of east and west containers

RY2016 Environmental Achievement Awards in RY2016

Scope	Classification, No. of winners
Production sites	Excellent Prize: 1, Encouragement Award: 10, Good Effort Award: 5
Non-production sites	Excellent Prize: 1
Product development	Encouragement Award: 5
Education and enlightenment	Education and Enlightenment Award: 1
Social contribution	Social Contribution Award: 1

Environmental Communication

Since it published the first Environmental Report in RY1999, the Kubota Group has disclosed its environmental information every year. Environmental information, such as the initiatives taken by the entire Group and each business site and the results of the activities, are communicated through the Group's website. In addition, environmental communication is also promoted at each business site for the purpose of achieving symbiosis with local communities, thereby enhancing understanding of the environmental conservation activities.

Receiving Environmental Awards

Kubota Environmental Service Co., Ltd. receives the Minister of Environment Award for Contributor in the Research and Development on Waste and Wastewater Treatment Tank

In October 2016, at the 60th National Convention for Environmental Sanitation sponsored by the Japan Environmental Sanitation Center, Mr. Mitsuru Iwao of the Sales Department, Kubota Environmental Service Co., Ltd. received the Minister of Environment Award for Contributor in the Research and Development on Waste and Wastewater Treatment Tank.

This award is granted to individuals and organizations that have made excellent achievement in research and development in the field of waste and wastewater treatment tank. Mr. Iwao has made substantial contribution to the dissemination of the sludge treatment centers through his long years of research on themes related to wastewater treatment, such as high-load method, methane fermentation, and phosphorous recovery. This contribution was highly appreciated and resulted in the award.

Award winner Mr. Mitsuru Iwao


The 60th National Convention for Environmental Sanitation award ceremony

The high-efficient twin screw press dehydrator receives METI Minister’s Award at Outstanding Environmental Systems Awards

The high-efficient twin screw press dehydrator for water and wastewater treatment developed by Kubota’s Water Engineering & Solution Business Unit received the Economy, Trade and Industry Minister’s Award, the highest place, at the 42nd Outstanding Environmental Systems Awards held by the Japan Society of Industrial Machinery Manufactures (JSIM) in June 2016. The high-efficient twin screw press dehydrator is a system to dehydrate sludge generated from sewage treatment plants, etc. and reduce its volume.

The purpose of this awarding program is to promote research and development of environmental conservation technologies, and dissemination of outstanding environmental systems. The eligible systems are those contributing to conservation of the global environment, being sold for ten or less years and operating in practice for at least six months.

The high-efficient twin screw press dehydrator system was awarded for its uniqueness in that the screw axis increased from single to twin, the dehydration performance improved from conventional machines, economic performance realizing reduction of running cost, and future potential ensuring applicability not only in Japan but also to overseas.


賞状

高効率型二軸スクリュープレス脱水機

株式会社クボタ殿

貴社が研究開発した右の装置は一般社団法人日本産業機械工業会主催第四十三回優秀環境装置表彰において品質及び性能が優秀であり環境保全及び環境装置産業の振興に貢献するところが多大であると認められましたのでこれを賞します

平成二十八年六月二十日

経済産業大臣 林 幹雄

METI Minister’s Award at Outstanding Environmental Systems Awards Certificate of Commendation

High-efficient twin screw press dehydrator

Kubota Agricultural Machinery (Suzhou) Co., Ltd. receives the Environmental Management Outstanding Company Award

In June 2016, Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) received the Environmental Management Outstanding Company Award from the Suzhou Industrial Park National Land Environment Protection Bureau.

This awarding program evaluates the operation of the environmental management systems of the companies in the Suzhou Industrial Park, introduction of advanced environmental facilities, and the improvement activities to improve environmental performance. Its aim is to reduce the environmental risks in the Park by improving the company's environmental awareness and the management level. Ten out of the 37 companies that had applied received the award at the environmental event held at the Yangcheng Lake on the World Environment Day of June 5.

Kubota Agricultural Machinery (Suzhou) will continuously promote environmental conservation activities by steadily operating the environmental management.

Environmental Management Outstanding Company Award ceremony

Kubota Construction Machinery (Wuxi) Co., Ltd. receives the Eco Civilization Public Interest Award

In June 2016, Kubota Construction Machinery (Wuxi) Co., Ltd. (China) received the Eco (ecosystem) Civilization Public Interest Award 2016 from Wuxi New District Environmental Protection Agency, China.

This awarding program, aimed at improving the social responsibility awareness regarding the environment of the companies belonging to the New District, evaluates the initiatives for the environmental conservation and the activities of environmental education for employees. In RY2016, ten companies out of over 1000 companies were awarded. The award-winning companies are expected to fulfill their social responsibilities related to the environment, raise the environmental awareness of employees by enhancing the environmental education, and actively participate in social contribution activities, with the aim of building an ecological civilization in the New District.

We will continue to make efforts to ensure compliance with the environmental laws and regulations, and improve the environmental awareness of employees.


荣誉证书

久保田建机(无锡)有限公司 荣获无锡高新区(新吴区)

2016年度"生态文明公益奖"；

特此表彰，以资鼓励。

无锡市新区环境保护委员会

二〇一六年六月
Certificate of Commendation for the RY2016 Eco Civilization Public Interest Award

Kubota Engine (Wuxi) Co., Ltd. certified as a water conservation model company

In February 2016, Kubota Engine (Wuxi) Co., Ltd. (China) was certified as a “water conservation model company 2015” by the Wuxi Municipal Bureau of Water, China. This system certifies companies, offices, local communities, schools, etc. that have been recognized for their initiatives for saving water or tackling pollution, as models for building a water-saving society in China, and offers subsidiaries to them. On-site inspections, interviews with employees, and documentary examinations have found that Kubota Engine (Wuxi) is actively and systematically promote activities focusing on water conservation, that the water conservation effect of the introduction of a wastewater treatment and recycling system is obvious, and that these are advanced initiatives. This resulted in the certification.

Kubota Engine (Wuxi) Co., Ltd. will make continuous efforts to reduce the water use and discharge, and other actions to reduce environmental load.

无 锡 市 水 利 局

锡水资函[2016]12号

关于印发新区2015年度节水载体考评意见的通知

新区水利局：

绿杰科技（无锡）有限公司、无锡市欣旺大酒店有限公司、无锡市新区新安街道新安花苑第三社区居民委员会、利纳马汽车系统(无锡)有限公司、久保田发动机（无锡）有限公司、阿莫斯模热融产品（中国）有限公司、无锡市新区南丰小学，分别是我市2015年度节水型社会建设目标任务中确定的省级节水型企业、省级节水型单位、省级节水型社区、八大行业节水行动项目、节水减排示范项目和市级节水型学校创建单位（市政府锡政办发〔2015〕90号、市水利局锡水资[2015]7号、锡水资[2015]20号、市水利局、教育局锡水资[2013]12号），经以上七家单位认真组织实施，已圆满完成任务。2015年11月，我局对以上创建单位进行了考评（其中，省级节水型企业、省级节水型单位、省级节水型社区受省水利厅委托考评），现将考评意见印发给你们。希你局认真总结经验，加大宣传推广力度，进一步提高节约用水工作水平。

Notice of certification of a water conservation model company 2015

Kubota Construction Machinery (Wuxi) Co., Ltd. and Kubota Engine (Wuxi) Co., Ltd. rated “Green” in the FY2015 Wuxi New District Corporate Environmental Protection Reliability Evaluation System

In May 2016, Kubota Construction Machinery (Wuxi) Co., Ltd. and Kubota Engine (Wuxi) Co., Ltd. acquired the “Green,” the highest rating in the FY2015 Wuxi New District Corporate Environmental Protection Reliability Evaluation by the Environmental Protection Bureau of the Wuxi City New District. The aim of this evaluation system is to pursue sustainable development of economy and society through encouraging the companies in the Wuxi City New District to enhance environmental management, ensure thorough compliance with the environmental regulations, and raise awareness of their social responsibility. Reliability of environmental conservation of each company is rated in 5 ranks.

The two companies will continue to be sincerely committed to environmental protection, and aim to be companies recognized by society.

P.T. Kubota Indonesia receives BLUE PROPER award

In December 2016, P.T. Kubota Indonesia received the BLUE PROPER award for the fifth time from the environment minister of the Indonesian government for its corporate activities during a year from July 2015. The PROPER (the Environmental Performance Rating Program) is a rating program of the Indonesian ministry of the environment, which assesses the companies’ status of compliance with the environmental regulations and the status of implementation of environmental measures, and discloses them to the public. The aim of this program is to raise companies’ awareness about environmental management, and encourage implementation of activities for energy saving, conservation of biodiversity, and community development.

Certificate of Commendation for the BLUE PROPER award

The BLUE PROPER award is given to companies that comply with 100% of the environmental regulations and properly operate the environmental management system. P.T. Kubota Indonesia will make continuous efforts to enhance environmental management.

Three Thai sites receive the Green Industry Award

SIAM KUBOTA Metal Technology Co., Ltd. (SKMT), SIAM KUBOTA Corporation Co., Ltd. (head office, SKCN), and KUBOT Precision Machinery (Thailand) Co., Ltd. (KPMT) received the Green Industry Award in 2016 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 and KPMT were rewarded Level 3 for having established a management system in which PDCA is solidly operated, while SKCN was rewarded Level 4 in recognition of having a well-established corporate culture that carries out environmental conservation activities.


Green Industry
กระทรวงอุตสาหกรรม
ใบรับรองฉบับนี้ให้ไว้กับ
บริษัท คูโบต้า พรีซิชั่น แมชชีนเนอรี่ (ประเทศไทย) จำกัด
เพื่อรับรองว่าเป็น
อุตสาหกรรมสีเขียวระดับที่ ๓
ระบบสีเขียว (Green System)
(นายอาทิตย์ วุฒิคะโร)
ปลัดกระทรวงอุตสาหกรรม

Green Industry Award Certificate of Commendation

KUBOTA REPORT 2016 (Full Report version) receives Special Award for Reliable Reporting in the 20th Environmental Communication Awards

The Kubota Group's business and CSR report "KUBOTA REPORT 2016 (Full Report Version)" received the Special Award for Reliable Reporting (The Japanese Association of Assurance Organizations for Sustainability Information Chairman's Award) in the environmental report category of the 20th Environmental Communication Awards.

The 20th Environmental Communication Awards ceremony

The Environmental Communication Awards are a commendation program for excellent environmental reporting, with the aim of promoting environmental communication between business operators and their related parties, and further activating their commitment to environmental initiatives. It was the second time, following the previous year, for Kubota to receive the Special Award for Reliable Reporting, which is presented to environmental reports that demonstrate particular efforts made to improve reliability and transparency in communication of information on the environmental initiatives. The KUBOTA REPORT 2016 was appreciated for its clearly describing how the Kubota Group is advancing its initiatives in line with the latest trends related to sustainability, with recognition of the relationships between social issues and the Group's businesses. The Report's clear presentation of the entire image of environmental loads and the policies for stakeholders also resulted in the awarding.

The Kubota Group will make continuous efforts to further improve the reliability and comprehensiveness of its environmental reporting, while enhancing information communication to help stakeholders deepen understanding toward the Group.

Kubota Utsunomiya Plant awarded by the Kanto Electricity Use Rationalization Committee

The Kubota Utsunomiya Plant received the highest prize in the Kanto Electricity Use Rationalization Committee Chairman's Awards in February 2016.

In this awarding program, plants, offices, and individuals that have made remarkable achievements in promoting the rationalization of the use of electricity are recognized based on the comprehensive evaluation on their organizational management, electric power management, facility management, equipment efficiency, and other initiatives. By broadly presenting such achievements to society, it is aimed to raise the public awareness of the importance of the electricity use rationalization. The Utsunomiya Plant was awarded the highest prize for its full-scale introduction of amorphous transformers and the introduction of high-efficiency modular chiller to reduce CO_2 by 70% generated from air-conditioners.


表彰状
最優秀賞
株式会社クボタ
宇都宮工場殿
貴事業所は電気使用合理化
活動において顕著の成績を
得られました
このご努力に敬意を表し
ここに表彰いたします
平成二十八年二月十八日
関東地区電気使用合理化委員会
委員長 大亀 薫

Certificate of Commendation of the highest prize in the Kanto Electricity Use Rationalization Committee Awards

These initiatives were also presented at external training seminars. The Utsunomiya Plant is also a member of the Tochigi Prefecture Electricity Use Rationalization Committee, engaging in the activities to reduce environmental load not only within the plant but broadly for the local community.

Environment Communication Report

Practice Report Education program for energy conservation at elementary schools

P.T. Kubota Indonesia holds an educational program on energy conservation at elementary schools near its plant. The program was held in November 2016 at two elementary schools, in which a total of 409 students participated. The company's 12 employees in the human resources and administration departments visited the schools and talked about how to save energy or water at home, after actually changing the schools' about 100 light bulbs into LED bulbs. At the end of the program, the staff distributed posters calling for the use of LED bulbs and energy conservation to the children and asked them to use LED bulbs and put up the poster at their home.

With the replacement with LED bulbs, the classrooms became brighter and cooler because there is no longer the heat from incandescent bulbs. We believe that the program was a good opportunity for the children to learn about energy conservation through hands-on experience.

We will continue to provide this program at other schools near the plant.

Educational program on energy conservation

School staff and Kubota employees

Practice Report CSR and environmental communication for stakeholders

SIAM KUBOTA Corporation Co., Ltd. (Thailand) believes that environmental communication with its stakeholders is important, and thus has its staff members visit each stakeholder and deliver the company's CSR and environmental information leaflets. In April 2016, our representatives visited Nava Nakorn Public Co., Ltd., the owner of the Nava Nakorn Industrial Estate in which our plant is located, and each stakeholder in the neighboring municipalities of Ayutthaya Province and Pathum Thani Province. We also distributed the leaflets in which the reports on the CSR and environmental activities promoted at our plant and the data regarding environmental load are provided. These visits enabled us to fulfill our accountability to our stakeholders and listen to their various opinions.

In 2017, we will promote provision of environmental information for the local communities. We will make continuous efforts to build better relationships with our stakeholders and fulfill our corporate responsibility.

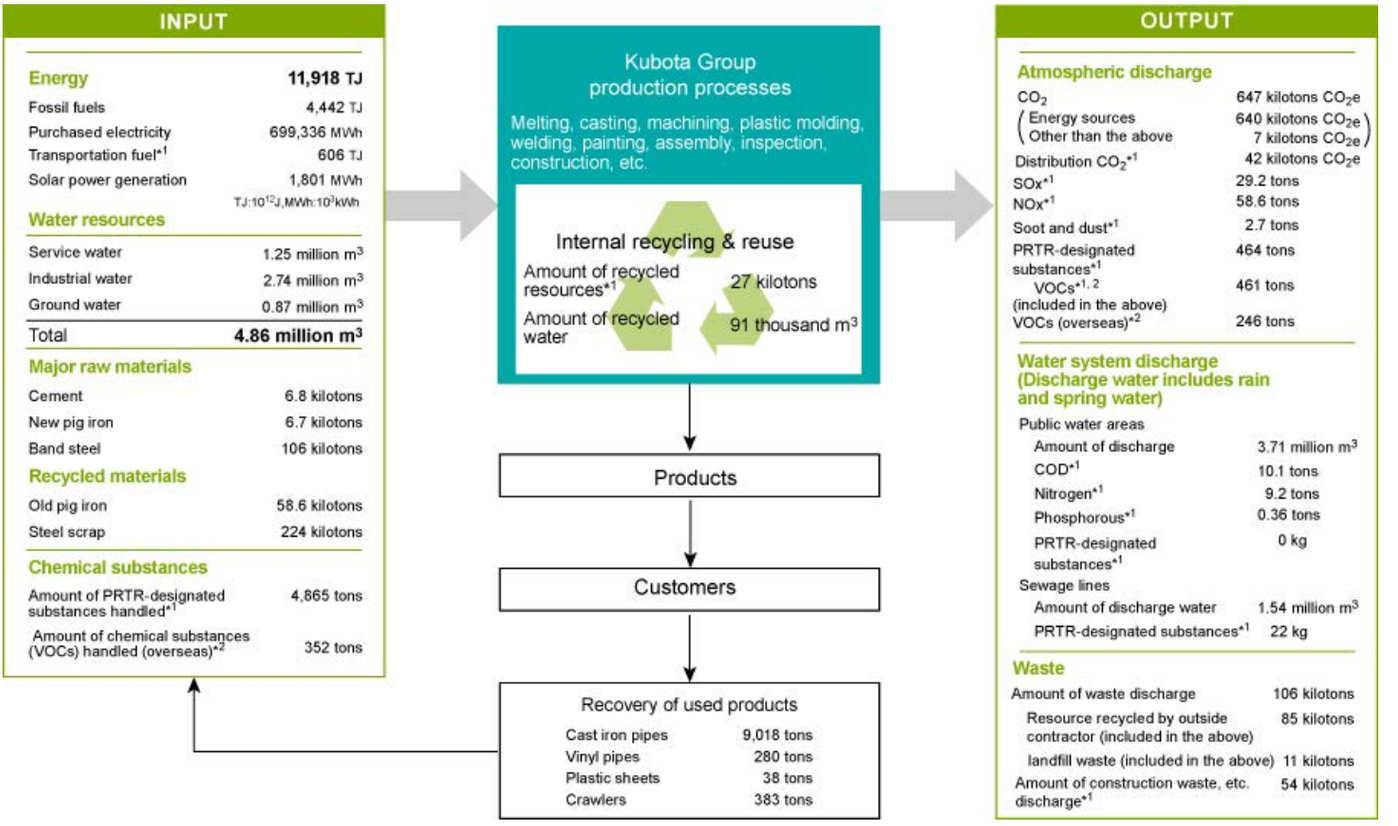
Visiting stakeholders

Environmental Data

Overview of the Kubota Group's Environmental Load

This is an overall summary of the Kubota Group's environmental load from its diverse business activities in Japan and overseas in RY2016. We will continue to assess and analyze environmental load and engage in initiatives to reduce it.

Overview of the Kubota Group's Environmental Load



*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

Environmental indicators		Unit	RY2012	RY2013	RY2014	RY2015	RY2016
Energy	Total energy input	TJ	11,320	12,150	12,611	12,080	11,918
	Fossil fuel	TJ	4,370	4,660	5,021	4,576	4,442
	Purchased electricity	MWh	642,400	690,600	712,674	698,632	699,336
	Transportation fuel (Japan)	TJ	641	695	591	643	606
	Solar power generation	MWh	69	67	210	1,285	1,801
Water resources	Water consumption	million m³	4.50	4.68	4.86	5.03	4.86
	Overseas included in the above	million m³	0.83	0.89	1.04	1.21	1.20
	Service water	million m³	1.03	1.10	1.22	1.19	1.25
	Water for industrial use	million m³	2.46	2.56	2.64	2.87	2.74
	Groundwater	million m³	1.01	1.02	1.00	0.97	0.87
Chemical substances	Amount of PRTR-designated substances handled (Japan)	tons	5,740	5,912	6,725	5,368	4,865
	Amount of chemical substances (VOCs) handled (Overseas)*1	tons	329	354	354	335	352

OUTPUT

Environmental indicators			Unit	RY2012	RY2013	RY2014	RY2015	RY2016
Atmospheric discharge	CO_2 emissions		kilotons CO_{2e}	585	663	715	673	647
		Overseas included in the above	kilotons CO_{2e}	135	172	181	167	173
		Energy sources	kilotons CO_{2e}	579	657	707	665	640
		Other than the above	kilotons CO_{2e}	6	6	8	8	7
	Distribution CO2 (Japan)		kilotons CO_{2e}	44	48	41	44	42
	SOx emissions (Japan)*2,3		tons	4.1	16.2	19.8	17.3	29.2
	NOx emissions (Japan)*3		tons	58.0	64.7	70.2	60.6	58.6
	Soot and dust emissions (Japan)*3		tons	3.5	3.4	2.9	2.9	2.7
	Amount of PRTR-designated substances released (Japan)		tons	422	462	543	544	464
	VOC emission*1		tons	594	646	758	774	707
		Overseas included in the above*1	tons	175	186	219	235	246
Water system discharge	Public water areas	Wastewater discharge	million m³	3.48	3.82	3.74	3.82	3.71
		COD(Japan)*4	tons	10.4	10.6	9.8	9.9	10.1
		Nitrogen discharge(Japan)*4	tons	9.7	8.9	9.0	9.6	9.2
		Phosphorous discharge(Japan)*4	tons	0.30	0.32	0.37	0.35	0.36
		Amount of PRTR-designated substances released (Japan)	kg	9.0	8.4	0	0	0
	Sewage lines	Wastewater discharge	million m³	1.34	1.23	1.52	1.57	1.54
		Trend in amount of PRTR-designated substances released (Japan)	kg	20	21	34	23	22
Waste	Amount of waste discharge		kilotons	90	98	114	116	106
		Overseas included in the above	kilotons	25	33	38	40	39
		Resources recycled by outside contractor	kilotons	69	76	92	93	85
		Landfill waste	kilotons	7	13	10	12	11
	Amount of construction waste, etc. discharge (Japan)		kilotons	32	24	36	44	54

*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 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.

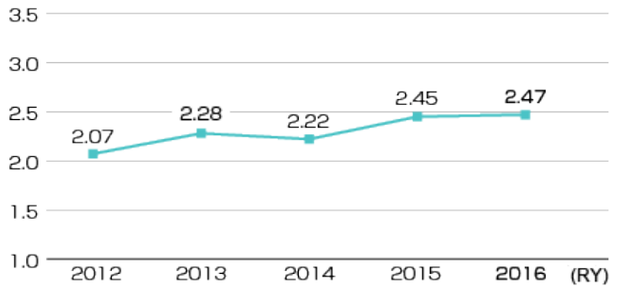
*3 Starting from RY2016, calculation of the amount of atmospheric discharge (SOx, NOx, soot and dust) targets only the soot and smoke generating facilities defined in the Air Pollution Control Act. Accordingly, the figures for RY2012 through RY2015 are modified.

*4 Data for total discharge from business sites subject to total emission control.

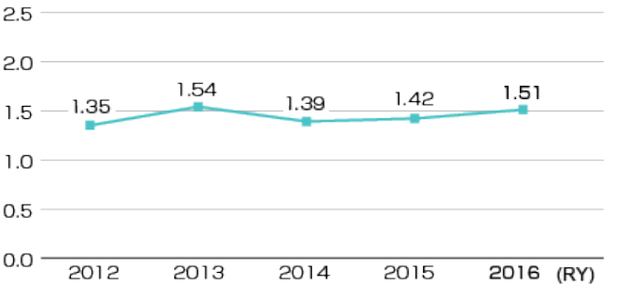
Eco-efficiency

Eco-efficiency was improved in three categories: CO_2, waste and VOC. These improvements in figures mean that the sales per unit of environmental load have increased, which indicates higher eco-efficiency.

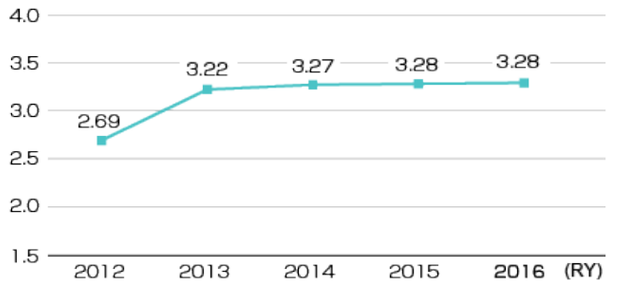
CO_2 Eco-efficiency*1



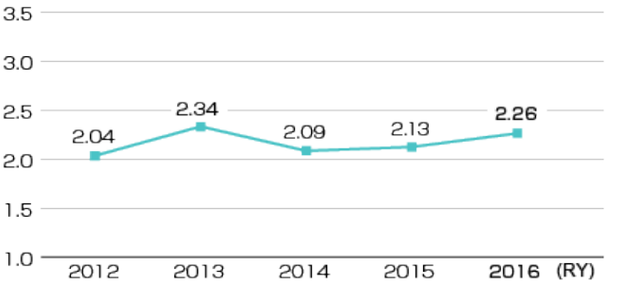
Waste Eco-efficiency*2



Water Eco-efficiency*3



VOC Eco-efficiency*4



*1 CO_2 Eco-efficiency = Consolidated net sales (million yen)/ CO_2 emissions (tons CO_{2e})

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

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

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

Calculation Results of PRTR Designated Substances

RY2016 Results of PRTR Reporting (Japan)

Number specified in Cabinet Order	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
1	Zinc compounds (water-soluble)	0.0	0.0	0.0	0.0	22	757
51	2-ethylhexanoic acid	48	0.0	0.0	0.0	0.0	85
53	Ethylbenzene	105,337	0.0	0.0	0.0	0.0	21,444
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	185,119	0.0	0.0	0.0	0.0	33,176
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	1,875
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	3.1
185	Dichloropentafluoropropane; HCFC-225	1,181	0.0	0.0	0.0	0.0	0.0
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	15
240	Styrene	28,316	0.0	0.0	0.0	0.0	0.0
243	Dioxins	0.029	0.0	0.0	0.0	0.0	0.011
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0
296	1, 2, 4-trimethylbenzene	16,005	0.0	0.0	0.0	0.0	4,526
297	1, 3, 5-trimethylbenzene	3,291	0.0	0.0	0.0	0.0	721
300	Toluene	123,497	0.0	0.0	0.0	0.0	16,731
302	Naphthalene	1,052	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	12	0.0	0.0	0.0	0.0	8,099
308	Nickel	0.13	0.0	0.0	0.0	0.0	451
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
352	Diallyl phthalate	104	0.0	0.0	0.0	0.0	0.0
354	Di-n-butyl phthalate	0.0	0.0	0.0	0.0	0.0	143
400	Benzene	2.0	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,446
412	Manganese and its compounds	0.021	0.0	0.0	0.0	0.0	82,782
448	Methylenebis (4, 1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	0.0
453	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
Total		**463,964**	**0.0**	**0.0**	**0.0**	**22**	**172,255**

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 2020.

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)

Classifications		Main activities	The nine months ended December 31, 2015		The year ended December 31, 2016	
			Investment	Expenses	Investment	Expenses
Within the business area cost			1,204	1,524	1,795	2,610
	Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	179	438	505	399
	Global environmental conservation cost	Prevention of climate change	1,015	420	1,282	854
	Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	10	666	9	1,357
Upstream and downstream costs		Collection of used products and commercialization of recycled products	0	25	0	35
Management activities cost		Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	3.8	1,083	3.5	1,552
R&D cost		R&D for reducing of product environmental load and developing environment conservation equipment	181	4,830	540	6,757
Social activities cost		Local cleanup activities and membership fees and contributions to environmental groups, etc.	0	1	0	1
Environmental remediation cost		Contributions and impositions, etc.	0	74	0	87
Total			1,389	7,537	2,339	11,042

Total capital investment (including land) for the corresponding period (consolidated data)	65,400
Total R&D costs for the corresponding period	43,000

Environmental Conservation Effects

Effects	Items	The nine months ended December 31, 2015	The year ended December 31, 2016
Environmental effect related to resources input into business activities	Energy consumption (Except for transportation fuel) [units of heat; in terajoules (TJ)]	5,988	7,660
	Water consumption (million m^3)	2.92	3.66
Environmental effect related to waste or environmental impact originating from business activities	CO_2 emissions (Energy related) (kilotons CO_2e)	380	468
	SOx emissions (tons)	5.4	29.2
	NOx emissions (tons)	44.8	58.6
	Soot and dust emissions (tons)	2.2	2.7
	Releases and transfers of PRTR-designated substances (tons)	710	636
	Waste discharge (kilotons)	59.6	67.1
	Waste to landfills (kilotons)	1.8	2.1

Economic effects

(Yen in millions)

Classifications	Details	Annual effects of the years ended December 31, 2016
Energy conservation measure	Use alternative fuels for production facilities and switch to more efficient lighting and air handling systems	360
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling	162
	Sales of valuable resources	813
Total		1,335

<Environmental accounting principles>

1) The nine months ended December 31, 2015 means April 2015 to December 2015, and the year ended December 2016 means 12 months from January 2016 to December 2016.

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.
"R&D costs" represents that which was spent on environmental purposes, calculated on a pro-rata basis.

5) "Economic effects" is obtained only by adding up tangible results and does not include estimated effects.

Status of Environmental Management System Certification Acquisition

The Kubota Group has achieved ISO 14001 certification at all of its production sites in Japan. Kubota is currently introducing activities to expand ISO 14001 certification approval at its production sites overseas; one Saudi Arabia site acquired the certification in 2016 and one French site in 2017. The certificated sites are now preparing for the transition to certification according to the standard's revision 2015.

ISO 14001 Certification

Kubota Corporation in Japan

No	Name	Other Organizations and Subsidiaries Included	Main Business	Inspecting/Certifying Organization	Date of Certification
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

No	Name	Other Organizations and Subsidiaries Included	Main Business	Inspecting/Certifying Organization	Date of Certification
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 manufacturing department		Engines, tractors, small-size construction machinery, etc.	LRQA	March 10, 2000
9	Shiga Plant		FRP products	JUSE	May 18, 2000
10	Water Engineering & 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

Kubota Group: Companies in Japan

No	Name	Other Organizations and Subsidiaries Included	Main Business	Inspecting/Certifying Organization	Date of Certification
1	Nippon Plastic Industry Co., Ltd.	▪ Head office and plant, Mino Plant	Plastic pipes, plastic sheets, etc.	JSA	October 27, 2000
2	Kubota Construction Co., Ltd.		Design and construction of civil engineering structures and buildings	JQA	December 22, 2000
3	Kubota Environmental Service Co., Ltd.		Installation, maintenance and management of environmental systems for service water, sewage, landfill disposal, raw waste and waste plants, etc.	MSA	November 20, 2002
4	Kubota ChemiX Co., Ltd.	▪ Tochigi Plant ▪ Sakai Plant ▪ Odawara Plant ▪ Kyushu KUBOTA Chemical Co., Ltd.	Plastic pipes and couplings	JUSE	March 27, 2003 (integrated authentication in 2011)
5	KUBOTA Air Conditioner Co., Ltd.	▪ Tochigi Plant	Central air conditioning systems	JQA	August 27, 2004
6	KUBOTA Precision Machinery Co., Ltd.		Hydraulic valves, hydraulic cylinders, transmissions, hydraulic pumps, hydraulic motors, etc.	LRQA	March 17, 2007
7	KUBOTA KASUI Corporation		Design, construction and maintenance management of environmental conservation facilities	BCJ	February 1, 2010
8	Kansouken Inc.		Package software supporting water business	JCQA	April 14, 2014

Kubota Group: Overseas companies

No	Name	Main Business	Inspecting/Certifying Organization	Date of Certification
1	SIAM KUBOTA Corporation Co.,Ltd.［Headquarters］(Thailand)	Small diesel engines and agricultural machinery	MASCI	February 28, 2003
2	P.T. Kubota Indonesia (Indonesia)	Diesel engines and agricultural machinery	LRQA	February 10, 2006
3	Kubota Materials Canada Corporation (Canada)	Cast steel products, TXAX	SGS (U.S.)	June 15, 2006
4	P.T. Metec Semarang (Indonesia)	Vending machines	TÜV	March 16, 2011
5	KUBOTA Precision Machinery (Thailand) Co.,Ltd. (Thailand)	Equipment for tractors	LRQA	August 5, 2015
6	Kubota Manufacturing of America Corporation (U.S.) (including Kubota Industrial Equipment Corporation (U.S.))	Small-sized tractors, mowers, utility vehicles and tractor accessories	BSI	September 20, 2012 (integrated in 2015)
7	SIAM KUBOTA Corporation Co., Ltd.［Amata Nakorn］(Thailand)	Tractors and combine harvesters	BV	September 27, 2012
8	ATEC Instrument and Chemical Co., Ltd. (Vietnam)	Chemical agents for water treatment	BSI	January 18, 2013
9	KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd. (China)	Pumps	CCSCC	May 29, 2013
10	Kubota Agricultural Machinery (SUZHOU) Co., Ltd. (China)	Combine harvesters, rice transplanters and tractors	SGS	November 13, 2013
11	Kubota Construction Machinery (WUXI) Co., Ltd.	Construction machinery	CQC	December 11, 2014
12	SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)	Cast iron products for engines and tractors	BV	December 19, 2014
13	Kubota Engine (WUXI) Co ., Ltd. (China)	Diesel engines	SGS	March 22, 2015
14	KUBOTA Engine(Thailand) Co., Ltd. (Thailand)	Diesel engines	LRQA	July 3, 2015
15	Kubota Saudi Arabia Company, LLC (Saudi Arabia)	Cast steel products	TÜV	September 30, 2016
16	Kubota Farm Machinery Europe S.A.S (France)	Tractors	BV (France)	February 20, 2017

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)
SGS: SGS United Kingdom Limited (U.K.)
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)
BV(France): Bureau Veritas Certification France (France)

EMAS certification

Kubota Group: Overseas companies

No	Name	Main Business	Inspecting/Certifying Organization	Date of Certification
1	Kubota Baumaschinen GmbH (Germany)	Construction machinery	IHK	January 3, 2013

IHK: Industrie- und Handelskammer fur die Pfalz (Germany)

Calculation Standards of Environmental Performance Indicators

Period and Organizations Covered by Environmental Data

RY	Period		Organizations covered (No. of companies)			
	Data in Japan	Overseas data	Consolidated subsidiaries*3			Affiliated companies accounted for under the equity method*4
			Japan	Overseas	Total	
2012	April 2012 to March 2013	January 2012 to December 2012	62	95	157	—
2013	April 2013 to March 2014	January 2013 to December 2013	61	101	162	—
2014	April 2014 to March 2015	January 2014 to December 2014	53	103	156	12
2015	April 2015 to March 2016*1	January 2015 to December 2015*1	51	102	153	13
2016	January 2016 to December 2016	January 2016 to December 2016*2	47	125	172	12

*1 Although the accounting period of RY2015 is nine months (April 2015 to December 2015) due to the change of the account closing time, the period for the environmental data is set to be a year.
Consolidated net sales used to calculate the environmental load per unit of consolidated net sales (CO_2 emissions, energy use, CO_2 emissions during distribution, amount of waste discharged, water consumption, VOC emissions, amount of PRTR-designated substances released and transferred) for RY 2015 are the total consolidated sales from April 2015 to March 2016.

*2 Of the overseas consolidated subsidiaries, for Great Plains Manufacturing, Inc. (GP), which became a consolidated subsidiary in July 2016, the period of its environmental data is six months (July 2016 to December 2016), and the data except for its four major production sites (account for over 80% of sales of GP Group in RY2016) and four major non-production sites (accounting for over 90% of the employees of non-production sites of GP Group in RY2015) is estimated.
Data of the amount of chemical substances (VOC) handled and VOC emissions are excluded from the calculation.

*3 The coverage of consolidated subsidiaries is 100% for each year.

*4 Starting from RY2014, part of the affiliated companies accounted for under the equity method are covered by the data.

Calculation Methods of Environmental Performance Indicators

Energy and CO_2-related

Indicator (unit)	Calculation method
Energy use (J)	■ Energy use = Amount of purchased electricity consumed at business sites × 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.
CO_2 emissions (kilotons CO_2e)	■ CO_2emissions = CO_2 emissions from energy sources + non-energy source greenhouse gas emissions ■ CO_2 emissions from energy sources = Amount of purchased electricity consumed at business sites × CO_2 emission coefficient + Σ [amount of each fuel consumed at business sites × per-unit heat value of each fuel × CO_2 emission coefficient of each fuel] ■ Non-energy source greenhouse gas emissions = CO_2 emissions from non-energy sources + non-CO_2 greenhouse gas emissions ■ Per-unit heat value is determined in accordance with the Enforcement Regulation for the Act on the Rational Use of Energy, Japan. ■ CO_2 emission coefficients [RY1990] Based on the Report on Survey of Carbon Dioxide Emissions (Japan's Environment Agency 1992) and the Guideline for Measures to prevent Global Warming (Japan's Environment Agency 1993) [RY2011 to RY2015] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) <Electricity> Data for Japan are effective emission coefficients for each electricity utility, and overseas data are according to the GHG emissions from purchased electricity (GHG Protocol). [RY2016] <Fuel> Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) <Electricity> Data for Japan are effective emission coefficients for each electricity utility, and overseas data are according to CO_2 Emissions from Fuel Combustion - 2016 edition (IEA) and The Emissions & Generation Resource Integrated Database (eGRID) (EPA). ■ The method for calculating non-energy source greenhouse gas emissions is based on the Manual for Calculation and Report of Greenhouse Gas Emissions (by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) ■ The amount of CO_2 emissions in RY1990 is solely the amount of CO_2 emissions from energy sources at Kubota production sites.
Freight traffic (ton-km)	■ Freight traffic = Σ [Freight transportation amount (tons) × distance traveled (km)] ■ Freight traffic refers to the volume of products and industrial waste transported during domestic distribution
Fuel consumption during transportation (J)	■ Fuel consumption during transportation = 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 method is from the Manual to Support Merchants regarding Revisions to Energy Conservation Laws , 3rd Edition (April 2006, Japan's Energy Conservation Center of the Agency of Natural Resources and Energy, Japanese Ministry of Economy, Trade and Industry)

Indicator (unit)	Calculation method
CO_2 emissions during distribution (kilotons CO_2e)	■ CO_2 emissions during distribution = Σ [Fuel consumption for freight shipment by truck × CO_2 emission per ton-kilometer by fuel of transportation] + Σ [Fuel consumption for freight shipment by rail and water × CO_2 emission per ton-kilometer by means of transportation] ■ Calculation method is based on the ton-kilometer method stipulated in the Manual for Calculation and Report of Greenhouse gas Emission (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry)
Total energy input (J)	■ Total energy input = Energy use + Fuel consumption during transportation
Scope 3 emissions (kilotons CO_2e)	■ The calculation method is based on the Basic Guidelines regarding the Calculation of Greenhouse Gas Emissions throughout the Supply Chain (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry) and the Emissions per Unit Database for the Purpose of Calculating the Greenhouse Gas and Other Emissions of Organizations throughout the Supply Chain
Resource extraction, transportation and manufacturing related to purchased goods, etc.	■ Σ [Production volume × CO_2 emissions per unit] ■ Products: Agricultural machinery (tractors, rice transplanters, combine harvesters), construction machinery (compact excavators, etc.), and ductile iron pipe ■ Production volume: Number of units shipped for agricultural and construction machinery, and production weight for ductile iron pipes ■ CO_2 emissions per unit: estimated from the CO_2 emissions per unit of production of the product
Extraction and production of capital goods such as equipment	■ Equipment investment amount × CO_2 emissions per unit
Extraction, production and transportation for fuels for generation of purchased electricity	■ Purchased electricity consumed at business sites × CO_2 emissions per unit
Disposal of wastes discharged from business sites	■ Σ [Amount of waste discharge by type × CO_2 emissions per unit]
Employee business travels	■ Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] ■ Transportation expenses paid by method of transport are for airline tickets and railway tickets ■ For a part of the overseas subsidiaries (68 sites), estimate 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, America, Asia and China.
Employee commuting	■ Σ [Transportation expenses paid by method of transport × CO_2 emissions per unit] ■ The amount of transportation expenses is for the amount paid for Kubota employees' railway tickets and car travel
Transportation of products and waste	■ Same as the CO_2 emissions during distribution
Processing of intermediate products	■ Σ [Sales volume of intermediate products × CO_2 emissions per unit] ■ Intermediate products: engines (external sales only) ■ CO_2 emissions per unit: CO_2 emissions per unit at Kubota Group's processing plants
Use of products sold	■ Σ [No. of products sold × CO_2 emissions per unit] ■ Products: agricultural machinery (tractors, rice transplanters, combine harvesters), construction machinery (compact excavators, etc.) ■ CO_2 emissions per unit: Fuel consumption per hour × Annual hours of use × Years of service life × per-unit heat value of each fuel × CO_2 emission coefficient of each fuel (calculated by assuming the fuel consumption per hour, annual hours of use, and years of service life for each product)

Indicator (unit)	Calculation method
End-of-life transportation and treatment of sold products	▪ Σ [No. of products shipped × CO_2 emissions per unit] ▪ Products: Agricultural machinery (tractors, rice transplanters, combine harvesters) and construction machinery (compact excavators, etc.) ▪ CO_2 emissions per unit: estimated CO_2 emissions per unit of product

Waste-related

Indicator (unit)	Calculation method
Amount of waste, etc. generated (kilotons)	▪ Amount of waste, etc. generated = sales of valuable resources + amount of waste discharge
Amount of waste discharge (kilotons)	▪ Amount of waste discharge = Amount of industrial waste discharge + Amount of general waste discharged from business activities
Amount of resource recycling (kilotons) Amount of volume reduction (kilotons) Amount of landfill disposal (kilotons)	▪ Amount of resource recycling = Amount of waste directly recycled + Amount of resource recycling after external intermediate treatment ▪ Amount of volume reduction = Volume of external intermediate treatment - Amount of resource recycling after external intermediate treatment - Final landfill following external intermediate treatment ▪ Amount of landfill disposal = Direct landfill disposal+ Final landfill disposal following external intermediate treatment ▪ Amount of resource recycling after external intermediate treatment includes heat recovery (from RY2013) ▪ Amount of resource recycling after external intermediate treatment, amount of final landfill disposal, amount of volume reduction are calculated based on the results of surveys at the contractor.
Recycling ratio (%)	▪ Recycling ratio = (Sales amount of valuable resources + external recycling amount) ÷ (Sales amount of valuable resources + external recycling amount + amount of landfill disposal) × 100 ▪ External recycling amount includes heat recovery (from RY2013)
Amount of construction waste, etc. discharged (kilotons)	▪ Amount of construction waste, etc. discharged = Amount of construction waste discharged + sales amount of valuable resources generated from construction ▪ Targeting construction work in Japan ▪ Amount of construction waste discharged includes construction waste other than specific construction materials ▪ Sales amount of valuable resources covers directly contracted companies that purchase valuable materials from the Kubota Group
Amount of construction waste,etc.discharged Recycling ratio (%) Recycling and reduction ratio (%)	▪ In RY2016, a new calculation method was adopted in which the reduction volume is calculated in accordance with the Promotion Plan for Recycling of Construction Waste 2014 (Ministry of Land, Infrastructure, Transport and Tourism) and the recycling and reduction ratio is determined. [RY2012 to 2015] Recycling ratio = {Sales amount of valuable resources + resource recycling + volume reduction (heat recovery)} ÷ amount of construction waste, etc. discharged × 100 [RY2016] Recycling and reduction ratio = {Sales amount of valuable resources + resource recycling (including heat recovery) + volume of reduction} ÷ amount of construction waste, etc. discharged × 100

Water-related

Indicator (unit)	Calculation method
Water consumption (m^3)	■ Water consumption = Service water consumption + industrial water consumption + groundwater consumption
Wastewater discharge (m^3)	■ Wastewater discharge = Amount of wastewater discharge to public water areas + amount of discharge to sewage lines ■ Wastewater discharge includes rain and spring water
Amount of recycled water (m^3)	■ Amount of water purified in on-site effluent treatment facilities and recycled (excluding the circulating cooling water used)
COD(tons) Nitrogen discharge (tons) Phosphorus discharge (tons)	■ COD = COD per unit discharge amount × wastewater discharge to public water areas ■ Nitrogen discharge = nitrogen concentration × wastewater discharge to public water areas ■ Phosphorous discharge = Phosphorous concentration × wastewater discharge to public water areas ■ Targeting business sites subject to total emission control in Japan

Chemical substance-related

Indicator (unit)	Calculation method
Amount of PRTR-designated substances handled (tons)	■ Total amount of chemical substances handled at Japanese sites, 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
Amount of PRTR-designated substances released and transferred (tons)	■ Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law at Japanese sites 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 ■ The amount of each substance released and transferred is calculated in accordance with Manual for PRTR Release Estimation Methods Ver. 4.1 (March 2011) of the Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry, and Manual for PRTR Release Estimation Methods in the Steel Industry Ver. 13 (March 2014) of the Japan Iron and Steel Federation.
Amount of chemical substances (VOC) handled (tons)	■ Total amount handled at overseas sites of the six substances of 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)	■ The total emissions of the six substances of 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) NOx emissions (tons) Soot and dust emissions (tons)	■ SOx emissions = Amount of fuel consumed (kg) × sulfur content in the fuel × (1 - desulphurization efficiency) × 64/32 or SOx emissions = {(amount of coke consumed × sulfur content in coke) - (amount of molten metal × sulfur content in molten metal) - (volume of slug, dust, etc. × sulfur content in slug, dust, etc.)} × 64/32 or SOx emissions = SOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility ■ NOx emissions = NOx concentration × amount of gas emitted per hour × annual operation hours of the relevant facility ■ Soot and dust emissions = soot and dust concentration × amount of gas emitted per hour × annual operation hours of the relevant facility ■ Targeting the smoke and soot generating facilities at business sites in Japan as defined by the Air Pollution Control Law

Product-related

Indicator (unit)	Calculation method
Sales ratio of Eco-Products (%)	■ Sales ratio of Eco-Products = Sales of Eco-Products/sales of products (excluding construction work, services, software, parts, and accessories)× 100
Usage ratio of recycled materials (%)	■ Usage ratio of recycled materials = Amount of recycled materials input in the melting process ÷ total input volume × 100 ■ Target products: Materials used in the cast metal products and parts manufactured by the Kubota Group (such as ductile iron pipes, fittings, machine cast products (engine crankcase, etc.)) ■ The amount of recycled materials input and the total input amount does not include the indirect materials that are not the constituent materials of casting products and parts.

Third-party Assurance of Environmental Report

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 2017 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)*. 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 2017 Business and CSR Activities ＜Full Report Version＞ (PDF) satisfies the requirements by J-SUS.

Factory visit

Odawara Plant, Kubota ChemiX Co., Ltd.

Environmental report assurance and registration symbol

* Japanese version http://www.j-sus.org/
* English version http://www.j-sus.org/english.html
* Chinese version http://www.j-sus.org/chinese.html

KPMG

Independent Assurance Report

To the President and Representative Director of KUBOTA Corporation

We were engaged by KUBOTA Corporation (the "Company") to undertake a limited assurance engagement of the environmental indicators marked with "🔍" for the period from January 1, 2016 to December 31, 2016 (the "Indicators") included in its KUBOTA REPORT 2017 Business and CSR Activities <Full Report version> (PDF) (the "Report") for the fiscal year ended December 31, 2016, and the completeness of material environmental information in the Report.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, and for including the material environmental information defined in the 'Environmental Reporting Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's subsidiary selected on the basis of a risk analysis.
- Assessing whether or not all the material environmental information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and all the material environmental information defined by J-SUS is not included in the Report. .

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
May 16, 2017

Targets and Results Concerning Social Aspects

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

Summary of Social Report for FY2016, and Priority Issues for FY2017 and Medium-Term Targets（230KB）

Summary of Social Report for FY2016, and Priority Issues for FY2017 and Medium-Term Targets

◉Target exceeded ○Target reached △Target partially not reached ×Target not reached

	Major items	Main focus of activity	Plan	Do		Check	Action	Plan
			Priority issues for FY2016	Activity results in FY2016	Applicable scope shown to the left	Self-assessment	Priority issues for FY2017	Medium-term targets
Customers	Customer satisfaction	Quality and services to improve customer satisfaction	• Maintain/improve risk management structure and reduce quality risks through quality audits	• Conducted quality audits both domestically and overseas as planned	All group companies, including overseas	○	• Enhance risk management related to quality	• Ensure compliance with laws and regulations, and secure product safety
			• Establish a framework for ensuring the quality that is accepted by customers	• Standardized the framework for quality-related operations	Kubota Corporation only		• Extend and integrate throughout the Farm & Industrial Machinery division the ISO9001 certificate obtained at each site of the division, and standardize QMS	• Secure a quality assurance system for safety and trust of customers
			• Renew telephone system and aim for quick responses appropriate to customers' circumstances	• Along with the telephone assistance system, considered the information sharing system	All domestic group companies	○	• Renew telephone assistance system and aim for quick response to avoid keeping customers waiting	• Improve operations to better reflect the customers' voices
			• Provide explanations of terminology in Kubota catalogs which we frequently receive inquiries about, and also support new farmer customers	• Collected terms and compiled explanations, and continued preparations for publication	All domestic group companies		• Publicize in phases to further help customers solve problems by themselves	• Strengthen response to customers' needs, including inspections and maintenance
Suppliers	CSR procurement initiatives	CSR procurement initiatives	• Further expand the global development of manufacturing improvement activities and promote optimal global procurement	• Promoted improvement activities by uniting procurement managers and suppliers, developed activities to improve one another's manufacturing globally (9 countries)	Kubota Corporation (Farm & Industrial Machinery), overseas group companies	○	• Further expand the global development of manufacturing improvement activities and promote optimal global procurement	• Promote practices according to guidelines by suppliers of each Kubota Group company and spread CSR procurement
			• Expand the suppliers applicable for receiving awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling	• Expanded the suppliers applicable for receiving awards for environment-friendly activities and environmental load reduction activities such as saving energy and recycling	Kubota Corporation (Farm & Industrial Machinery)		• Continue to promote the suppliers' environmental load reduction activities and maintain the award system for environment-friendly production activities such as saving energy and recycling	
			• Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	• Sought understanding of initiative polices by suppliers and requested their cooperation with surveys conducted by the Kubota Group	Kubota Corporation only		• Continue to seek understanding of suppliers regarding our policy on conflict minerals and request their cooperation in surveys conducted by the Kubota Group	
Shareholders, etc.	Timely and appropriate release of information	Timely and appropriate release of information	• Make continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trusting relationship with them by disclosing timely, fair and accurate corporate information, enhancing the information disclosed and proactively conducting meetings with them	• To obtain further understanding of business from shareholders and investors, disclosed information in a timely and fair manner, enhanced the information disclosed, proactively responded to meeting requests, and implemented business briefing sessions, etc.	All group companies, including overseas	○	• Make continuous efforts to receive further understanding of business from shareholders and investors as well as to build a trusting relationship with them by enhancing communication of information and proactively conducting meetings with them	• Hold ongoing dialogue with stakeholders through meetings and IR events, which contributes to the enhancement of corporate value on a mid- to long-term basis • Promote IR activities to ensure an appropriate stock value reflecting the actual circumstances of the Company
			• Promote initiatives to increase individual shareholders	• Organized a plant tour for individual shareholders • Held a company explanation session for individual investors	Kubota Corporation only		• Organize tours of facilities as opportunities to promote active talks with individual investors • Promote initiatives to increase individual shareholders	• Obtain the trust of all stakeholders and strengthen the base of stable shareholders through the timely and appropriate release of information
			• Disseminate straightforward corporate and product information, and strengthen communication by reviewing the overall structure of the Kubota Group website	• Enhanced R&D stories and other corporate information to strengthen communication inside and outside Japan	All group companies, including overseas	○	• Strengthen branding by further enhancing corporate information related to CSR, the environment, etc. • Develop a straightforward and easy-to-browse website throughout the group	• Strengthen mid- to long-term brand communication and information dissemination responding to local needs
Employees	Creating rewarding and lively workplaces	Creating a safe workplace for all employees	• Pursue the true cause of accidents and deploy countermeasures	• Sought true causes of accidents by using the Accident True Cause Discovery Sheet and the Questionnaire Sheet for Accident Victims, and implement countermeasures using these sheets at the recurrence prevention committee	All group companies, including overseas	△	• Promote education, training, evaluation for new employees based on Work Standards (focusing particularly on training and evaluation) • Promote safety measures based on the Equipment Safety Improvement Guidelines	• Aim for all Kubota Group employees to position safety as the top priority in all tasks and achieve "zero lost work time incidents"
			• Implement training for new employees based on the Basic Guidelines for Work Standardization	• Formulated and started operation of the Guidelines for Preparation of Work Standardization, which stipulates the matters to be written in the Work Standards	All domestic group companies			
			• Disseminate the Equipment Safety Improvement Guidelines to domestic affiliated companies and prepare to introduce it to overseas manufacturing subsidiaries	• Formulated the Guidelines for Implementation of Safety and Health Education and Training for New Employees, which stipulate the standards for education, training and evaluation based on the Work Standards, and started their operation	9 domestic group companies 17 overseas group companies			
		Creating a vibrant workplace	• Continue to share information with labor-management committees	• Shared information with labor-management committees	Kubota Corporation only	○	• Continue to share information with labor-management committees	• Aim to create a vibrant workplace environment in which all Kubota Group employees can be healthy both physically and mentally
			• Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	• Promoted specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	All domestic group companies		• Promote specific measures based on the "Kubota Wellness (Mental Health) Action Plan" across the Kubota Group	
			• Continue to promote the second phase of Health Kubota 21	• Incorporated Kubota Health Mileage as a project to support good health in the second phase of Health Kubota 21	All domestic group companies		• Continue to promote the second phase of Health Kubota 21	
		Respecting human rights	• Prevent harassment as well as maintain and improve the capacity to resolve harassment in Japan	• Continued awareness-raising activities for the prevention and resolution of harassment within Japan, including distributors	All domestic group companies	○	• Prevent harassment (sexual, maternity and power harassment, etc.) as well as improve the capacity to resolve harassment in Japan	• Spread activities to raise awareness of human rights across the entire Kubota Group, both inside and outside Japan
			• Assess the human rights conditions at overseas sites and continue to consider human rights activities with an understanding of international standards relating to human rights	• Assessed the human rights conditions at overseas sites and continued to consider human rights activities with an understanding of international standards relating to human rights	All overseas group companies		• Assess the human rights conditions at overseas sites and continue to consider human rights activities with an understanding of international standards relating to human rights, while referring to the initiatives taken by other companies	

		Promotion of diversity	• Promote development of female employees
			  ▪ Hold ongoing training for women in managerial positions
			  ▪ Hold follow-up training (third year) for employees who have changed jobs to general managerial positions
			• Carry out in-depth study of diversity management
			  ▪ Promote main action plan for general business law supporting women's activities
			  ▪ Expand the scope of diversity
				• Held ongoing training of female employees in managerial positions and carried out follow-up training for participants of the prior fiscal year's training
				• Held follow-up training (third year) for employees who have changed jobs
				• Formulated and promoted main action plan for general business law supporting women's activities
				• Gathered information on LGBT
					Kubota Corporation only	○	• Promote development of female employees
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		Personnel policies in tune with globalization	• Continue to study/implement human resource policies essential to promote global management	• Started training for next-generation managers in North America, and enhanced the programs to accept trainees at Kubota sites in Japan for the purpose of developing candidates for managers and supervisors of overseas Group companies	All group companies, including overseas	○	• Continue to study/implement human resource policies essential to promote global management	• Put "the right person in the right job" globally, thereby "maximizing human resource utilization"
				• Enhanced overseas language training programs (overseas exchanges, training to improve Tagalog training skills, overseas internships, etc.)	Kubota Corporation only			
				• Enhanced overseas trainee program and continued the program to dispatch interns to Harvard Business School	Kubota Corporation only			
			• Continue conducting activities to instill corporate philosophy for the 4th fiscal year	• Implemented activities with the aim of implementing and utilizing our corporate philosophy as the fourth stage of activities for instilling corporate philosophy	All group companies, including overseas	○	• Continue conducting activities to instill corporate philosophy for the 5th fiscal year	• Foster CSR and compliance-minded employees based on our corporate philosophy and Rule of Conduct
Communities	Social contribution activities	Contributions to international society and local communities	• Complete social contribution policy which can be shared throughout the entire group and promote grassroots initiatives	• Continued considering policies aimed at social contribution • Implemented initiatives based on collaboration with community institutions and schools	All domestic group companies	△	• Complete social contribution policy which can be shared throughout the entire group and promote grassroots initiatives, taking the SDGs into consideration	• Expand overseas initiatives • Promote ties with NGOs, NPOs and other organizations
			• Effectively exchange information with overseas sites and support local activities	• Appraised the activities implemented by each overseas base (information gathering)	All group companies, including overseas		• Effectively exchange information with overseas sites and support local activities	
		Rejuvenation and reconstruction of areas affected by natural disasters	• Continuously promote reconstruction support activities true to Kubota style	• Continued support for recovery from the Great East Japan Earthquake with a focus on supporting training of students at industrial high schools • Sold products of Kumamoto Prefecture at company events, etc. as part of the support for recovery from the Kumamoto Earthquake	All domestic group companies	○	• Continuously promote reconstruction support activities true to Kubota style, remaining aware of the themes of food, water, and the environment	

Summary of Social Report for FY2016, and Priority Issues for FY2017 and Medium-Term Targets

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Relationships with Our Customers

Based on the "Customer First Principle," Kubota aims to offer products, technologies, and services that exceed customers' needs at a speed beyond their expectations. We seek what we have to do to maximize customer satisfaction based on the "Onsite" approach policy perspective, which includes going to the actual site, seeing the product, and confirming actual facts, and put into immediate action whatever we can.
Kubota will continue to promote initiatives in all aspects of its operations, including development, production, sales and services, aiming not only to improve sales and profits, but also to establish itself as "Global Major Brand" trusted by a maximum number of customers and capable of making a maximum contribution to society.

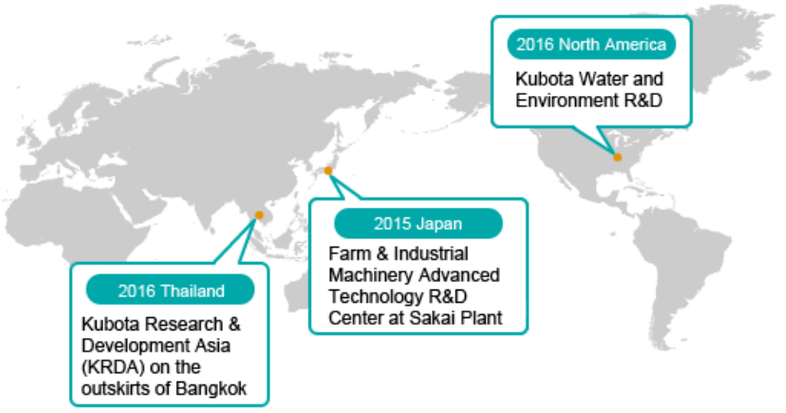
R&D

Strengthening Our R&D System

Basic Concept

Because of the globalization of business, it is becoming increasingly important to offering impressive products that satisfy the needs of customers throughout the world, along with the regional circumstances. For this reason, Kubota is strengthening its global R&D system with Japan as its hub- by clarifying the roles of its development sites in Japan and overseas, thereby responding to the local needs of each area of the world. Kubota also promotes collaborations with external partners instead of adhering to the in-house development policy, with the aim of expediting development processes.

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 first, and then launched in local markets, and local production was introduced later on. However, in order to grow into a genuine global company, it is crucial to understand the needs of foreign customers overseas and rapidly develop new products. For this reason, Kubota is strengthening local-oriented product development.

Decision to establish new sites in response to the local needs of major countries

In Japan, Kubota opened two research creators at the Sakai Plant in FY2016. The Sakai Plant also has a facility capable of reproducing environments such as the climates of various regions around the world, and has introduced the testing devices for farming and construction machinery. With these facilities, Kubota will refine fundamental technologies and concentrate on the development of new products for farming and construction machinery.
Overseas, in FY2016 Kubota opened a large-scale development site in Thailand focusing mainly on agricultural machinery, in order to accelerate the development of farm machinery and implements with specifications appropriate for the climates and crop varieties unique to each Southeast Asian country. In North America, Kubota opened a research site for water and environment-related fields in FY2016 to enhance research and development on the design and operation management of membrane systems that are suitable for the local climates and water quality as well as strengthening its tractor and UV development sites.


Newly established R&D site at Sakai Plant


Newly established R&D site in Thailand


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

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 the research and development of each division 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. A part of the achievements of these discussions are presented at the Kubota Group R&D Conference.


Main site of the Kubota Group R&D Conference


Presentation by SIAM KUBOTA Corporation Co., Ltd. (SKC)

Creating value by integrating core products and information communications technologies (ICT)

With the growing popularity of information communications technologies (ICT) such as the Internet and mobile telephones, there are an increasing number of services aimed 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 was considered to increase the burden involved in managing 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), a data-based agricultural system 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 data gathered through this system on the operational status of the harvesting machinery for diagnosis or other services. At present, over 3,000 customers are using this service.

* Farm operators and agricultural production corporations that have formulated a management improvement plan pursuant to the Act on Promotion of Improvement of Agricultural Management Foundation, and obtained approval from the relevant municipalities. Often owners of large-scale farmlands hiring employees (workers), actively engaged in farm management

Monitoring water and environment infrastructure with IoT

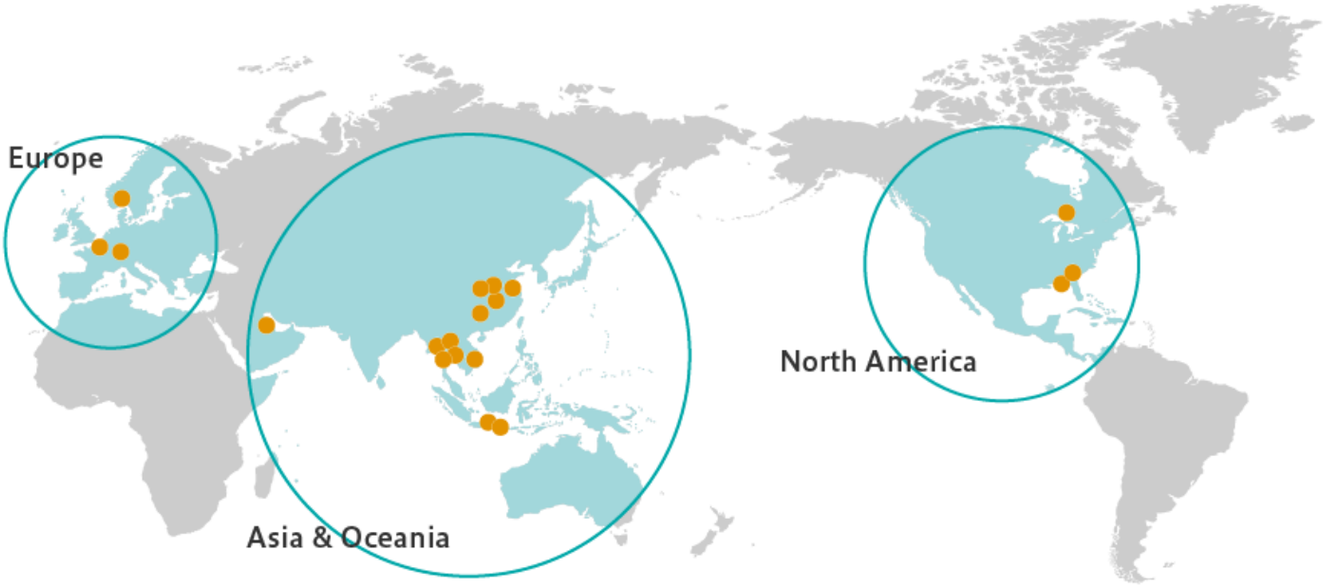
In Japan, because of governmental financial difficulties and reductions in staff, the efficient and economic management of important infrastructure is becoming a major issue. To address this issue, Kubota, with many products in the water, environment, farming and forestry fields, has introduced its remote monitoring system to approx. 5,000 infrastructure facilities, such as water supply and sewage equipment, and agricultural water facilities.
Meanwhile, local governments are facing increasing demand for products that help systematize the operation of machinery and plants. To meet this demand, Kubota launched the Kubota Smart Infrastructure System (KSIS) in 2017, which conducts remote monitoring and diagnosis for machinery and plants in a common platform using IoT. Moreover, a partnership agreement with the NTT Group enables use of the operational information gathered from machinery and plants as big data. Kubota engages in R&D to create new value and solve customers' problems, such as failure prediction using artificial intelligence (AI) to extend the life of machinery, and optimal control to save energy in operation.

Production / Quality Control

Strengthening Production Systems

Building a global production system

In order to achieve the goal of becoming a "Global Major Brand," Kubota has established production bases around the world in locations close to their respective markets, with the mother plant supporting all the other plants in order to secure consistent quality. Furthermore, Kubota is promoting the deployment of the Kubota Production System (KPS) at each of its bases and implementing initiatives to raise the 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　* Click here for acceptance of technical trainees
- 2013: Kubota Farm Machinery Europe S.A.S (Europe) Manufacturing of large upland farming tractors
- 2016: Great Plains Manufacturing, Inc. [made part of the group] (United States) Manufacturing and sales of implements

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)

Deployment and dissemination of the Kubota Production System

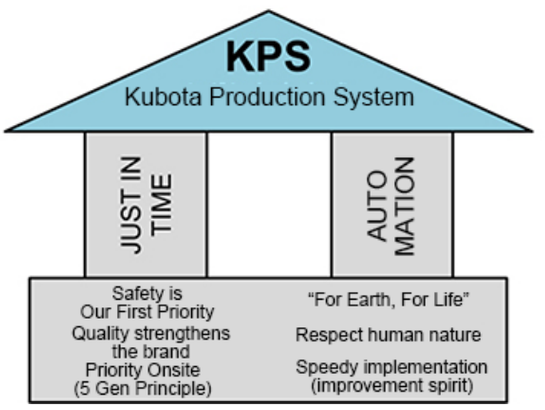
Kubota Production System

- Kubota's basic principle for manufacturing
  Kubota aims to achieve manufacturing that impresses customers by offering products and services that exceed customers' needs at a speed that exceeds their expectations.
- Kubota Production System
  Kubota Production System (KPS) is the fundamental concept and perspective of the Kubota Group's manufacturing.
  While adhering to the basic philosophy, KPS is based on "just-in-time" and "automation" and continuously pursues thorough elimination of waste.

In 2016 Kubota started deploying KPS throughout the company.

- In Japan, activities for dissemination began from four major machinery-related sites (Sakai, Tsukuba, Utsunomiya, Hirakata Construction Machinery), and have now spread to 19 sites including other sites and affiliated companies.
- Kubota will expand these activities to overseas. Kubota will also broaden the range of its KPS activities from plants to both upstream and downstream of its supply chain, such as suppliers, sales, dealerships, and logistics.

◆Structure of KPS



Maintaining and Improving Quality

Quality control in design and development

Kubota endeavors to prevent quality problems, and a representative activity in this effort is the initiative 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.

A design review

Quality audits

Kubota periodically conducts quality audits for the purpose of providing its customers with even better products and services.

Raising awareness of quality

In November 2016, Kubota held a Quality Forum led by a visiting lecturer as an awareness-raising activity for improving quality.
The lecturer spoke about the value creation and quality assurance necessary for sustainable growth of a company, based on the theme “Implementation of the Quality-Creating Management at Toyota—to continually satisfy customers.” Around 400 people attended, including management, and renewed their awareness of the importance of quality management.

Quality Forum (November 7, 2016)

Recent recall status (As of December 31, 2016)

- Recall of ER combine harvester ER572 and others: Total 3,650 units (began March 25, 2016)
- Recall of ER combine harvester ER575 and others: Total 1,234 units (began March 25, 2016)

We deeply apologize for the inconvenience caused to our users.

For details, click here. (Only in Japanese)

Small group activities

The Small Group Activities Presentation Competition was held, participated in by 13 circles selected from approx. 400 Kubota circles. The Honeybee Circle won the first place, and also won the President’s Special Award for its initiatives to train members and activate workplaces. At the same time, three circles from the Sakai Plant and a Kubota affiliated company in Thailand participated in the International QC Circle Competition 2016 held in Bangkok, Thailand, where all of them won the Gold Prize, the highest prize.

Small Group Activities Presentation Competition

ISO 9001 certification status

Kubota [Farm & Industrial Machinery Division]

Business divisions/Offices			Certification scope (excerpt)	Date of certification	Certifying body
Engines, tractors, farm machinery, construction machinery		Sakai (including Okajima) Rinkai	Engines, tractors, farm machinery, construction machinery	1994.06	LRQA
		Tsukuba	Engines, tractors	1994.06	LRQA
		Utsunomiya	Rice transplanters, harvesters	1997.02	LRQA
		Hirakata	Construction machinery	1996.04	LRQA
Electronic equipped machinery	Vending machines	Ryugasaki	Vending machines for cigarettes, and paper-carton and canned beverages	2008.09	DNV
	Precision machinery	Kyuhoji	Electronic weighing equipment and load cells	1994.08	DNV

Abbreviations of Certifying Bodies
LRQA: Lloyd's Register Quality Assurance Ltd.
DNV: NV GL BUSINESS ASSURANCE JAPAN K.K.

Kubota [Water & Environment Division]

Business divisions/Offices			Certification scope (excerpt)	Date of certification	Certifying body
Pipe Systems	Iron pipes	Hanshin Keiyo	Ductile iron pipes, fittings, accessories, other Ductile iron products and related products	1999.01	JCQA
	Valves	Hirakata	Valves, gates	1994.09	LRQA
	Pumps	Hirakata	Pumps, pump stations, sewage treatment and water purification plants	1997.10	LRQA
Water treatment	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	2014.07	Intertek
	Purification tanks	Shiga	Plastic water purification tanks	2003.04	JUSE
Materials	Materials (Steel castings, rolls, new materials)	Hirakata Amagasaki	Rollers, tubes, piping, fittings, spools, steel columns, steel piles, 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)	1993.03	LRQA
	Steel pipes	Ichikawa	Spiral welded steel pipes	1998.07	JICQA

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.

Affiliates in Japan

Affiliates in Japan	Certification scope (excerpt)	Date of certification	Certifying body
Kubota Seiki Co., Ltd.	■ Design, develop and manufacture hydraulic valves and hydraulic cylinders for agricultural and construction machinery. ■ Manufacture transmissions and hydraulic pumps for off-road vehicles and agricultural machinery, and hydraulic motors for construction machinery.	2007.04	LRQA
Kubota ChemiX Co., Ltd.	Design, develop and manufacture plastic pipe, joints and accessories	1998.04	JUSE
Nippon Plastic Industry Co., Ltd.	■ Design, develop and manufacture hard vinyl pipe and secondary processed products ■ Design, develop and manufacture polyethylene and other plastic pipes ■ Design, develop and manufacture polystyrene/polyethylene and other plastic sheets/plates	1998.12	JSA
Kubota Pipe Tech Co.	■ Construction and construction management of various pipelines ■ Investigate and diagnosis pipelines and attached facilities ■ Installation training for fittings and pipe layin ■ Pipe-laying equipment rental	2002.03	JCQA
Kansouken Inc.	■ Design and develop package software for supporting water-supply business ■ Support operation of package software for supporting water-supply business and provide date-input service ■ Provide survey and consulting services for water network	2004.04	JCQA
Kubota Environmental Service Co., Ltd.	Design, construction, maintenance and servicing of plant facilities for water supply, sewer drainage, solid waste processing, excreta disposal and garbage	2000.02	MSA
Kubota Kasui Corporation	Design and construction of environmental conservation plants	2000.01	BCJ-SAR
Kubota Air Conditioner, Ltd.	Design, develop, manufacture and ancillary services for large-scale air-conditioning equipment	2000.02	JQA
Kubota Systems Inc.	■ Consigned development of software products and software packaging, design, develop and construct network structures, and maintenance services ■ Information system operation, and operation and maintenance of networks ■ Sales of purchased products	1997.05	BSI-J
Heiwa Kanzai Co., Ltd.	Design, develop and supply cleaning services for buildings and facilities	2002.07	JICQA
Kubota Construction Co., Ltd.	Design and construct civil engineering structures and buildings	2011.12	JQA

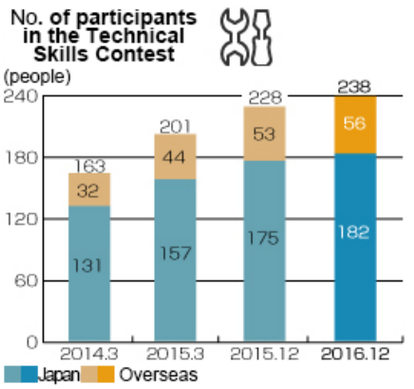
Abbreviations of Certifying Bodies
LRQA: Lloyd's Register Quality Assurance Ltd.
JUSE: Union of Japanese Scientists and Engineers
JSA: Japanese Standards Association
JCQA: Japan Chemical Quality Assurance Ltd.
MSA: Management System Assessment Center Co., Ltd.
BCJ-SAR: The Building Center of Japan
JQA: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

Ensuring Skills to Maintain Customer Satisfaction

Kubota holds the Kubota Group Technical Skills Contest

Every year with the aim of fostering a sense of unity and improving technical skills throughout all companies in the Group. During the contest for fiscal 2016, a total of 238 contestants from six countries (26 bases) put their technical skills to the test in 15 categories, including lathing, welding and machine maintenance. In this contest, representatives of suppliers who had won the preliminary contests participated for the first time. This contest provides an opportunity to evaluate the skill levels and initiatives of each base and motivate the contestants to hone their skills even further. In FY2017 and the subsequent years, Kubota will continue to hold this contest as an opportunity that help further improve the manufacturing capabilities of the entire Group.

Group photo of Gold Prize winners (at Sakai site)



Participating in National Skills Competition

Kubota has participated in the “lathing” and “mechanical assembly” categories at the National Skills Competition*, for the purpose of demonstrating the Group’s attitude of pursuing the improved skills of manufacturing and developing human resources who acquire advanced skills and play a leading role in the workplace. At the Competition for fiscal 2016, the Kubota representatives won the Silver Prize and the Fighting Spirit Prize in the mechanical assembly.

* National Skills Competition: National competition for young technicians (23 or younger). Representatives for the international competition held every two years are selected at this competition. It is the “Olympics” of skills, in which young engineers from all over Japan compete in terms of skills.

Mechanical assembly match

Fostering manufacturing personnel to establish Kubota as a Global Major Brand


Employees of a German Kubota Group company in training at the 5-Gen Dojo (Japan)

Kubota promotes the Kubota Production System (KPS) at its domestic and overseas bases with the aim of becoming a "Global Major Brand." The "5-Gen Principle" is implemented to achieve site improvements necessary to advance KPS. The 5-Gen encompasses a philosophy based on the 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 470 people attended this training program in fiscal 2016.
Starting from 2014, Kubota has introduced the 5-Gen Dojo at its major overseas sites, with the goal of strengthening manufacturing capability and localizing human resource development.
In May 2016, Kubota established the 5-Gen Dojo in Thailand, where human resources capable of strongly promoting improvement are developed through lectures and on-site improvement training by local instructors.

Participants by country (Jan. 2016–Dec. 2016)

Japan: 313
North America: 40
Thailand: 55
China: 27
Europe: 14
Indonesia: 10
Myanmar: 11

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 in the U.S.
- Jan. 2016-Dec. 2016: Established 5-Gen Dojo at SIAM KUBOTA Corporation Co., Ltd. in Thailand

Customer Service

Creating value by integrating core products and information communications technologies (ICT)

Click here for details.

The 1st Parts Sales Meeting for Asian Kubota Overseas Subsidiary Held

In Asia and other emerging markets, cheap and low-quality imitation parts prevail, which may have a serious impact on product performance. Allowing the use of such imitation parts may result in undermining the reliability of Kubota products.
Kubota therefore promotes activities to disseminate genuine parts of reliable quality in the market, with the aim of ensuring long product life and improving trust in the Kubota brand. By achieving this, Kubota aims to improve the efficiency of farming in emerging countries, thereby contributing to the realization of richer and more stable food production.
In July 2016, with a view to the dissemination and spread of genuine parts in Asian markets, Kubota held the first Parts Sales Meeting in Osaka, targeting the personnel in charge of parts sales of Kubota Overseas Subsidiary in Southeast Asia and China. The Meeting successfully raised the motivation of the local parts sales representatives and fostered a sense of unity as members of the Kubota Group. At the Meeting, discussions were held on the problems faced by each country and the countermeasures there of, and good practices in sales promotion activities were shared. Making use of these results of the conference, Kubota will make continued efforts to increase sales of genuine parts and improve customer satisfaction.

Parts sales promotion activities by each company were presented.
* Photo shows the presentation by KPI of the Philippines

Attending distributors:
SIAM KUBOTA Corporation Co., Ltd. [SKC]
P.T. Kubota Machinery Indonesia [KMI]
Sime Kubota Sdn.Bhd. [SKSB]
Kubota Agricultural Machinery (Suzhou) Co., Ltd. [KAMS]
Kubota Vietnam, Co., Ltd. [KVC], P.T. Kubota Indonesia [PTKI]
Kubota Philippines, Inc. [KPI], Kubota Agricultural Machinery India Prt., Ltd.[KAI]

Service technical skills and leader’s proposal contests

Kubota held the Service Technical Skills Contest in December 2016. On December 6, 17 representatives of the Kubota Group members in Asia, Europe, the U.S, and Australia who had won the local contests in each country participated and competed in terms of their service skills. On December 8, 25 representatives of Japanese sites who had won the preliminary competitions held throughout Japan competed in a serious and enthusiastic manner. Kubota will continue to hold this contest to help its employees improve their service technical skills and become human resources who earn greater trust from customers.
In Japan, in FY2016, the third 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 would lead to expansion and profit growth. Kubota will continue to improve its service technologies and proposal-making skills even further through these contests, thereby reinforcing customer trust and ensuring their peace-of-mind.

Service Technical Skills Contest

Leader’s Proposal Contest

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 with 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.
"Overall customer's satisfaction with store where purchased” for July 2015 to June 2016 improved over the previous year (surveyed from July 2014 to June 2015), rising from 59.9 to 61.7.

Relationships with Business Partners

Procurement

Procurement Policy

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

Basic idea for materials procurement

1. Providing fair opportunities
   We provide opportunities for competition among all of our business partners in a fair and equitable manner.
2. Economical rationality
   When selecting a 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 a suitable set of criteria.
3. Mutual trust
   We establish relationship of trust with our business partners and also aim for mutual development.
4. Social trust
   We are committed to ensuring adherence to all relevant laws and regulations for when making procurement deals. We will also make sure to maintain the confidentiality of our business partners' information which we have gained through our procurement deals.
5. CSR procurement
   We promote CSR procurement, while paying close attention to compliance with laws and regulations, occupational health and safety, human rights (including addressing the issue of conflict minerals), environmental conservation, symbiosis with society, and information disclosure in a timely and appropriate manner.
6. Green procurement
   We are committed to the procurement of products with a reduced environmental impact from business partners that engage in environmental activities, as part of our commitment to providing society with products that are friendly to global and local environments.

Promoting CSR Procurement Based on Established Guidelines

Customers are becoming increasingly aware of what goes on in the entire supply chain that creates products and services.
For this reason, Kubota has established the Kubota Group CSR Procurement Guidelines, based on the belief that it is necessary to have a common understanding of CSR with its 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 its business partners' initiatives that target safe work practices, respect for human rights, and other important factors.

The Kubota 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 Kubota Group CSR Procurement Guidelines

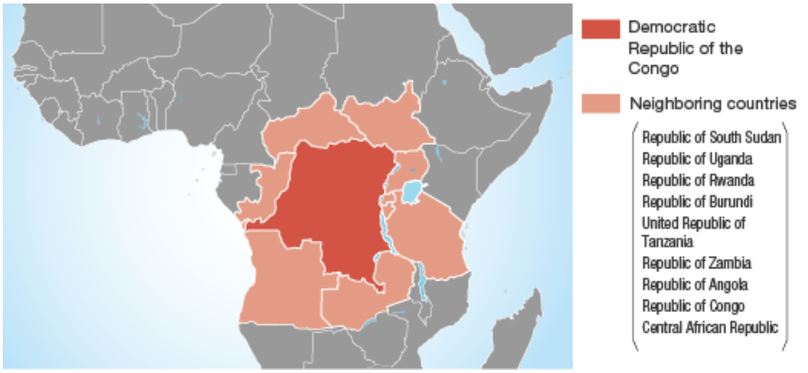
Green Procurement

- Click here for the Green Procurement Guidelines
- Click here for details of the Green Procurement activities

Enforcing Ban on the Use of Conflict Minerals

Kubota addresses the issue of conflict minerals as part of its CSR procurement initiatives. Conflict minerals refer to 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 of concern.
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. To this end, Kubota seeks mutual understanding regarding this issue with its business partners, which are a part of the supply chain, and requests their cooperation in surveys and audits conducted by Group companies.
In FY2016, Kubota partially revised the Kubota Group CSR Procurement Guidelines so as to include a clear statement on conflict minerals in the Guidelines.

Democratic Republic of the Congo and neighboring countries.



Promoting Optimal Regional Procurement and Supplier Quality/Productivity

Procurement at overseas production bases has risen sharply in parallel with the rapid globalization of business.
The Kubota Group promotes optimal procurement in every region through the establishment of a global supply system. Moreover, the Group unites with major global suppliers to promote systematic improvement activities for the purpose of strengthening competitiveness by improving quality and productivity.
In FY2016, as a continuation of the previous year, Kubota held the 3rd Supplier Skills Competition to improve the skill level of its suppliers. Moreover, the 3rd Supplier Improvement World Cup was also held in order to vitalize improvement activities. In this World Cup, suppliers selected from various regions around the world present their company's successful improvement cases as they compete for the status of World Champion.
Throughout the entire supply chain, Kubota will continue its efforts to make the Kubota brand trusted and appreciated by its customers around the world.

Kubota Supplier Skills Competition

Kubota Supplier Improvement World Cup

Relationships with Employees

Customer satisfaction cannot be accomplished without employee satisfaction. The Kubota Group promotes the creation of comfortable and motivated workplaces where its employees can not only work safely and securely but also feel pride and joy in their 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 Safe 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. Based on these policies, Kubota is enforcing the ethic whereby all people involved in the business, including contractor employees, behave based on the philosophy of "Safety Is Our First Priority."

In FY2016, to achieve the target of zero lost work-time incidents throughout the Group, as stated in the Mid-term Plan, Kubota promoted initiatives focusing on equipment safety improvement, work safety improvement, and the development of Safety-Aware Employees as its pillars. For equipment safety improvement, Kubota implemented capital investment and various measures in accordance with the Equipment Safety Improvement Guidelines, placing particular emphasis on the prevention of entrapment and entanglement in machinery. For work safety improvement, Kubota formulated the Guidelines for Preparation of Work Standardization, in which key points for ensuring work safety are established and presented, thereby promoting the visualization of safety actions. For developing Safety-Aware Employees, Kubota formulated the Guidelines for the Implementation of Safety and Health Education and Training for New Employees, and advanced the standardization of the methods of education, training and evaluation of new employees.

At the same time, Kubota has started restructuring its safety and health management system based on the three pillars of equipment safety improvement, work safety improvement, and the development of Safety-Aware Employees. The goal of this initiative is to establish a management system that facilitates the implementation of the PDCA cycle across the entire Group, including overseas companies, by preparing Kubota's standards and guidelines that are consistent with international standards.

The Kubota Group Basic Policies on Safety and Health

"In the Kubota Group, no work should be carried out without serious consideration of 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."

Initiatives implemented for priority issues of FY2016

In FY2016, the initiatives below were implemented with regard to the priority issues. Initiatives involving overseas bases have been increasing year by year.

1. Pursuing the true cause of accidents and deploying countermeasures (for all Group companies including overseas companies)
   Sought the true causes of accidents using the Accident True Cause Discovery Sheet and the Questionnaire Sheet for Accident Victims, and implemented countermeasures using these sheets at the recurrence prevention committee.
2. Enhancing education for new employees based on Work Standards (for all Group companies in Japan)
   Formulated the Guidelines for Preparation of Work Standardization, which stipulate the matters to be written in the Work Standards, and enhanced education and training.
3. Disseminating the Equipment Safety Improvement Guidelines to domestic affiliated companies and preparing to introduce them to overseas manufacturing subsidiaries (nine group companies in Japan and 17 overseas group companies)
   Formulated the Guidelines for Implementation of Safety and Health Education and Training for New Employees, which stipulate the standards for education, training and evaluation based on the Work Standards, and started their operation.

The Kubota Group Safety and Health Targets for FY2017

Kubota has clearly set the targets below for FY2017, and is promoting companywide efforts to create safe workplaces.

1. Achieve zero "serious accidents" and "Type-A lost work-time incidents"!
2. Achieve zero fires!

A serious accident refers to an incident that:

1) results in death, 2) may cause serious disability (disability grade 7 or above), or 3) kills/injures or affects three or more people at a time.

A type-A lost work-time incident refers to:

1) contact with high-temperature objects, 2) contact with heavy objects, 3) entrapment or entanglement in machinery,
4) falling from high places, 5) contact with forklifts or vehicles, 6) falling from or contact with agricultural/construction machinery,
7) electrocution, 8) flying and falling objects, 9) acute poisoning by harmful substances, or 10) fire or explosions.

[Priority implementation issues]

Business site and plant departments

1. Developing Safety-Aware Employees
2. Improving equipment safety
3. Improving work safety
4. Maintaining and improving a safe and healthy working environment
5. Responding to globalization in collaboration with the mother plant

Construction departments

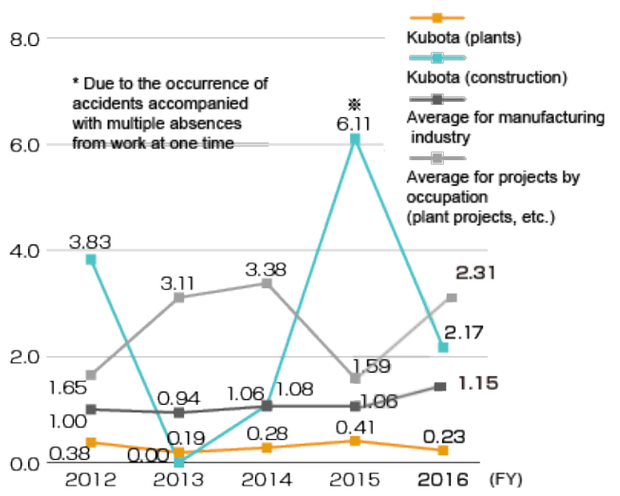
1. Developing Safety-Aware Employees
2. Improving work safety
3. Improving equipment safety
4. Promoting sanitary management
5. Promoting environmental management

Promoting the equipment safety improvement

In FY2016, Kubota revised its Equipment Safety Improvement Guidelines, which define the categories of serious accident risks, and added the risk of "falling from or contact with agricultural/construction machinery vehicles." At the same time, Kubota implemented capital investment and various measures, placing particular emphasis on the prevention of entrapment and entanglement in machinery.

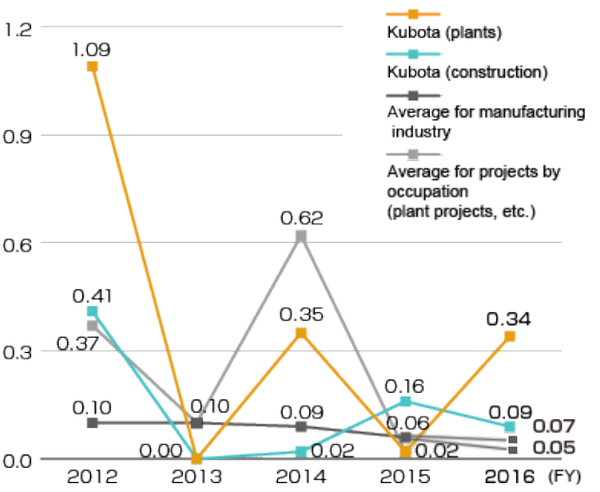
In order to deploy the safety measures based on the Equipment Safety Improvement Guidelines at overseas manufacturing subsidiaries, Kubota set up a model site (subsidiary) in each of the Southeast Asia, China, Europe, and North America regions in July 2016 to start initiatives in each area.

Frequency of accidents resulting in lost work-time (Kubota Corporation)



Tallied from April 1 to March 31 of the following year up until 2014. In 2015, tallied from April 1 to December 31.

Severity rate (Kubota Corporation)



Tallied from April 1 to March 31 of the following year up until 2014. In 2015, tallied from April 1 to December 31.

Promoting the Kubota Group Safety-Aware Employee Development (personnel development)

Industrial accidents that occurred during FY2016 showed the following tendencies: 1) many accidents occurred due to lack of knowledge of work-related dangers and how to avoid them; 2) new employees with little work experience account for a large proportion of those involved in accidents; and 3) KY (risk prediction) activities before work start are not sufficient. Based on these results, Kubota formulated the basic guidelines for the preparation of work standards and the implementation of education/training and KY activities. In accordance with these guidelines, education and training were provided and KY activities were implemented to establish a foundation for an environment in which employees can work, paying attention to any change.

The Kubota Group Safety and Health Convention (July 9, 2016)

In July, the Kubota Group Safety and Health Convention was held, in which leading practices of other companies were presented. Good practices within the Kubota Group, including overseas manufacturing subsidiaries, were also presented, such as measures to reduce the risk of contact with forklifts, education using a danger simulation video prepared independently by a business site, and KY activities. The aim of these presentations was to have these good practices shared throughout the Group.

In the year ending December 2017, Kubota plans to provide education programs focusing particularly on mechanical safety for staff members in safety and health, manufacturing engineering, and manufacturing, based on "the Equipment Safety Improvement Guidelines" and "the Equipment Safety Improvement and Design Guidelines."

Sites with occupational health and safety management system certification (OHSAS 18001)

To ensure safety for employees and provide them with a workplace environment that allows them to feel safe concentrating on their duties, Kubota has acquired OHSAS 18001 certification for its business sites below, while establishing an occupational health and safety management system focusing mainly on risk assessment for other sites.

In Japan

Tsukuba Plant	Certification acquired in Dec. 2000
Keiyo Plant	Certification acquired in Dec. 2002
Ichikawa Plant	Certification acquired in Dec. 2002
Hanshin Plant (Mukogawa)	Certification acquired in Nov. 2003
Hanshin Plant (Amagasaki)	Certification acquired in Apr. 2005
Hirakata Plant	Certification acquired in Jun. 2007

Overseas

SIAM KUBOTA Corporation Co., Ltd.	Certification acquired in Jan.-Feb. 2014
SIAM KUBOTA Metal Technology Co., Ltd.	Certification acquired in Dec. 2014
KUBOTA Engine（Thailand） Co., Ltd.	Certification acquired in Jul. 2015
Kubota Materials Canada Corporation	Certification acquired in Aug. 2012
Kubota Baumaschinen GmbH	Certification acquired in Jul. 2014
Kubota Farm Machinery Europe S.A.S	Certification acquired in Feb. 2017

Respecting Human Rights

Declaring respect for 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.
- We do not permit forced labor or child labor, and also request our business partners to comply 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 encourages its employees to proactively participate in seminars hosted by corporate organizations addressing human right issues and government organs. In FY2016, all Kubota employees (in terms of the total number of participants) in Japan received human rights education through internal or external training programs.

External organizations:
The Corporate Federation for Dowa and Human Rights Issues, Osaka (also participating in Shiga, Wakayama, Hyogo, Chiba and Hiroshima)
Osaka City Corporate Human Right Promotion Council (with related organizations in each municipality)
The Center for Fair Recruitment and Human Rights Advancement
The Multi-Ethnic Human Rights Education Center for Pro-existence
Osaka Career Support & Talent Enhancement Plaza, etc.

Human rights training concerning LGBT-related issues for directors and managers (Feb. 17, 2017)
(Lecturer: Maki Muraki, Representative of Nijiiro Diversity)

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 to all employees 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. In 2016, lectures on topics related to the revised Equal Employment Opportunities Act (enforced on January 1, 2017) were held in Tokyo and Osaka. A total of 211 employees, including those via a video conference system, took part in this program.

Seminar for Consultation Office personnel (Lecturer: Satomi Kuwano, Director, Business Partner Office)

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

Human Rights Week

In order to enhance awareness of human rights, Kubota holds a contest targeting all Japan-based employees including those from affiliate companies, where participants submit human rights-related slogans during Human Rights Week, which is celebrated every December. In 2016, entries were received from a total of 17,557 applicants (an application rate of 89.3%) and the best slogan from each business site was featured on a poster.

Protection of privacy

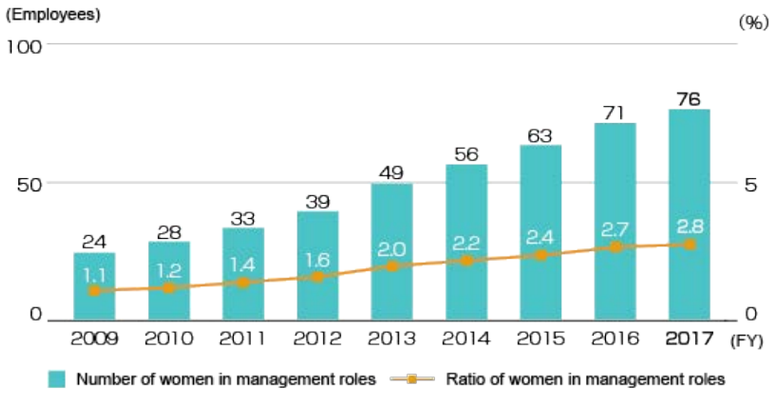
From the perspective of respecting human rights and protecting privacy, Kubota conducts several inspections each year to ensure there are no insufficiencies in investigation tasks such as credit surveys.

Promoting Diversity

Empowering 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 enabled employees to broaden their work scope based on their individual motivation and skills, and we can now see the effects of this approach. The number of women who are promoted to managerial positions has been steadily increasing.

Trend in the number of women in management roles*1(Kubota Corp.)



*1 As of April each year (from 2016, as of January)

Offering various training programs to support 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 up to last fiscal year, Kubota held follow-up training for approximately 560 female employees whose occupational scope had expanded as a result of the consolidation of occupational roles carried out in the year ended March 31, 2015.

Kubota conducts six-month training for its female managers with the aim of strengthening their management capability—the third round was completed in FY2016. As Kubota is a company with few female managers, it is hoped that employees who complete this training will become young mentors and encourage subordinate employees to set their sights on managerial roles. In FY2017, Kubota will continue to hold training to promote the empowerment of female employees.

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

Participating forums

1. 12th Women's Networking Forum in Tokyo
2. 13th Women's Networking Forum in Osaka

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 its 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

Certification for Women's Empowerment Principles

Supporting the independence of disabled persons

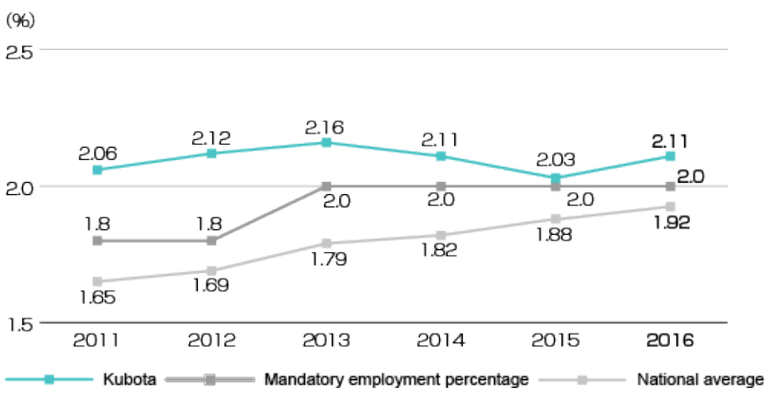
Kubota has established two subsidiaries* whose operations are specifically geared to determining jobs compatible for people with disabilities and to create work environments in which they can function comfortably: Kubota Works Co., Ltd. and Kubota Sun-Vege Farm Co., Ltd. Kubota Sun-Vege Farm Co., Ltd. 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 in 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.

Kubota Sun-Vege Farm Co., Ltd.

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

Trend in percentage of employees with disabilities(Applicable Kubota Group Companies in Japan)



* As of June each yea

Creating a Vibrant Workplace

Maintenance and enhancement of the health of employees

Kubota, including all Group companies in Japan, has set priority targets in the medium to long run in its wellness project Health KUBOTA 21, and promotes the maintenance and enhancement of the health of its employees by setting specific themes for each fiscal year. In FY2015, the Health Mileage system was incorporated in the project, with the aim of encouraging employees to take spontaneous action to improve their health with interest.

Health KUBOTA 21
Slogan: For Tomorrow, For Smiles
Objective: To raise the health literacy (self-management ability regarding health) of the insured, thereby increasing those who are able to take voluntary action to develop their health

Health KUBOTA 21 (2nd phase) (2013–2022) (Group Companies in Japan)

Priority targets: 1) Nutrition and diet 2) Physical exercise 3) Quitting smoking

Item	Nutrition and diet		Physical activity and exercise		Quitting smoking
Contents	Increase the percentage of people who maintain a suitable weight (BMI 18.5–24.9)	Decrease the number of people who skip breakfast three times or more a week	Increase the participation rate in the Waking Campaign	Increase the number of people who do exercise at least 30 minutes a day	Decrease the smoking rate
2012 Results	67.4%	19.6%	35.3%	37.9%	36.7%
2022 Targets	75%	18%	80%	45%	18%

Maintenance and enhancement of mental health

Based on the Safety and Health Guidelines of the Kubota Group, the 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.


Mental health training session

In regard to self-care, stress check, training programs, consultation services with medical staff are available, giving individual employees opportunities to recognize their own stress levels and learn how to deal with stress. For line-care, Kubota offers training for managers and supervisors as an opportunity to learn how to care for the mental health of their subordinates. Personal training programs are also available for personnel in charge of promoting mental health to improve their individual skill levels.

A stress check system was introduced in FY2016, which offers fine-tuned support for employees suffering from high stress, such as meetings with medical doctors for those who want them, and supplementary meetings with nurses for those who do not want to meet doctors. In FY2017, Kubota will expand its coverage of this system to all Group employees, with the aim of creating vibrant workplaces throughout the Kubota Group.

Securing a work-life balance

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

- The gap in the number of years of working experience between men and women is shrinking.
- 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 based on the belief that they should contribute to housework and child-raising so that women may continue to pursue their careers.
For both male and female employees, Kubota promotes the creation of a working environment in which a good work-life balance is ensured.

"Kurumin Mark" for companies with next-generation childcare systems

Topics Kubota has been selected as a "Nadeshiko Brand"!

Since fiscal 2012, the Ministry of Economy, Trade and Industry (METI), jointly with the Tokyo Stock Exchange, has selected and publicized listed enterprises that are exceptional in encouraging women's success in the workplace, and granted them as the "Nadeshiko Brand."

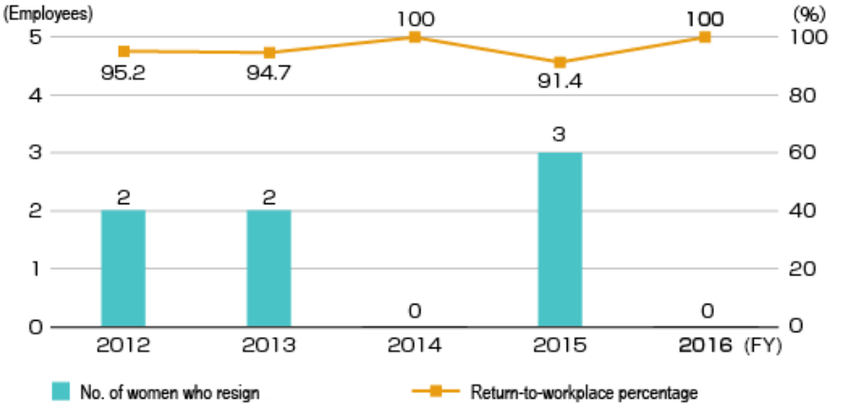
The Nadeshiko Brand consists of enterprises that encourage women to play active roles in the workplace, including the development of environments in which such women are able to further their careers, and which have been selected from those listed on the first section of the TSE on an industry basis. These enterprises are also considered to be those with growth potential since they have the management ability to utilize a variety of human resources as well as flexibility in assessments of their environments.

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, which their supervisors can attend. (Kubota emphasizes that taking leave to raise one's children does not mark the end of one's career. Accordingly, we refrain from using the term "suspension from duties" and refer to this instead as "childcare leave.")

Training for employees returning from childcare leave

Trend in the percentage of women who return to work after taking childcare leave (Kubota Corp.)

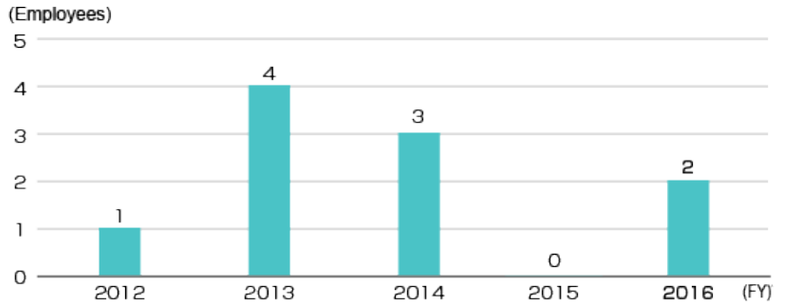


* Tallied from April 1 to March 31 of the following year for each year

Re-entry

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

Participants in Re-entry Program (Kubota Corp.)

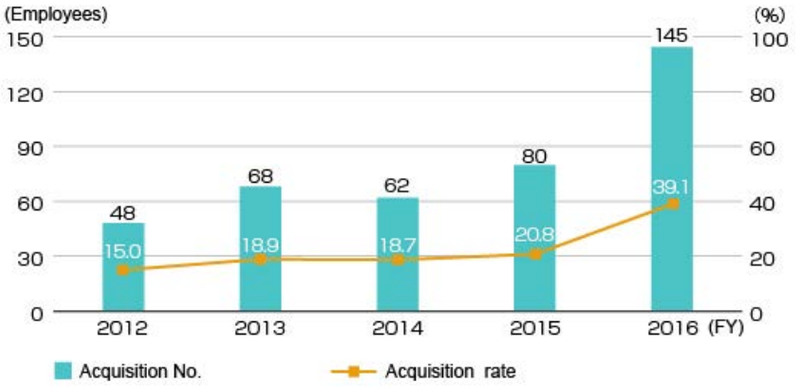


Commenced re-entry in Sep. 2012 (for FY2012, seven months between September 2012 and March 2013)
* Of the re-entrants in 2013, one was hired at a group company.
* Nine months between April and December of 2015 (settlement moved to December)
* January to December 2016

Encouraging male employees to take childcare leave

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

No./percentage using childcare leave (male) (Kubota Corp.)



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

Promoting the use of annual paid leave

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

With the promotion policy and specific measures of encouragement shared by labor and management, Kubota encourages the use of paid leave in cooperation with the labor union.

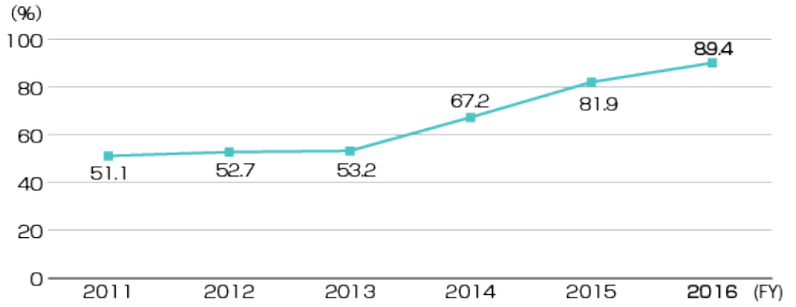
Promotion Policy

1. Recommend that employees take annual paid leave during labor management negotiations.
2. Create an environment where it is easy to use annual 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, and spread awareness and disseminate information about using annual paid leave.
3. Discuss and implement efficient ways to work, visualize work, and create work manuals to promote communication at each workplace about using paid leave.

Trend in the percentage of employees taking annual paid leave (Kubota Corp.)



* Tallied from March 16 to March 15 of the following year for each year up to 2015

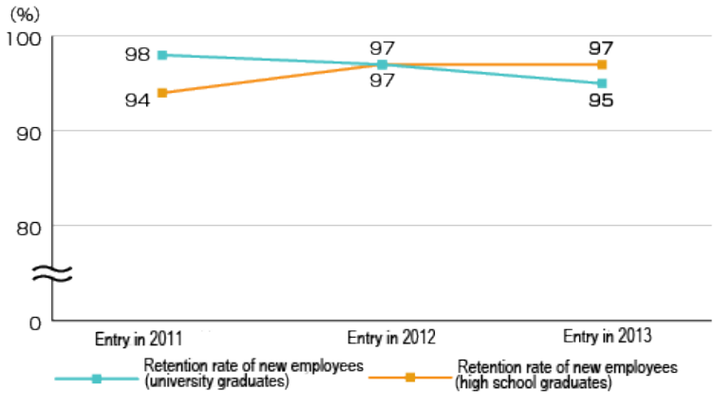
* Tallied from December 16, 2015 to December 15, 2016 for FY2016

Initiatives to improve the retention rate of new employees

Every year, many new graduates (from universities and high schools) and mid-career entrants join Kubota.

Kubota endeavors to create an environment that allows new employees to retain and play active roles in early stages, by offering training programs before assignment and follow-up support after assignment.

Trend in the retention rate of new employees (Kubota Corp.)

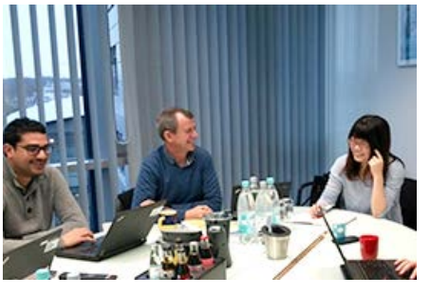


Personnel Measures in Tune with Globalization

Expanding the overseas trainee system

From Japan to the world

Since 1997, Kubota has dispatched a number of employees to its overseas subsidiaries and affiliated companies each year for training purposes. In 2016, Kubota began to dispatch trainees to agricultural universities in Europe to learn the latest in precision farming. Kubota will continue to dispatch employees overseas as one of its most effective initiatives to foster global human resources.



Human Resource Department trainees

From the world to Japan

For two months from November 2016, Kubota accepted two employees of Kubota Engine (Wuxi) Co., Ltd. (KEW), a Group company in China, as technical trainees available for on-site practice in Japan. At KEW, a new engine manufacturing line is scheduled to start operation in April 2017. The two trainees are expected to play the leader's role. In 2015, in an effort to foster and establish managers, supervisors and skilled workers who can play central roles on the production floors of overseas subsidiaries and affiliated companies, Kubota introduced the "Guidelines When Accepting Trainees from Overseas Subsidiaries and Affiliates."

With the start of accepting technical trainees, it is expected that local employees with full understanding of the Kubota-style manufacturing concepts will increase at overseas sites.

A training session

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

We discovered many things to learn in manners and attitudes toward work. For example, at the Sakai Plant, we saw all the members greeting each other loudly and briskly. We were also impressed by their attitude of voluntarily improving their work processes and inspecting equipment.

After returning to our country, we are making use of what we have learned through this training in our operations. At the same time, we have also summarized important points and use them in our training of new members.

Xu Lin,
Zhou Linlin
Kubota Engine (Wuxi) Co., Ltd. (KEW)

Started the next-generation management training in North America

In April 2016, five companies in the North America area of the Kubota Group Machinery Domain, and Kubota's Machinery Overseas Administrative Division and Human Resources Department jointly launched a North America management training program to develop local management executives. The aim of the North America management training is to develop local management executives who are capable of contributing to the global management of Kubota, as well as to raise the motivation of local staff and foster a sense of unity among the training participants from each company. The five selected trainees received programs necessary for prospective leaders at the business school of Emory University in the United States.

Kubota will endeavor to activate exchanges between overseas and domestic operation sites, and also among overseas sites, thereby strengthening its global management system.

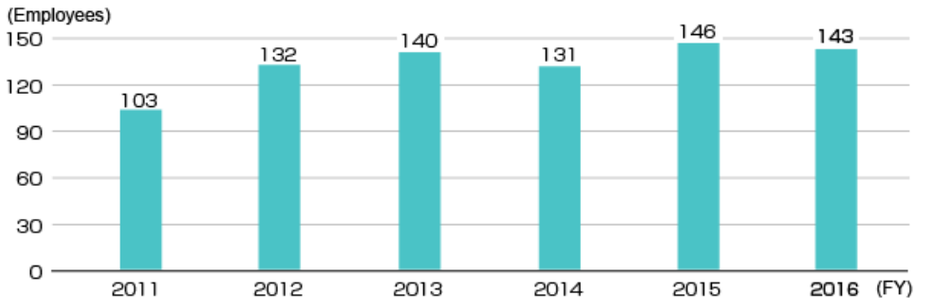
Selected trainees

Ongoing foreign language training of new employees

In an effort to foster global human resources with the necessary language skills and the ability to adapt to different cultures, since FY2008 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 the employees who have acquired language skills above a certain level are granted the opportunity to study business English at a language school in North America or participate in an internship program at an overseas affiliate in order to gain more practical English skills.

Employees dispatched for foreign language training (Kubota Corp.)



* Tallied from January 1 to December 31 for each year

Personnel Policies and HR System (Kubota)

Basic personnel policies

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

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 offers personnel training, and performance-based promotion and compensation for each of these career paths. Employees can change career paths based on their abilities and ambitions.

Career	Expert positions (management class)	Staff positions (administrative and general class)	Technical positions (technical class)
Definition of personnel (main roles)	People who 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, abundant knowledge, extensive experience and know-how	People who 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 who are in charge of work responsibilities, supervise and nurture subordinates, and achieve work objectives ▪ People who improve work processes based on advanced skills, knowledge and experience, and can perform complicated work
Training and education	▪ Department and section head class: management training ▪ Upcoming management assistants: selective training	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	Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the "5-Gen" principles
Evaluations	▪ 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 on the achievement status at the end of the year. ▪ Bosses evaluate their subordinates, including their performance of processes and work behavior.		Some evaluations also follow the framework on the left.
Rotation	The work responsibilities of each employee are reviewed periodically, taking into consideration workplace needs and the employee's preferences, to avoid having employees perform the same work for long periods.		-
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)
Salaries	Monthly salaries are reviewed every year until the age of 58 (56 for expert positions). Each ranking has upper and lower limits to its monthly salary.		
Bonuses	Bonuses are designed to reflect consolidated performance, affiliated business performance, and individual performance.	Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.	
Retirement benefits	Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.		

Fostering a CSR-based Mindset

Focus Activities for instilling the Corporate Philosophy

Instilling a mindset capable of resolving social issues

In order to instill the "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 FY2016, the fourth year of this initiative, training programs were held with the goal of concrete implementation of the corporate philosophy. After viewing a video showing the excellent teamwork of members of manufacturing sites battling daily challenges to achieve their targets, the participants shared their challenges at each worksite or in operation, as well as their thoughts. Kubota will continue this initiative to create a culture of challenging ourselves to unite in solving issues in the food, water, and environment fields.

Training session in Indonesia

Training session in Japan

Number of participants

FY2013 ・・・ 28,969
FY2014 ・・・ 35,470
FY2015 ・・・ 35,089
FY2016 ・・・ Not counted as of the issuance of this Report

Feedback from participants

● Feedback from non-executives

- The contents of the DVD were easy to understand. I was impressed.
- I was inspired by the fact that many colleagues are constantly taking on challenges.
- It was an opportunity to learn about the initiatives of other departments and review my way of working.
- I could feel that I am a member of the Group.
- I was able to re-confirm the direction of the Company and our missions.

● Feedback from executives

- The DVD on the practices of other workplaces gave me courage.
- I renewed my determination to take speedy action with a spirit of challenge.
- It was useful to exchange opinions with managers of other departments.
- I was able to learn about the initiatives of other departments, and want to reflect them at my worksite.
- I realized the need to foster a sense of unity in my own worksite.
- I was able to see the position of my worksite objectively.

CSR forum for management-level employees

In September 2016, a CSR forum for management-level employees of the Kubota Group was held. A total of 141 members attended. The forum was broadcast to 19 of the Company's bases in Japan via a videoconference system.

The guest speaker this year was Iwao Taka, a professor at Reitaku University Graduate School, who gave a lecture titled "Discussion on the Kubota Group's Sustainable Management."

Professor Taka explained from multiple angles the importance of compliance and trust from stakeholders, and emphasized the scale of responsibilities and obligations of the management-level employees of a company. The professor also explained in an easy-to-understand manner the new risks that may arise in line with the global business development of a company, using sample cases that are likely to actually occur.

CSR forum for management-level employees
[September 28, 2016]

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

Employee CSR awareness survey

In August through October 2016, Kubota Group employees in Japan were surveyed regarding their awareness of CSR. Approximately 8,427 participants responded, 731 more than in the previous year. The survey ascertained that employees are sufficiently aware of and understand Kubota's corporate philosophy, Code of Conduct, CSR management, and compliance, as well as the workplace environment. In the section to voice one's opinion freely, the 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.

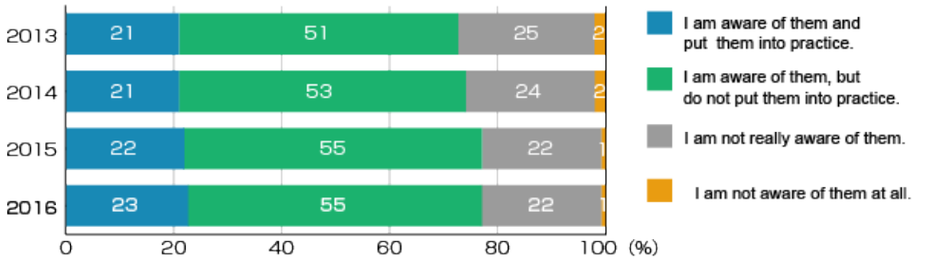
The CSR survey is a valuable form of communication between employees and the company, and we plan to continue conducting it every year as a means of increasing employee awareness and identifying areas for continual improvement as a company.

Respondents

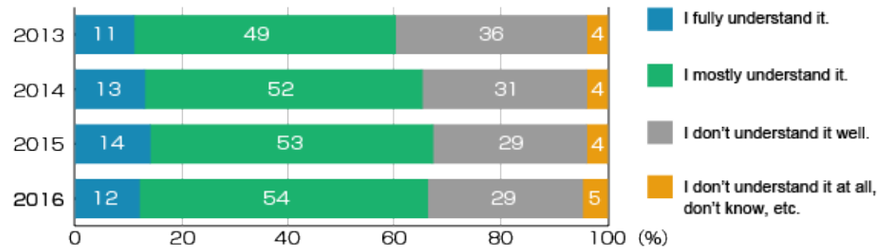
FY2013	・・・	6,366
FY2014	・・・	7,316
FY2015	・・・	7,696
FY2016	・・・	8,427

Answers to key questions in the Employee CSR Awareness Survey

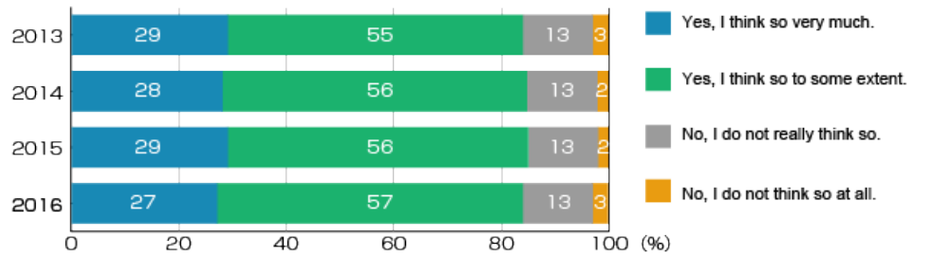
Are you aware of the Kubota Group's mission of helping to solve issues surrounding food, water and the environment, elements essential to human survival, and our brand statement, "For Earth, For Life"? And, do you think about what you can do in your position?



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 Local Society

The Kubota Group respects the cultures and customs of each country and region in which it conducts business, and endeavors to establish relationships of trust with local communities. Moreover, Kubota proactively engages in social contribution activities in order to fulfill its 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, Kubota commenced the Kubota e-Project in FY2008. Kubota promises to continue to support the prosperous life of humans while protecting the environment of this beautiful earth. Through this promise to everyone, Kubota seeks the understanding and cooperation of its stakeholders as it contributes to the creation of a sustainable society.

the KUBOTA e-Project (Only in Japanese)

Support for the restoration of abandoned farmland

Kubota supports 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 promote emotional education opportunities through rice growing experiences such as rice transplanting and harvesting as well as tasting the harvested rice.

Developing regional brands and advertising farm fresh crops

Efforts are made to expand opportunities to generate awareness of fresh and processed food products that are the pride of each region of Japan.

KUBOTA e-Day

Kubota employees volunteer in community beautification and cleanup activities throughout the region. Since 2008, when company-wide involvement started, approx. 8,000 people have participated in this program each year.

Improving global water environments

Kubota makes every possible effort to reduce the number of people who do not have access to safe water. To this end, Kubota is supporting the construction of wells in India being undertaken by an NGO that has been active in Asia for many years. Six wells were completed as of 2016.

"UCHIMIZU" solution for heat island

Kubota participates in the "UCHIMIZU" (sprinkling water on the ground) project jointly with community residents, thereby contributing to anti-global warming initiatives.

KUTOBA "TERRA-KOYA" summer camp

Kubota sponsors the "TERRA-KOYA" summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since this program began in 2007, a total of 205 children have participated in it.

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. At present, 12 people with disabilities are employed at Sun-Vege Farm.

Education support program (visiting lecture)

This program provides opportunities for young people, who will be responsible for future generations, to learn how to engage 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, Kubota admires individuals and groups working on solutions for social issues at the grass-roots level in Japan and overseas, and sponsors activities that honor them publicly. Kubota has sponsored the Mainichi Earth Future Prize, which began as the Mainichi International Exchange Prize in 1989. Since it was renamed in 2011, a total of 344 individuals and groups have applied for the prize.

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. Kubota has sponsored this program since 1985, accepting 50 to 60 participants each year.

Social Contribution Activities through Corporate Sporting Events

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

Kubota is part of the Japan Rugby Top League, the top rugby league in Japan, and manages the Kubota Spears, a rugby team based in Funabashi, Chiba.
Having concluded an agreement with Funabashi City on mutual cooperation and assistance in 2016, the team aims to foster the adoration of the community through teaching rugby and proactively participating in traffic-safety activities and local events.

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

The Kubota Spears Rugby Festival in Funabashi, co-sponsored with Funabashi City

Participating in the rice-cake making festival of the local community

Disseminating and coaching rugby in regional areas by participating in a rice-field rugby tournament

Patrol Running together with the local community members

Overseas Social Contribution Activities

Supporting well construction in India

Kubota makes every possible effort to reduce the number of people who do not have access to safe water. To this end, Kubota is supporting the construction of wells in India being undertaken by the Japan Asian Association and Asian Friendship Society (JAFS), an NGO that has been active in Asia for many years. Six wells have been completed to date.

Charity event for an independent support organization

Every year since 2014, Kubota Manufacturing of America Corporation (U.S.) and Kubota Industrial Equipment Corporation (U.S.) have donated to the Eagle Ranch* when they held the annual Supplier Communication Meeting.

* A local organization supporting children and their families to overcome hardship.

Environment 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 Rejuvenation and Reconstruction of Areas Affected by Natural Disasters

The Great East Japan Earthquake 1-(1)
Supporting Miyagi Agricultural High School's "SUN! SUN! Soba (buckwheat) Project"

Six years after the tsunami following the Great East Japan Earthquake on March 11, 2011 wreaked havoc on 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 a field near Sendai Airport, which was damaged during the disaster.

High school students involved in the project


Geoglyph made with soba flowers

The Great East Japan Earthquake 1-(2)
Distributing the soba harvested from the SUN! SUN! Soba Project to residents of temporary housing

Students of Miyagi Agricultural High School held an event in which residents living in temporary housing in Natori City, Miyagi Prefecture were able to savor handmade soba made from the buckwheat harvested during the SUN! SUN! Soba Project.
On the day of the event, Kubota dispatched employees as volunteers to help run the event. At the same time, using the donations gathered at the head office, Kubota distributed brown rice bread made by the Nakakyushu Kubota using rice produced in Kumamoto Prefecture.


Soba making by students


Distributing brown rice bread

The Great East Japan Earthquake 2
Supporting the youth, the bearers of the 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, Kubota helps with practical rice farming using the approach of directly sowing iron-coated seeds*. Kubota hopes to contribute to the reconstruction of the disaster-affected areas and the development of strong human resources by 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.

The Great East Japan Earthquake 3
Special manufacturing classes for disaster-affected vocational high schools

Kubota holds special manufacturing classes at disaster-affected vocational high schools. In FY2016, the classes were held at Miyagi Agricultural High School and Miyagi Kesennuma Koyo High School. In the classes, which started in 2014, a total of 80 students have participated to date. Highly experienced employees active on the frontlines of manufacturing, along with graduates of these schools who had joined 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 Areas Affected by the Kumamoto Earthquake 1
Introducing food products of Kumamoto at business sites

At various events (summer festival, etc.) held at its business sites, the Kubota Group sold the food products of Kumamoto to support the revitalization of the disaster-affected areas, and offered for tasting the brown rice bread made by Genkido, a Group company in Kumamoto. Part of the sales of these products were donated to the areas, and they were sold well as souvenirs of the events.

A wide variety of Kumamoto products displayed

Brown rice bread by Genkido, offered for tasting

Support for Areas Affected by the Kumamoto Earthquake 2
“Yorisoi (staying close)” Team, offering support tailored to local needs

To help early recovery of water supply system devastated by the Kumamoto Earthquake, Kubota formed the “Yorisoi (staying close)” Team, a group offering support for recovery that is closely tailored to the needs of the affected areas.
With determination to do whatever the Kubota Group can do, members of the Team surveyed the status of damage of the affected areas, provided materials for reconstruction of the water supply systems for the relevant municipalities, blocked water leakage, sent water bags to evacuation centers, and conducted various other actions.

Carrying in water bags to a municipal office

Checking the damage status and making use of the collected data

Support for Areas Affected by the Kumamoto Earthquake 3
Repairing the damaged agricultural machinery

Kubota, sharing with farmers the challenges to overcome before resuming farming, quickly responded to requests for the repair of agricultural machinery and the leasing of replacement machinery during the repair period.

Service Center to repair damaged agricultural machinery

Sales representative visiting a farmer living in temporary housing

Support for Tohoku and Kumamoto—Utilizing local produce of these areas at Kubota offices

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; the produce is then used to make various dishes at company events and in the communication spaces of 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 community development of disaster-stricken areas. Examples include the restoration of water supply and sewage lines, the construction of pipelines and the treatment of effluent for temporary housing, and the restoration of agricultural water.

Ductile iron pipe (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines)

Plastic pipes (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines)

Pumps (used for emergency drainage as a countermeasure for flooding caused by heavy rainfall and high tides)

Valves (used in the restoration and maintenance of lifelines, such as water supplies, sewage lines, and gas lines, by controlling liquids and gases)

Water treatment plant (used to purify waste water, including residential and industrial sewage)

Wastewater treatment tanks (used to process wastewater from temporary housing and in regions with insufficient sewage lines)

Spiral welded steel pipes (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)

Truck scales (used to weigh truck cargo, such as debris)

Manhole pumps (for pneumatic transportation of sewage)

Response to Asbestos Issues

Kubota takes very seriously the fact that some residents living in proximity of the former Kanzaki Plant and employees working the plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.
For details please see: http://www.kubota.co.jp/kanren/index.html (only in Japanese)
Regarding residents living nearby, without particular regard for 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, even marginally, the hardship and mental burden of the people receiving treatment and their families.

Corporate Governance

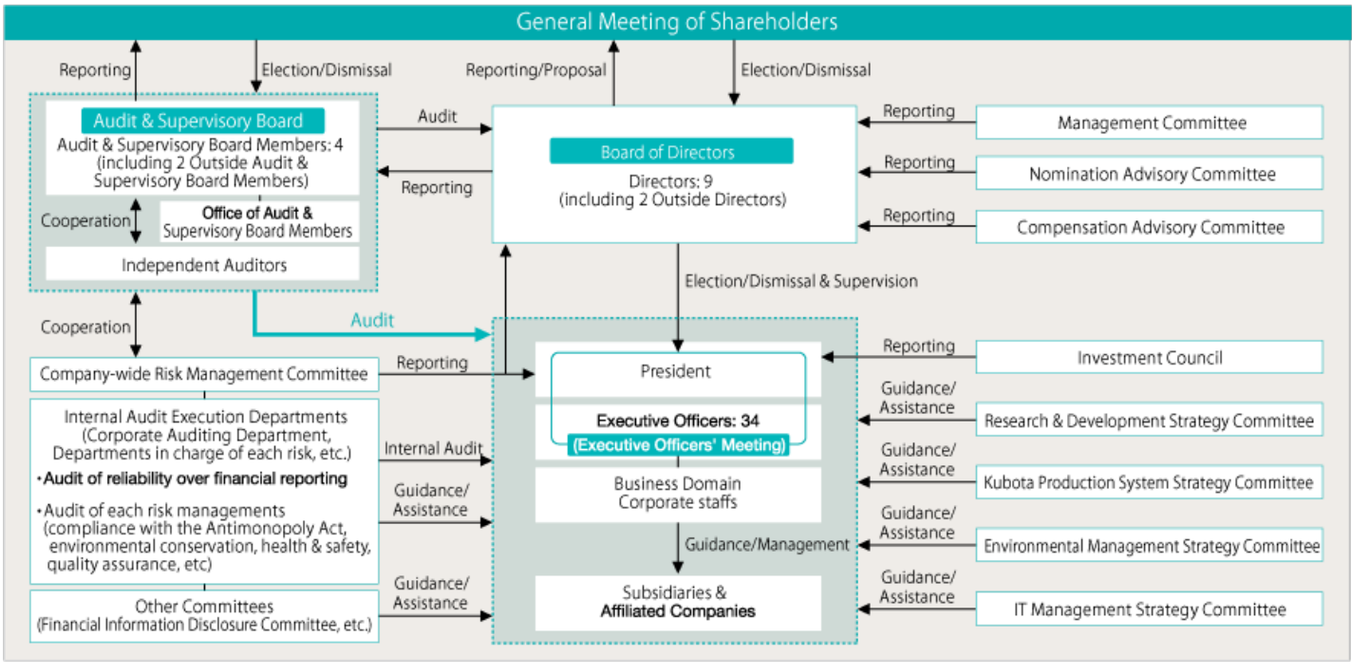
In order to speed up its response to management conditions and achieve enhanced transparency in its management, Kubota has been committed to enhancing its corporate governance structure. Moreover, by building an internal control system and implementing steady improvements continuously during its business activities, Kubota not only enforces the observance of laws and regulations, but also reduces risk.

Corporate Governance Structure

Ensuring quick response to management conditions and improving management transparency

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

Corporate Governance Structure (as of March 24, 2017)



Board of Directors

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

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 with regard to the organization and operation of the management system for key risks identified by the Company.

Audit & Supervisory Board

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

In addition to its 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 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 34 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 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 on important management matters such as investments, 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 special matters.

Nomination Advisory Committee and Compensation Advisory Committee

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

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

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 experience 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 established policies as to criteria for independency in electing them by reference to the rules for Independent Executives shareholders accordingly.

Reasons for Appointing Outside Directors (Independent Executives)

Kubota elects Yuzuru Matsudo as an Outside Director since Kubota 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 has 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 places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota elects Koichi Ina as an Outside Director since Kubota 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 has no business relationship with Toyota Motor Corporation, which he used to serve for. Kubota has a business relationship with Daihatsu Motor Co., Ltd., where he concurrently serves for, but the amount arising from the above transactions for the year ended December 31, 2016 was less than 1% of the total consolidated revenues of the Company. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota 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 elects Akira Morita as an Outside Audit & Supervisory Board member since Kubota 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 has no business relationship with Doshisha University and Miyake & Partners Law Firm, which he concurrently serves for. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota elects Teruo Suzuki as an Outside Audit & Supervisory Board Member since Kubota 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 has no business relationship with KPMG AZSA LLC, where he initially started his career as a CPA, and Seven-Eleven Japan Co., Ltd., which he concurrently serves for. Kubota has a business relationship with Kao Corporation, which he used to serve for, but the amount arising from the above transactions for the year ended December 31, 2016 was less than 1% of the total consolidated revenues of the company. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there is no possibility for a conflict of interest with ordinary shareholders.

Attendance rate of Outside Executives (Jan.-Dec. 2016)

Attendance rate of Outside Directors at Board of Directors' meetings	Yuzuru Matsuda 100%	Koichi Ina 83.3%
Attendance rate of Outside Audit & Supervisory Board Members at Audit & Supervisory Board meetings	Akira Morita 100%	Teruo Suzuki 100%

System supporting Audit & Supervisory Board Members

Kubota establishes the Office of Audit & Supervisory Board Members and assigns five employees (as of April 2017) to exclusively support the Audit & Supervisory Board Members in performing their duties.

Moreover, starting from January 2017, Kubota has assigned full-time Audit & Supervisory Board Members (three, as of April 2017) who are exclusively engaged in the auditing of subsidiaries, thereby enhancing the system supporting the Audit & Supervisory Board Members and reinforcing the Group's internal control.

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

Compensation of Director and Audit & Supervisory Board Members

The compensation for the Directors is determined at the Meetings of the Board of Directors based on the deliberation at the Compensation Advisory Committee within the range of the maximum aggregate amounts of compensation approved at the General Meeting of Shareholders in consideration of operating results of the Company, compensation levels of other companies, and the wage levels of employees of Kubota. With the objectives of offering incentives to the Directors (excluding the Outside Directors, hereinafter the "Directors Covered by the Plan") to achieve sustained improvement of the corporate value of Kubota and share more of the value with its shareholders, a proposal of a new compensation plan for granting restricted stock to the Directors Covered by the Plan was resolved at the 127th Ordinary General Meeting of Shareholders held on March 24, 2017.

The compensation 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 compensation approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

Director and Auditor Compensation (Jan.–Dec. 2016)

Position	Number of persons	Total amount of compensation (million yen)	Total amount by type (million yen)	
			Basic remuneration	Bonuses
Directors (excluding Outside Directors)	7	527	337	190
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	68	68	-
Outside Executives (Outside Directors and Outside Audit & Supervisory Board Members)	5	62	62	-

Training for Executives

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

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 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.

(4) Policy for insider information management when engaging in dialogue

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 the Planning & Control Headquarters; committee members, who are 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 24, 2017)

Directors

President and Representative Director

Masatoshi Kimata

Representative Director and Executive Vice President

Toshihiro Kubo

Director and Senior Managing Executive Officer

Shigeru Kimura
Kenshiro Ogawa
Yuichi Kitao
Satoshi Iida

Director and Managing Executive Officer

Masato Yoshikawa

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
Kaoru Hamada
Yasuo Nakata
Kazuhiro Kimura
Dai Watanabe
Haruyuki Yoshida

Executive Officers

Junji Ogawa
Takao Shomura
Yuji Tomiyama
Kazunari Shimokawa
Mutsuo Uchida
Nobuyuki Ishii
Kazuhiro Shinabe
Ryuichi Minami
Yoshimitsu Ishibashi
Ryoji Kuroda
Yasuhiko Hiyama
Eiji Yoshioka
Yasukazu Kamada
Muneji Okamoto
Hiroto Kimura
Katsuhiko Yukawa

Members of the Board of Directors*Outside Directors

Koichi Ina * Masato Yoshikawa Yuichi Kitao Shigeru Kimura Masatoshi Kimata Toshihiro Kubo Kenshiro Ogawa Satoshi Iida Yuzuru Matsuda*

Internal Control

Internal Control System

The internal control system of the Kubota Group is a mechanism for clearly providing the rules that should be followed during the performance of business, and for checking whether or not business has been managed according to those rules. This system consists of the segments of business management, which entails the performance of business operations based on rules, and risk management, which entails the management of major risks in management.

In business management, basic matters necessary for operating businesses are determined in business rules, and each business division checks its daily business operations in accordance with the business rules. Business rules comprise of common business rules (basic rules) and functional business rules.

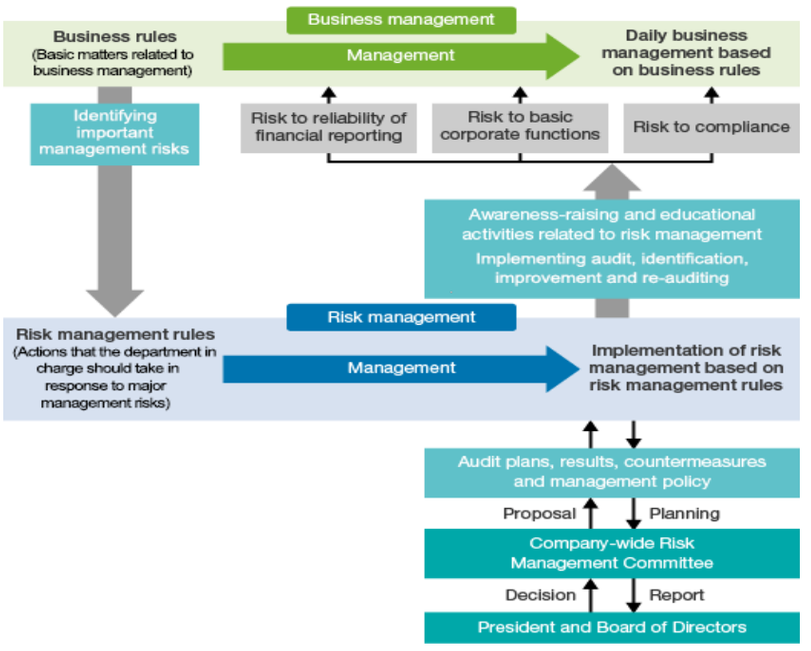
In risk management, operations that each department in charge of risk management should implement are determined in the risk management rules. Based on these rules, necessary actions to be promoted for risk management are identified and the departments are audited, thereby verifying the effectiveness of the risk management.

In the internal control system, major risks in Kubota's management are classified into the following three categories:

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

To avoid these risks, each department in charge implements necessary actions to be promoted and conducts audits of the relevant operational division, and reports the results and the measures for the next fiscal year to the President and the Board of Directors. Thus the PDCA cycle for risk management is implemented properly.

Internal Control System Overview



Internal Control System Operation Activities (Risk Management Activities)

Kubota positions risk management activities as part of its business activities. Based on the awareness that risk management is the foundation of business activities, Kubota identifies risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting, and exerts efforts to manage risks appropriately through continuous steady improvement to “immediately correct any inadequacies.” At the same time, while accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

In FY2016, as part of Kubota’s initiative continuing from FY2015 to enforce risk management, each business division determined the risks that seemed most critical under the current circumstances.

Number of Audits and Contents of Risk Management

Risk management items		Risk to be avoided	Number of audited items for FY2016[*1]
Internal control over reliability of financial reporting	Financial reporting	▪ Risk of reliability of financial reporting	2,171
Internal control over the basic functions of the company	Fair trade	▪ Bid-rigging and price cartels ▪ Unfair trading concerning trading with distributors, etc. ▪ Non-compliance with the Subcontract Act	148
	Environmental conservation	▪ Non-compliance with laws and regulations ▪ Environmental accidents ▪ Past environmental debt	13,052
	Health and Safety	▪ Occurrence of serious accidents ▪ Occupational illnesses ▪ Administrative disposition and litigations	2,788
	Quality assurance	▪ Occurrence of quality problems detrimental to the Kubota brand, etc.	1,784
	Labor management	▪ Breach of obligation on attention to safety of employees ▪ Improper management of working conditions ▪ Improper management of employees under irregular employment, and contract and temporary workers ▪ Occurrence of overseas labor problems	4,744
	Information security	▪ Computer virus infection ▪ Information leakage ▪ Information system failure	1,687
	Intellectual property	▪ Infringement of other companies’ intellectual property	732

Risk management items		Risk to be avoided	Number of audited items for FY2016[*1]
Internal control over compliance	Compliance with rules and regulations related to equipment	■ 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	580
	Earthquake and other disaster response management	■ Important managerial losses including danger to human lives due to earthquakes and other disasters, damage to equipment, and destruction of the information system	133
	Compliance with the Construction Business Law	■ Non-compliance with the Construction Business Law	866
	Human rights advancement[*2]	■ Occurrence of human rights violation issues	-
	Safe driving management	■ Accidents arising from non-compliance with traffic laws and regulations and violating acts	148
	Prevention of illegal payments	■ Trading with antisocial forces ■ Non-compliance with the Political Funds Control Act ■ Making inappropriate payments to overseas public servants	594
	Confidential information management	■ The outflow of classified information including plans for the development and sale of new products	1,269
	Protection of personal information	■ Leakage and loss of personal information related to customers, employees, etc. ■ Improper use of personal information	119

Risk management items		Risk to be avoided	Number of audited items for FY2016*1
Internal control over compliance	Import and export control	■ Non-compliance with laws and regulations related to importing and exporting, including the Customs Act, the Foreign Exchange and Foreign Trade Control Law, the Basel Convention, and laws related to chemical substances	117
	Compliance with laws and regulations related to logistics	■ Non-compliance with the three major road laws, including the Road Traffic Act; and with the laws and regulations related to distribution, including the Labor Standards Act, etc.	610

*1 Number of audited items is a 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, the release of information, and the follow-up of survey results.

Kubota Hotline (whistleblowing system)

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

[Types of contact points and matters handled]

- CSR Planning Department: Compliance issues other than human rights (anonymous reporting acceptable)
- Human Rights Advancement Department: Issues of human rights (anonymous reporting acceptable)
- Outside lawyers: Compliance in general including human rights issues

* A Human Rights Advancement Consultation Office has been established at each company and business site so that people can more easily seek consultation.

[Available to]

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

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

[Protection of informants]

The Whistle Blowing System Operation Rules clearly states:

- “the informer shall not be disadvantaged as a result of reporting an issue.”
- “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.”

[Activities to raise awareness of the system]

Various creative ways have been employed to alleviate unease about the system, which is often the result of a lack of understanding. The company newsletter and website provide information on:

- The number of reports received for each content category, and past cases (outline)
- The flow of processes for using the Hotline
- The objective of the system, protection of informants, handling of anonymity, etc.

[Number of cases reported]

Jan.–Dec., 2015 37 cases

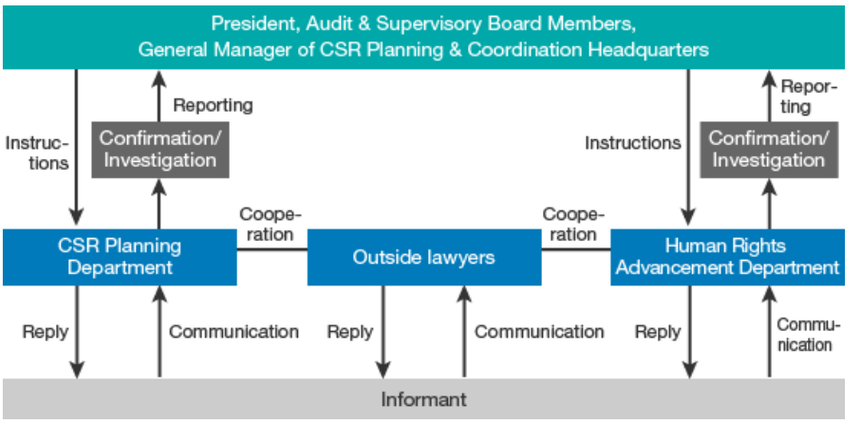
Jan.–Dec., 2016 30 cases

* Including enquiries and matters that were found not to be problematic as a result of investigation

[Other]

Moreover, the Kubota Group Employee CSR Awareness Survey, which is answered in anonymity, has a space to accept free comments, as an opportunity for employees to frankly give reports and opinions to the Company. Thus, Kubota strives to develop an open corporate culture.

Flowchart of 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 its overseas subsidiaries.

The Corporate Auditing Department has also created a system for evaluating the effectiveness of internal controls on a Group consolidated basis. 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

Despite the various Group-wide activities conducted to ensure compliance with the Anti-Monopoly Act, Kubota Corporation and Kubota Agri Service Corporation were subject to an on-the-spot inspection by the Fair Trade Commission in November 2013, and consequently received a cease-and-desist order and a fine. In response to this, the President delivered the following message: “Ensuring compliance is a requisite for the continuity of the Company, and any violation of compliance, whatever the motive, is an act of betrayal of the company and society. ‘No sales or profits achieved by undermining corporate dignity exist in the Kubota Group.’ Always keep this principle in mind when you act.” With this message, the President reaffirmed the importance of the thorough implementation of compliance in business activities.

Education and enlightenment activities

Kubota continuously offers training programs on the Anti-Monopoly Act/Competition Law for not only its business divisions but also Group companies both in Japan and overseas, thereby instilling and raising awareness of compliance with laws and regulations. Legal training programs, which cover a broad range of legal matters including competition laws, are also provided for employees who are to be dispatched to overseas Group companies as managers.

Auditing and risk management surveys

In addition to continuously conducting audits under the Anti-Monopoly Act targeting the business divisions of Kubota Corporation, the Company is also carrying out risk management surveys for its Group companies both in Japan and overseas. These initiatives are effective for finding out the real situations of business activities and preventing violations. In China, where legal regulations have been increasingly tightened, Kubota, jointly with lawyers and other legal specialists, conducts surveys on risks related to business activities, with a view to enhancing its risk management system.

Maintaining the consultation system

Kubota shares information with the relevant business departments and Group companies on matters related to business activities that require examination under the Anti-Monopoly Act, and facilitates advance consultation with external experts, including lawyers.

Compliance with the Act against Delay in Payment to Subcontractors

Kubota conducts written surveys targeting each of its business divisions and Group companies in Japan on a periodic basis. At the same time, Kubota also offers training programs to promote understanding of the Act against Delay in Payment to Subcontractors at each business site and holds consultancy sessions, with the aim of improving the level of voluntary risk management activities.

Information management

Kubota is aware that the appropriate protection and management of personal information of its customers and other stakeholders is an important social responsibility. In order to secure its competitiveness, Kubota is also devoted to preventing the leakage of confidential information such as technological information.

Depending on the type of information, Kubota appoints its 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. When necessary, these divisions cooperate with each other in risk management.

In FY2017, Kubota provided an education program and check tests on information security for all employees who use IT devices in their daily operations at Kubota, so as to enable them to deal with the recent rise of IT-related threats. We will have each group company to implement these measures in sequence.

Information management system

*Initiatives to ensure information security

To enhance security for personal information and other information assets of the customers, Kubota promotes on a company-wide basis the implementation of the initiatives below:

(1) Establishing the Group-wide information security policy, continuously developing various regulations and guidelines, and monitoring the status of compliance therewith

(2) Assigning personnel in charge of promoting information security (IT Manager) at each workplace, and implementing Group-wide measures based on the policies formulated by the department in charge

(3) Introducing to all PCs an automatic monitoring program to constantly monitor the status of various security protection measures, such as anti-virus systems. Overseas, taking into consideration each local situation and improving information security in cooperation with the IT managers of each local site.

(4) Providing IT managers and sub-managers with education and enlightenment programs on a periodic basis. For Group employees, also providing e-learning courses on personal information protection and information security, with the aim of raising understanding of the information security matters that each employee should observe.

Information security structure

Prevention of illegal payments

Among illegal payments, Kubota has placed particular focus on preventing bribery, and has formulated the Kubota Group Anti-Bribery Policy, which delivers to all officers and employees a clear message from its top management that bribery will not be tolerated under any circumstances.

In response to this message, Kubota has employed the risk-based approach, in which risk assessment is conducted in advance to determine the departments, markets and business forms that are exposed to high risk, and prioritized risk management activities are conducted to tackle them. With this approach, Kubota aims to develop and operate effective programs. In FY2016, Kubota conducted written surveys at 92 of its departments/companies in Japan and 64 of its overseas bases as part of its risk assessment.

Anti-bribery training session in mainland China

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

As an effort to educate directors and employees on the prevention of bribery, the Company repeatedly and continuously holds training sessions using the Kubota Group Handbook for Anti-Bribery. At these training sessions, the latest information is provided on laws and regulations related to preventing bribery as well as appropriate responses to bribery risks.

The Kubota Group Handbook for Anti-Bribery contains the globally common contents, and has been prepared in Japanese, English, Chinese, Indonesian, Tagalog, Korean and Vietnamese.

Kubota is also preparing a handbook for each country, containing more detailed information on the points to be noted and actions to be taken in the respective country or region. At present, the handbook for the People's Republic of China has been formulated, with which training sessions by Chinese lawyers have been provided for 1,100 members of 10 Kubota Group companies located in China. The handbooks for South Korea and Indonesia are now being prepared in cooperation with local law firms.

The policies for these risk management activities and the results of the activities are periodically reported to the President and the Board of Directors through the Company-wide Risk Management Committee, composed mainly of Directors, and based on their feedbacks, the contents of the activities are occasionally revised, thereby improving the level of the activities.

The Kubota Group Anti-Bribery Policy (excerpt)

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 any 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

All the employees working for the Kubota Group, including those overseas, are required at the time of joining the Group to submit a written pledge that they will comply with the Kubota Group Charter for Action & Code of Conduct, and the corporate philosophy, the Kubota Global Identity.

See here for details on the Kubota Group Charter for Action & Code of Conduct

Various other awareness-raising tools are prepared for business bases in Japan with the aim of fostering a compliance-based mindset.

Kubota Group Charter for Action & 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

Tools for awareness-raising

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. It is provided as a booklet to new employees and is also featured on the company Intranet.

Compliance Support Courier

A document that uses illustrations and Q&As to encourage employees to think about common compliance issues. Distributed monthly by e-mail.

Let’s Keep Learning about CSR

A cartoon that introduces common compliance and CSR issues. Featured in the company newsletter every other month.

History of KUBOTA

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

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

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

Gonshiro Kubota (1870–1959)

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

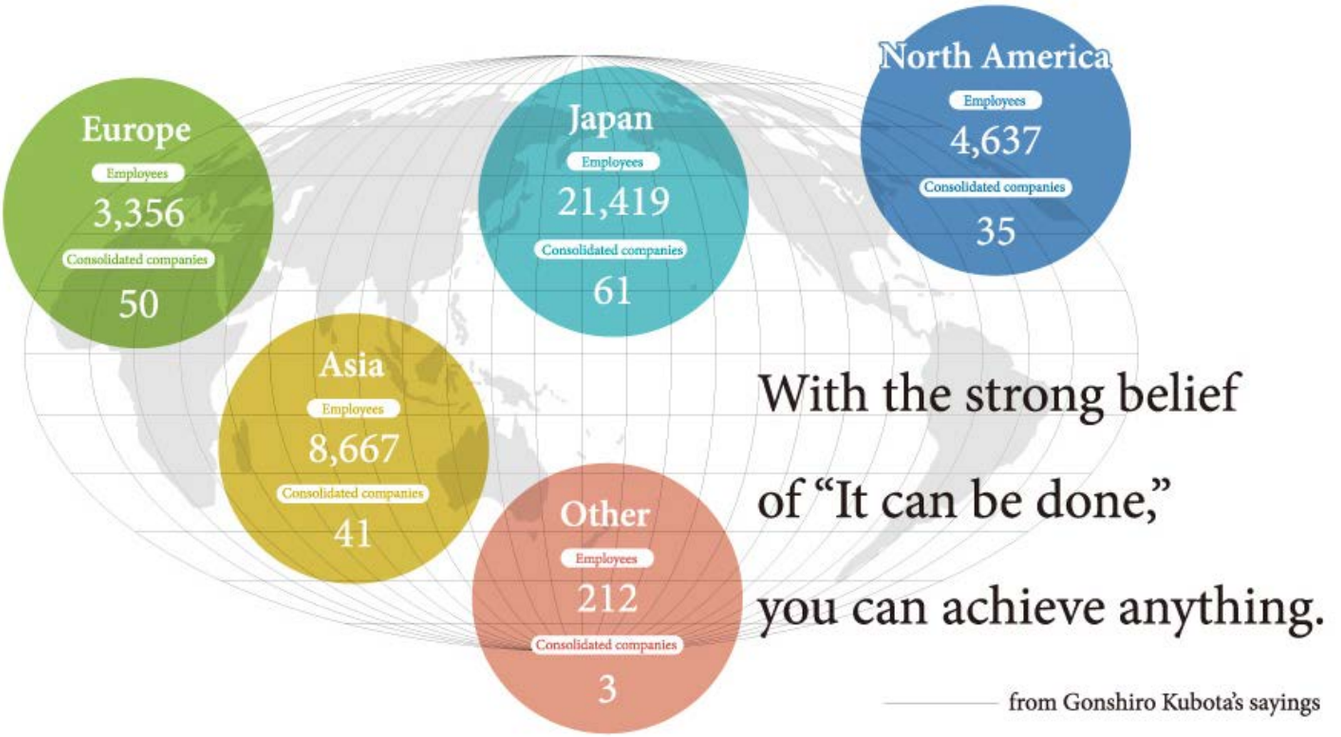
Believing that "In the future, machines will replace shovels and hoes," Gonshiro began researching the mechanization of agriculture around 1935. In 1947, he succeeded in developing a cultivator to meet the expanding post-war food demand. This cultivator rapidly grew in popularity due to labor shortages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

Pioneering Spirit Still Going Strong After Nearly 130 Years

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

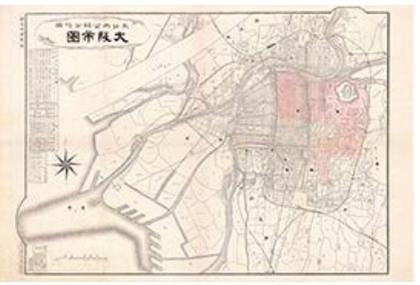
From the corner of an old tenement house to the world

Possessing strengths in world-class quality, the Kubota Group is accelerating the development of its overseas business activities, including expanding its production, sales and procurement bases. Kubota will further enhance its global management, thereby continuing to grow as a corporate group that is needed by people around the world.



History

- 1890 Founded a casting manufacturer, Ode Imono (Ode Foundry)
- 1893 Began manufacturing cast iron pipe for supplying water
- 1897 Changed name to Kubota Tekko-jo (Kubota Iron Works)
- 1939 Company listed on stock exchange
- 1947 Developed cultivator
- 1953 Changed name from K.K. Kubota Tekko-jo to Kubota Tekko K.K.
- 1960 Developed and commercialized first Japanese riding tractor First Japanese company to receive and complete an order for an overseas water supply project
- 1972 Full-scale entry into U.S. tractor market
- 1990 Celebrated 100th year anniversary; Changed company name to Kubota Corporation
- 2009 Completed first Japanese-owned tractor production plant in Thailand
- 2010 Certified as an "Eco-First Company" by Japan's Minister of the Environment
- 2011 Established regional headquarters in China and completed construction machinery plant
- 2012 Established global corporate philosophy—the Kubota Global Identity—and adopted a new brand statement logo, "For Earth, For Life"Acquired Kverneland AS of Norway and made it a subsidiary
- 2014 Established a large upland farming tractor manufacturing company in France
- 2015 Launched multipurpose tractors in India
- 2016 Acquired Great Plains Manufacturing Inc. of U.S. and made it a subsidiary

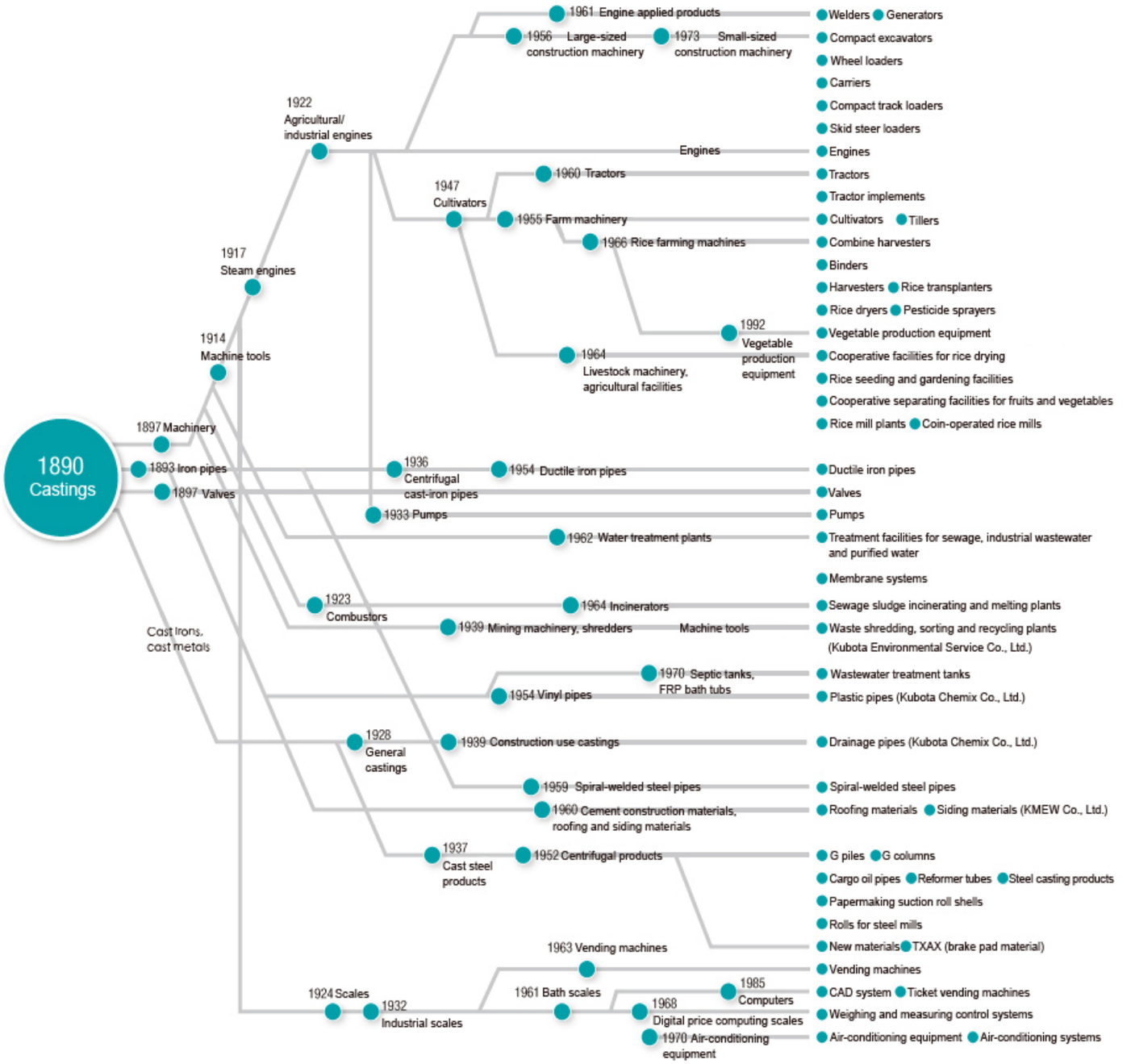


Kubota's place of origin around (now) 2-Chome, Nihonbashi, Chuo-ku, Osaka City (approx. 400 m northeast of the present Head Office)

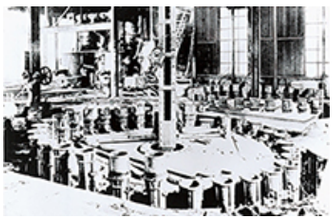
Young Gonshiro Kubota (front center in photo)

History of Kubota Products

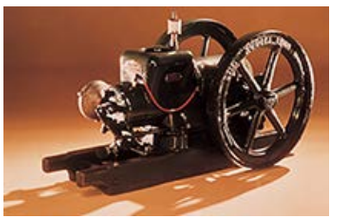
Kubota started with the production and marketing of cast metal products. Ever since its foundation, it has provided a large variety of products that contribute to people's lives and society, including iron pipes for waterworks, engines for agricultural and industrial purposes, and machine tools. All 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



1893 Cast iron pipe for water supply



1922 Oil-based engine for agro-industrial purpose

1947 Cultivator

1953 Power shovel

Major Products of the Kubota Group

Mobilizing the Kubota Group's collective strength and contributing to solutions in the areas of food, water and the environment

Farm & Industrial Machinery

Tractors:

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

Combine harvesters:

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

Rice transplanters:

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

Implements:

connected to tractors and used for a variety of tasks.

Gasoline engine (left) / Diesel engine (right)

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

Compact excavators:

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

Wheel loaders:

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

Compact truck 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:

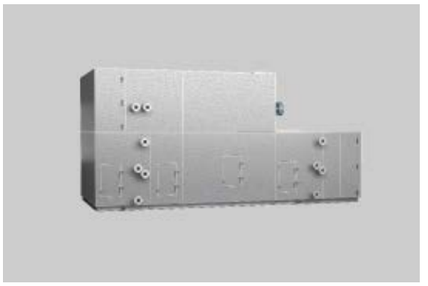
used for cutting lawns in parks, office areas and private residences.

Mini power tillers:

used in smaller farms for tilling and other agricultural operations.

Platform scales:

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



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.

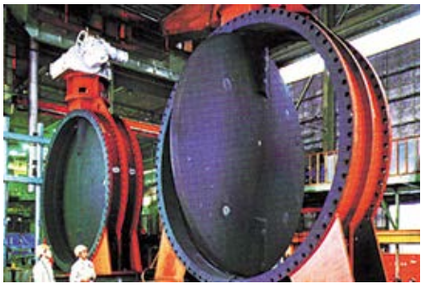
Water & Environment

Ductile iron pipes:

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

Plastic pipes:

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



Valves:

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

Pumps:

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

Submerged membranes:

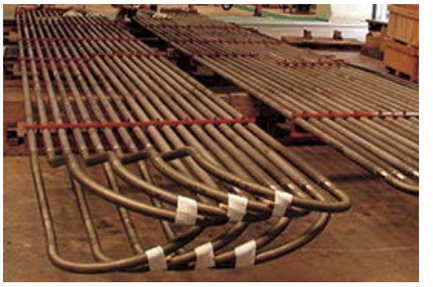
used to purify wastewater, including industrial and domestic sewage.

Wastewater treatment tanks:

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

Spiral welded steel pipes:

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



Cast steel:

used at petrochemical plants for ethylene purification and other operations.

Rolls:

used in the rolling process, mainly at steel plants.

KUBOTA Group

List of Offices, Factories, Plants, and Business Centers (As of April 30,2017)

Head Offices

Head Office	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2111 Click to View a Map Click to Display a Map for Printing out (PDF)
Hanshin Office	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-5100 Click to View a Map
Tokyo Head Office	Kyobashi Trust Tower, 2-1-3 Kyobashi, Chuo-ku, Tokyo, 104-8307, Japan TEL. (81)-3-3245-3111 Click to View a Map Click to Display a Map for Printing out (PDF)

Regional Offices & Branch Offices

Hokkaido Regional Office	Hulic Sapporo Bldg. 6F, 3-1-44 Kita-sanjo-nishi, Chuo-ku, Sapporo, 060-0003, Japan TEL. (81)-11-214-3111 Click to View a Map
Tohoku Regional Office	Sendai Daiichi Seimei Tower Bldg. 20F, 4-6-1 Ichiban-cho, Aoba-ku, Sendai, 980-0811, Japan TEL. (81)-22-267-9000 Click to View a Map
Chubu Regional Office	Daitokai Bldg., 3-22-8 Mei-eki, Nakamura-ku, Nagoya, 450-0002, Japan TEL. (81)-52-564-5111 Click to View a Map
Chugoku Shikoku Regional Office	Meiji Yasuda Seimei Hiroshima Bldg., 4-25 Fukuro-machi, Naka-ku, Hiroshima, 730-0036, Japan TEL. (81)-82-546-0450 Click to View a Map
Kyusyu Regional Office	Sumitomo Seimei Hakata Bldg., 3-2-8 Hakata Eki-mae, Hakata-ku, Fukuoka, 812-0011, Japan TEL. (81)-92-473-2401 Click to View a Map
Yokohama Branch	Sumitomo Seimei Yokohama Kannai Bldg., 1-6 Onoe-cho, Naka-ku, Yokohama, 231-0015, Japan TEL. (81)-45-681-6014 Click to View a Map

Sales Offices

Wakayama Sales Office	Wakayama Daido Seimei Bldg. 7F, 22 Itaya-machi, Wakayama, 640-8044, Japan TEL. (81)-73-402-5020 Click to View a Map
Shikoku Sales Office	Asahi Seimei Bldg., 2-1 Kamei-cho, Takamatsu, 760-0050, Japan TEL. (81)-87-836-3900 Click to View a Map
Kumamoto Sales Office	846-1 Mainoe, Tomiai-machi, Minami-ku, Kumamoto-shi, Kumamoto, 861-4147, Japan TEL. (81)-96-357-8100 / (81)-96-357-8101 Click to View a Map
Okinawa Sales Office	Daido Seimei Naha Bldg., 3-1-15 Maejima, Naha-shi, Okinawa, 900-0016, Japan TEL. (81)-98-868-1110 Click to View a Map
Yamaguchi Sales Office	1-4 Nogami-cho, Shunan-shi, Yamaguchi, 745-0042, Japan TEL. (81)-834-27-5405 Click to View a Map

Factories, Plants and Business Centers

Hanshin Plant (Mukogawa)	2-26 Ohama-cho, Amagasaki-shi, Hyogo, 660-0095, Japan TEL. (81)-6-6415-2111 Click to View a Map
Hanshin Plant (Amagasaki)	64 Nishi-mukojima-cho, Amagasaki-shi, Hyogo, 660-0857, Japan TEL. (81)-6-6411-1141 Click to View a Map
Keiyo Plant	2-16-1 Sakae-cho, Funabashi-shi, Chiba, 273-0018, Japan TEL. (81)-47-431-6111 Click to View a Map
Ichikawa Plant	4 Koya-shin-machi, Ichikawa-shi, Chiba, 272-0011, Japan TEL. (81)-473-28-0171 Click to View a Map
Shiga Plant	2-1 Takamatsu-cho, Konan-shi, Shiga, 520-3211, Japan TEL. (81)-748-75-2150 Click to View a Map
Okajima Business Center	7-1-22 Minami-okajima, Taisho-ku, Osaka, 551-0021, Japan TEL. (81)-6-6552-1181 Click to View a Map
Sakai Plant	64 Ishizu-kitamachi, Sakai-shi, Osaka, 590-0823, Japan TEL. (81)-72-241-1121 Click to View a Map
Utsunomiya Plant	22-2 Hiraide-kogyo-danchi, Utsunomiya-shi, Tochigi, 321-0905, Japan TEL. (81)-28-661-1111 Click to View a Map
Tsukuba Plant	10 Sakano-Shinden, Tsukuba-Mirai-shi, Ibaraki, 300-2402, Japan TEL. (81)-297-52-5112 Click to View a Map
Hirakata Plant	1-1-1 Nakamiya Oike, Hirakata-shi, Osaka 573-8573, Japan TEL. (81)-72-840-1121 Click to View a Map
Sakai Rinkai Plant	3-8 Chikko-shinmachi, Nishi-ku, Sakai-shi, Osaka, 592-8331, Japan TEL. (81)-72-247-1121 Click to View a Map
Ryugasaki Plant	5-6 Koyodai, Ryugasaki-shi, Ibaraki, 301-0852, Japan TEL. (81)-297-64-7311 Click to View a Map
Kyuhoji Business Center	2-35 Jinmu-cho, Yao-shi, Osaka, 581-8686, Japan TEL. (81)-72-993-1881 Click to View a Map

Main Affiliates (As of April 30,2017)

Machinery Segment

Hokkaido KUBOTA Corporation	16-1-1 Nishi-machi-kita, Nishi-ku, Sapporo-shi, Hokkaido 063-0061, Japan TEL. (81)-11-661-2491 Visit Website
Michinoku KUBOTA Corporation	13-9 Higashi-miyanome, Hanamaki-shi, Iwate, 025-0003, Japan TEL. (81)-198-23-5321 Visit Website
Akita KUBOTA Corporation	295-38 Terauchi Aza Kamiyashiki, Akita-shi, Akita, 011-0901, Japan TEL. (81)-18-845-2121 Visit Website
Minamitohoku KUBOTA Corporation	182-1 Tako Aza Hara, Natori-shi, Miyagi, 981-1221, Japan TEL. (81)-22-384-0678 Visit Website
Kantokoushin KUBOTA Corporation	5-2-36 Nishibori, Sakura-ku, Saitama-shi, Saitama, 338-0832, Japan TEL. (81)-48-767-3521 Visit Website
Gunma KUBOTA Corporation	1518 Koyagi-machi, Takasaki-shi, Gunma, 370-0071, Japan TEL. (81)-27-361-3391 Visit Website
Niigata KUBOTA Corporation	331 Toyano, Chuo-ku, Niigata-shi, Niigata, 950-0951, Japan TEL. (81)-25-283-0111 Visit Website
Hokurikukinki KUBOTA Corporation	956-1 Shimo-kashiwano-machi, Hakusan-shi, Ishikawa, 924-0038, Japan TEL. (81)-76-275-9555 Visit Website
Tokai KUBOTA Corporation	2-16-13 Shinsho, Yokkaichi-shi, Mie, 510-0064, Japan TEL. (81)-59-351-8711 Visit Website
Kinki KUBOTA Corporation	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6491-6633 Visit Website
Chushikoku KUBOTA Corporation	275 Shijikai, Higashi-ku, Okayama-shi, Okayama, 703-8216, Japan TEL. (81)-86-208-4111 Visit Website
Fukuokakyushu KUBOTA Corporation	1-11-36 Noma, Minami-ku, Fukuoka-shi, Fukuoka, 815-0041, Japan TEL. (81)-92-541-2031 (1F) / (81)-92-541-2032 (1F) / (81)-92-541-2033 (1F) Visit Website

Nakakyushu KUBOTA Corporation	789-1 Hikinomizu, Ozu-machi, Kikuchi-gun, Kumamoto, 869-1234, Japan TEL. (81)-96-293-1345 Visit Website
Minamikyushu Okinawa KUBOTA Corporation	973-1 Sakimori, Mizobe-cho, Kirishima-shi, Kagoshima, 899-6405, Japan TEL. (81)-995-58-4373 Visit Website
Kubota Credit Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3029 Main Business: Domestic retail financing of agricultural machinery and related products Visit Website
Kubota Seiki Co., Ltd.	4-15-5 Mokuzaidori, Mihara-ku, Sakai-shi, Osaka, 587-0042, Japan TEL. (81)-72-362-1621 Main Business: Manufacturing of agricultural machinery and manufacturing and sales of agricultural machinery components
Kubota Agri Service Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3281 Main Business: Coordinating and conducting sales promotional activities, providing technical guidance, and designing, constructing, and managing agricultural facilities Visit Website
Kubota Engine Japan Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3638 Main Business: Sales of compact general-purpose engines and provision of services Visit Website
Kubota Machinery Design Corporation	64 Ishizu-kitamachi, Sakai-ku, Sakai-shi, Osaka, 590-0823, Japan TEL. (81)-72-241-1204 Main Business: Creating design drawings and conducting related business affairs
Kubota Machinery Trading Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2439 Main Business: Importing and Exporting products and components for Kubota's Machinery Headquarters as well as other objects Visit Website
KUBOTA Construction Machinery Japan Corporation	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-6200 Main Business: Sales of construction machinery and provision of technical services Visit Website
KUBOTA Vending Service Co., Ltd.	5-6 Koyodai, Ryugasaki-shi, Ibaraki, 301-0852, Japan TEL. (81)-297-62-9620 Main Business: Sales and installation of vending machines as well as accessory devices and provision of technical guidance and repair services
Kubota Keiso Co., Ltd.	5-2-36 Nishibori, Sakura-ku, Saitama-shi, Saitama, 338-0832, Japan TEL. (81)-48-762-7890 Main Business: Sales, installation, and repair of various measuring instruments and systems 28/ Kubota Air Conditioner, Ltd. Visit Website
Kubota Air Conditioner., Ltd.	Kyobashi Trust Tower, 2-1-3 Kyobashi, Chuo-ku, Tokyo, 104-8307, Japan TEL. (81)-3-3245-3130 Main Business: Manufacturing and sales of various types of air-conditioning equipment Visit Website

Water & Environment Segment

Kubota ChemiX Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2375 Main Business: Manufacturing and sales of pipes and couplings in PVC and other polymers Visit Website
Kubota Construction Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-4396-2310 Main Business: Service water and sewage, civil engineering and construction contracting Visit Website
Nippon Plastic Industry Co., Ltd.	100-1 Aza-Nishida, Oaza-higashi-tanaka, Komaki-shi, Aichi, 485-0826, Japan TEL. (81)-568-72-2011 (main switchboard number) Main Business: Manufacturing and sales of vinyl pipes and various types of sheets Visit Website
Kubota Pipe Tech Co.	2-26 Ohama-cho, Amagasaki-shi, Hyogo, 660-0095, Japan TEL. (81)-6-6415-2078 Main Business: Designing business plans related to water services, carrying out construction work, providing training on pipe laying skills, and offering various types of technical services Visit Website
Kansouken Inc.	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-6300 Main Business: Pipe network analysis, pipeline management, sale of CAD simulation systems, examination of facilities related to water services, and provision of consultation. Visit Website
K.P.S. Co., Ltd.	4-10-13 Hakata Eki-mae, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0011, Japan TEL. (81)-92-474-7723 Main Business: Sales of cast iron pipes, various other pipes, pumps, valves, and related products Visit Website
SAPPORO TAISEI KIKO CORPORATION	2-7-1 Nanajo, Kikusui, Shiroishi-ku, Sapporo-shi, 003-0807, Japan TEL. (81)-11-817-6311 Main Business: Selling various types of pipes, valves, and other related products; designing, constructing, and selling special fittings Visit Website
Kubota Environmental Service Co., Ltd.	1-3-5 Matsugaya, Taito-ku, Tokyo, 111-0036, Japan TEL. (81)-3-3847-3800 Main Business: Operation, maintenance, design, construction, remodeling and repair of water and waste treatment facilities, along with sales of pharmaceutical and other supplies; analysis of water quality, air, waste, etc. Visit Website
Kubota Membrane Co., Ltd.	2-35 Jinmu-cho, Yao-shi, Osaka, 581-8686, Japan TEL. (81)-72-928-9111 Main Business: Manufacturing and sales of submerged membrane units and cartridges as well as provision of maintenance and technical guidance Visit Website

Kubota Water Treatment Plant (Johkasou) System Co., Ltd.	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-5301 Main Business: Selling wastewater treatment plants such as “Johkasou” systems as well as residential equipment and also undertaking design, construction, and maintenance works. Visit Website
Kubota Kikou Co., Ltd.	1-1-1 Nakamiya Oike, Hirakata-shi, Osaka, 573-8573, Japan TEL. (81)-72-840-5727 Main Business: Construction work to install pumps and provision of repair and maintenance services. Visit Website
KUBOTA KASUI Corporation	Bright East Shibaura, 3-18-21 Kaigan, Minato-ku, Tokyo, 108-0022 TEL. (81)-3-5419-6030 Main Business: Environmental engineering related to treatment of industrial wastewater and waste gases, repair and remodeling work, maintenance management, chemical and other sales Visit Website

Housing & Construction Segment

KMEW Co., Ltd.	Crystal Tower 1-2-27 Shiromi, Chuo-ku, Osaka, 540-6013, Japan TEL. (81)-6-6945-8081 Main Business: Manufacturing and sales of roofing and siding materials Visit Website
FUMOTO SANGYO Co., Ltd.	2-9-10 Sakuragawa, Naniwa-ku, Osaka, 556-0022, Japan TEL. (81)-6-6561-2561 Main Business: Sales and provision of construction work on building material, home appliance, industrial machinery, etc. Visit Website

Electronics & Information Related Segment

KUBOTA Systems Inc.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3111 Main Business: Designing information systems, developing software, providing business process outsourcing services, and selling equipment Visit Website

Service Segment

KBS Kubota Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6647-7811 Main Business: Warehousing & storage and transportation of products Visit Website
Kubota Eight Service Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3025 Main Business: Providing copying, bookbinding, and printing services; selling office automation equipment and other goods; and offering travel agency services Visit Website
Heiwa Kanzai CO., LTD	Hulic Kyobashi Bldg. 6F, 2-7-12 Yaesu, Chuo-ku, Tokyo, 104-0028 TEL. (81)-3-5255-6311 Main Business: Comprehensive management of buildings and security services Visit Website
Kubota General Insurance Service Co., Ltd.	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3721 Main Business: Providing general insurance agency services, insurance agency services in accordance with the Automobile Liability Security Act, and selling life insurance Visit Website
Kubota Education Center Corporation	1-1-1 Hama, Amagasaki-shi, Hyogo, 661-8567, Japan TEL. (81)-6-6470-5960 Main Business: Providing educational training in business expertise and technical skills Visit Website
Kubota Staff Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-3871 Main Business: Temporary staffing, business affairs agency, and fee-charging employment agency services Visit Website
Kubota Works Corporation	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8601, Japan TEL. (81)-6-6648-2605 Special subsidiary company aiming to increase employment of the physically challenged Main Business: Copying and printing, cleaning, sorting and forwarding mail services Visit Website
Kubota Sun-Vege Farm Co., Ltd.	101 Shiraki, Kanan-cho, Minami-kawachi-gun, Osaka, 585-0014 TEL. (81)-721-55-3001 Special subsidiary company aiming to increase employment of the physically challenged Main Business: Producing and selling vegetables by making use of unused agricultural land (Growing varieties of lettuce, salad greens, Japanese mustard greens, Japanese-green, i.e., glebionis coronaria, etc. using hydroponics) Visit Website

Overseas Offices & Group Companies (As of April 30,2017)

Overseas Offices

Beijing Office	Room B 1211,Hui Bin Building No.8 Bei Chen Dong Street Chao Yang District, Beijing, 100101, China TEL.(86)-10-8498-9771 / (86)-10-8498-9772 FAX.(86)-10-8498-9773
Yangon Branch	No.105(B), 2nd floor, Hnin Si Kone Street, Ahlone Township, Yangon Region, The Republic of the Union of Myanmar. TEL./FAX.(95)-1-231-5752
Jakarta Representative Office	Eighty Eight @ Kota Kasablanka Office Tower, 16th Floor - Unit G, Jl. Casablanca Kav. 88, Jakarta 12870, Indonesia TEL.(62)-21-2961-2930 FAX.(62)-21-2961-2931
Malaysia Branch	Unit No.801A, Level 8, Menara Amcorp, Pusat Perdagangan Amcorp, 18, Jalan Persiaran, Barat, 46050 Petaling Jaya, Selangor, Malaysia TEL.(60)-3-7954-2334 FAX.(60)-3-7954-1335
Dubai Branch	Office No. LB180508 & LB180509 Jafza View 18, Jebel Ali Free Zone Dubai, UAE TEL.(971)-(0)4-885-7033 FAX.(971)-(0)4-885-7032

Group Companies

North America

Kubota Tractor Corporation	1000 Kubota Drive, Grapevine, TX 76051, U.S.A. TEL.(1)-817-756-1171 Main Business: Sales of tractors, construction machinery, and mowers and UVs* Visit Website
Kubota Credit Corporation U.S.A.	1000 Kubota Drive, Grapevine, TX 76051, U.S.A. TEL.(1)-817-756-1171 Main Business: Retail financing and sales contracts Visit Website
Kubota Manufacturing of America Corporation	Gainesville Industrial Park North, 2715 Ramsey Road, Gainesville, Georgia 30501, U.S.A. TEL.(1)-770-532-0038 FAX.(1)-770-532-9057 Main Business: Development and manufacturing of small-sized tractors, mowers, UVs* and tractor implements Visit Website
Kubota Industrial Equipment Corporation	1001 McClure Industrial Drive, Jefferson, Georgia 30549, U.S.A. TEL.(1)-706-387-1000 FAX.(1)-706-387-1300 Main Business: Development and manufacturing of tractors and implements
Great Plains Manufacturing, Inc.	1525 E. North St, Salina, KS 67401, U.S.A. TEL.(1)-785-823-3276 FAX.(1)-785-822-5619 Main Business: Development, manufacturing, and sales of tractor operating implements and construction machinery accessories
Kubota Engine America Corporation	505 Schelter Road, Lincolnshire, Illinois 60069, U.S.A. TEL.(1)-847-955-2500 FAX.(1)-847-955-2501 Main Business: Sales of engines and generators Visit Website
Kubota Insurance Corporation	500 Ala Moana Blvd.,Suite 420 Honolulu,Hawaii 96813, U.S.A. TEL.(1)-808-544-3938 FAX.(1)-808-545-2534 Main Business: Underwriting non-life insurance
Kubota Tractor Acceptance Corporation	3401 Del Amo Blvd., Torrance, California 90503, U.S.A. TEL.(1)-310-370-3370 FAX.(1)-310-406-3650 Main Business: Business of insurance agencies in the United States
Kubota Membrane U.S.A. Corporation	11807 North Creek Parkway S. Suite B-109 Bothell, Washington 98011, U.S.A. TEL.(1)-425-898-2858 FAX.(1)-425-898-2853 Main Business: Sales of submerged membranes Visit Website
Kubota Canada Ltd.	5900 14th Avenue, Markham, Ontario L3S 4K4, Canada TEL.(1)-905-294-6535 FAX.(1)-905-294-6651 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website
Kubota Materials Canada Corporation	25 Commerce Road, Orillia, Ontario L3V 6L6, Canada TEL.(1)-705-325-2781 FAX.(1)-705-325-5887 Main Business: Manufacturing and sales of steel casting products, TXAX (brake pad materials) Visit Website

*UVs: Unity Vehicles

Asia & Oceania

Kubota Korea Co., Ltd.	11F, KAMCO Yangjae Tower, (Dogok-dong) 262, Gangnam-daero, Gangnam-gu, Seoul, 06265 Korea TEL.(82)-2-2058-1028 FAX.(82)-2-2058-1029 Main Business: Sales of tractors, combine harvesters, rice transplanters, and construction machinery Visit Website
Kubota China Holdings Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2027-2399 FAX.(86)-21-2027-2398 Main Business: Regional headquarters in China Visit Website
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.	77, Suhong East Road, Industrial Park, Suzhou, Jiangsu, 215026, China TEL.(86)-512-6716-3122 FAX.(86)-512-6716-3344 Main Business: Manufacturing and sales of tractors and other agricultural machinery Visit Website
Kubota Construction Machinery (Wuxi) Co., Ltd.	No.1 Xin You South Road, Wuxi New Dictrict, Wuxi Jiangsu, 214028, China TEL.(86)-510-8116-9505 FAX.(86)-510-8116-9510 Main Business: Manufacturing of construction machinery Visit Website
Kubota Engine (SHANGHAI) Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-6236-0606 FAX.(86)-21-6236-0637 Main Business: Sales of engines Visit Website
Kubota Engine (WUXI) Co., Ltd.	20, Xinhua Road, New District, Wuxi, Jiangsu, 214028, China TEL.(86)-510-8520-3800 FAX.(86)-510-8115-7008 Main Business: Manufacturing of vertical type diesel engines
Kubota Construction Machinery (SHANGHAI) Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-5879-4630 FAX.(86)-21-5879-4632 Main Business: Sales of construction machinery Visit Website
Kubota China Financial Leasing Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2027-8558 FAX.(86)-21-2027-8559 Main Business: Finance lease business for KUBOTA products
Kubota Vending Machine (Shanghai) Co., Ltd	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2025-1020 FAX.(86)-21-2025-1029 Main Business: Sales of vending machine products and parts, and operation, maintenance and management of vending machines Visit Website
KUBOTA SANLIAN PUMP（ANHUI）CO., LTD.	He Xian County Economic Development Zone in Anhui Province, 238200, China TEL.(86)-555-5338018 Main Business: Manufacturing and sales of pumps Visit Website
Kubota Environmental Engineering (Shanghai) Co., Ltd.	6F, Tower 1, Kerry Everbright City, No.128 Tian Mu Road West, Jingan District, Shanghai, 200070, China TEL.(86)-21-2027-2388 FAX.(86)-21-2027-2223 Main Business: Plant engineering and sales of equipment for the water treatment market

Kubota System & Information (CHINA) Co., Ltd.	#06, Nisheng Square 23F, Suzhou Avenue West #205, Suzhou Industrial Park, Jiangsu Province, P.R.China TEL.(86)-512-6762-0911　FAX.(86)-512-6762-0931 Main Business: Developing software for information systems and providing maintenance/operation services
Kubota Rice Industry（H.K.）Co., Ltd.	4F., Ever Gain Building, 21-23 Yuen Shun Circuit, Shatin, N.T., Hong Kong TEL.(852)-3184-0918　FAX.(852)-3184-0958 Main Business: Import, milling and sale of Japanese rice Visit Website
Shin Taiwan Agricultural Machinery Co., Ltd.	No.16 Fengping 2nd Road, Daliao District, Kaohsiung City 831, Taiwan TEL.(886)-7-702-2333　FAX.(886)-7-702-2303 Main Business: Sales of tractors, agricultural machinery, mowers, UVs*, construction machinery and agriculture-related products Visit Website
Kubota Philippines, Inc.	232 Quirino Highway Baesa, 1106 Quezon City, Metro Manila,Philippines TEL.(63)-2-422-3500　FAX.(63)-2-422-3504 Main Business: Sales of tractors, other agricultural machinery, and engines Visit Website
SIAM KUBOTA Corporation Co., Ltd.	101/19-24 Moo 20, Navanakorn Industrial Estate, Tambon Khlongnueng, Amphur Khlongluang, Pathumthani 12120, Thailand TEL.(66)-2-909-0300　FAX.(66)-2-909-1698 Main Business: Manufacturing and sales of tractors, combine harvesters, horizontal diesel engines and power tillers, and sales of construction machinery Visit Website
SIAM KUBOTA Metal Technology Co., Ltd.	359 Moo 3, Khao Hin Son, Phanom Sarakarm,Chachoengsao 24120,Thailand TEL.(66)-3885-5003　FAX.(66)-3885-5110 Main Business: Manufacturing of casting components for engines and tractors
KUBOTA Engine (Thailand) Co., Ltd.	360 Moo3, T.Khao Hin Son, Phanom Sarakarm, Chachoangsao 24120, Thailand TEL.(66)-38-855-136～143　FAX.(66)-3885-5144 Main Business: Manufacturing of vertical type diesel engines
KUBOTA Precision Machinery (Thailand) Co., Ltd.	219/24 Moo 6, Pinthong 3 Industrial Estate, Tambon Bowin, Amphur Sriracha, Chonburi 20230, Thailand TEL.(66)-38-110-136　FAX.(66)-38-110-140 Main Business: Manufacturing and sales of 3P cylinders and rotor valves for tractors and transmissions for utility vehicles
Siam KUBOTA Leasing Co., Ltd.	101/19-24, Navanakorn, Tambol Khlongnueng, Amphur Khlongluang, Pathumthani 12120, Thailand TEL.(66)-2-909-0300　FAX.(66)-2-520-3836 Main Business: Retail financing for tractors and combine harvesters, etc.
Kubota Procurement and Trading (Thailand)	700/199 Moo1, Amata Nakorn Industrial Estate, T.Bankao, A.Panthong, Chonburi 20160, Thailand TEL.(66)-38-468-791 Main Business: Procurement and supply of parts for the KUBOTA Group production bases
KUBOTA (Cambodia) Co., Ltd.	No.42, Street No 306, Sangkat Boeung Keng Keng 1, Khan Chamkarmorn, Phnom Penh, Cambodia TEL.(855)-23-971122 Main Business: Sales support of farm machinery, collecting market information and service

KUBOTA LAOS SOLE Co., Ltd.	No.384,Unit29,T4Rd.,Phontang Village, Saysettha District, Vientiane Capital, Lao PDR.P.O.Box8156 TEL.(856)-21-454-944 Main Business: Sales support of farm machinery, collecting market information and service
Kubota Vietnam Co., Ltd.	Lot B-3A2-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam TEL.(84)-650-357-7501　FAX.(84)-650-357-7503 Main Business: Manufacturing and sales of tractors and other agricultural machinery Visit Website
Sime Kubota Sdn. Bhd.	1, Jalan Puchong, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor Darul Ehsan, Malaysia TEL.(60)-3-8068-8558　FAX.(60)-3-8068-8555 Main Business: Sales of tractors and engines
Kubota Rice Industry（Singapore）PTE. Ltd.	1 Senoko Avenue #01-04, Singapore 758297 Main Business: Import, milling and sale of Japanese rice Visit Website
P.T. Kubota Indonesia	Taman Industri Bukit Semarang Baru(BSB) Blok D.1 Kav.8, Kel. Jatibarang - Kec.Mijen, Semarang, Indonesia TEL.(62)-24-7472849　FAX.(62)-24-7472865 Main Business: Manufacturing and sales of small diesel engines Visit Website
P.T. Kubota Machinery Indonesia	Gedung Tempo Scan Tower Lt. 32, JL. H.R.Rasuna Said Kav. 3-4 Kuningan Timur, Setiabudi, Jakarta Selatan DKI Jakarta 12950 TEL.(62)-21-2934-9399　FAX.(62)-21-2934-9301 Main Business: Sales of tractors, combine harvesters and rice transplanters Visit Website
P.T. Metec Semarang	Tanjung Emas Export Processing Zone, JL. Coaster No.8 Block B, 12A-16 Semarang, Java Tengah, Indonesia TEL.(62)-24-3520435　FAX.(62)-24-3520432 Main Business: Consignment manufacturing of vending machines and vending machine parts Visit Website
Kubota Myanmar Co., Ltd.	Lot No. C27, Zone A, Thilawa Special Economic Zone, Yangon Region, Myanmar. Main Business: Sales of and after-sales services for tractors, combines, rice transplanters, cultivators, diesel engines and construction machinery
Kubota Agricultural Machinery India Pvt. Ltd.	No.15, Medavakkam Road, Sholinganallur, Chennai 600119, India TEL.(91)-44-6104-1500　FAX.(91)-44-6104-1600 Main Business: Sales of tractors and other agricultural machinery Visit Website
Kubota Saudi Arabia Company, LLC	P.O.Box 68638 Dammam 31537,Kingdom of Saudi Arabia TEL.(966)-13-8327209 Ext.222　FAX.(966)-13-8327201 Main Business: Manufacturing and sales of steel casting products Visit Website
Kubota Tractor Australia Pty. Ltd.	25-29 Permas Way, Truganina, Victoria 3029, Australia TEL.(61)-3-9394-4400　FAX.(61)-3-9394-4430 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website

*UVs: Unity Vehicles

Europe

Kubota Europe S.A.S.	19-25, Rue Jules Vercruysse, Z.I., BP88 95101 Argenteuil Cedex, France TEL.(33)-1-3426-3434 FAX.(33)-1-3426-3499 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website
Kubota Farm Machinery Europe S.A.S	Route de Socx 59380 Bierne, France TEL.(33)-9-6442-0616 Main Business: Manufacturing of tractors
Kubota (Deutschland) GmbH	Senefelder Straβe 3-5, 63110 Rodgau/Nieder-Roden, Germany TEL.(49)-6106-873-0 FAX.(49)-6106-873-198 Main Business: Sales of tractors, engines, mowers and UVs* Visit Website
Kubota Baumaschinen GmbH	Steinhauser Straβe 100, 66482 Zweibrücken Rheinlandpfalz, Germany TEL.(49)-6332-4870 FAX.(49)-6332-487101 Main Business: Manufacturing and sales of construction machinery Visit Website
Kubota (U.K.) Ltd.	Dormer Road, Thame, Oxfordshire OX9 3UN, U.K. TEL.(44)-1844-214500 FAX.(44)-1844-216568 Main Business: Sales of tractors, construction machinery, engines, mowers and UVs* Visit Website
Kubota Membrane Europe Ltd.	3F Horatio House, 77 Fulham Place Road, London, W6 8JA, U.K. TEL.(44)-20-8741-5262 FAX.(44)-20-8563-1616 Main Business: Sales of submerged membranes Visit Website
Kubota España S.A.	Avenida Recomba No.5, Poligno Industrial La Laguna, Leganes, 28914(Madrid), Spain TEL.(34)-91-508-6442 FAX.(34)-91-508-0522 Main Business: Sales of tractors, mowers and UVs* Visit Website
Kverneland AS	Plogfabrikkvegen 1, 4353 Klepp stasjon, Norway TEL.(47)-5142-9400 FAX.(47)-5142-9401 Main Business: Manufacturing and sales of tractor operating implements Visit Website
KUBOTA Turkey Makine Ticaret Limited Sirketi	Cumhuriyet Mahallesi, Yahya Kaptan Caddesi No: 3, Cayirova, 41420 Kocaeli, Turkey TEL.(90)-262-658-9045 FAX.(90)-262-658-9048 Main Business: Sales of tractors Visit Website

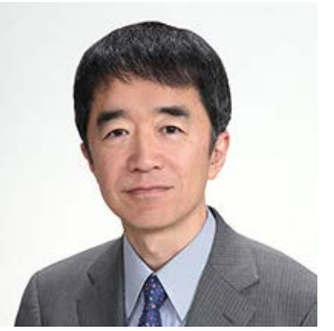
*UVs: Unity Vehicles

Third-Party Comments

Third-Party Comments on the KUBOTA REPORT 2017 Business and CSR Activities

Satisfying report in terms of both quality and quantity

The KUBOTA REPORT is an integrated report on business and CSR activities covering highly comprehensive and detailed information, which I think demonstrates Kubota's high level of information disclosure in terms of both quality and quantity. The contents can be evaluated as appropriate for the Kubota Group, aiming to achieve the goal of becoming "Global Major Brand (GMB)". My suggestion for the future is to set key performance indicators (KPIs) that govern the overall performance. Many indicators are presented in this report. By showing on which indicators Kubota places high priority strategically, the report further clarifies Kubota's commitment to society. Moreover, since the report mentions SDGs at the beginning, I am sure that if the specific relationships between SDGs and Kubota's activities are demonstrated with indicators, international recognition will further improve.



Professor **Katsuhiko Kokubu**
Graduate School of Business Administration, Kobe University

Abundant information on corporate governance

Of the great deal of information disclosed in detail in the KUBOTA REPORT, I see the information on corporate governance as particularly satisfying. Specifically, regarding risk management, detailed information is disclosed along with the presentation of countermeasures, demonstrating Kubota's faithful attitude toward society. While the contents of information disclosed at present seem rather to focus on compliance with laws and regulations, it would be excellent if reference to other aspects, such as the Corporate Governance Code's 'basic principle 2: Appropriate cooperation with stakeholders other than shareholders,' is added by mentioning how it is discussed and evaluated at the Board of Directors' meetings and evaluated so that the involvement of directors in more active aspects of CSR can be seen. As with risk assessment, I expect in-depth discussions will be held on specific issues of CSR.

Fostering a CSR mindset

The Kubota Group endeavors to foster a CSR mindset. I think this is very important. Since it is not management but each individual employee who plays the main role in CSR activities, it is crucial to raise each individual's awareness. To this end, it is important to have the employees subjectively think about how Kubota can create or should create its social value. This will in turn enhance the Group's CSR capabilities. This is similar to an initiative to create a new business area, and therefore requires company-wide support. If engagement with external experts is promoted in line with this initiative, I think a feedback loop of CSR will effectively function, creating a virtuous circle.

In response to the above comments

Toshihiro Kubo
Representative Director and Executive Vice President, Kubota Corporation

We wish to express our sincere appreciation to Dr. Kokubu for having provided invaluable third-party comments since fiscal 2009.

This time it was very encouraging that the KUBOTA REPORT was evaluated as covering highly comprehensive and detailed information, and demonstrating Kubota's high level of information disclosure in terms of both quality and quantity.

With regard to his suggestion of showing which indicators Kubota places high priority on from a strategic point of view, as a company capable of contributing to global society in the key fields of food, water and the environment, we will consider ways to indicate more clearly the relationships of our activities with SDGs and other indicators.

Regarding appropriate cooperation with stakeholders other than shareholders, the results of various external rankings related to CSR, which are considered to be a measure of how we are observed by society, and the presumed reasons for the evaluations are reported at the Executive Officers Meeting, as a way to improve the situation. Also, seeing our employees as important stakeholders who play the main role in promoting CSR, we conduct the Employee CSR Awareness Survey every year and report the results as well as the employees' opinions at the Executive Officers Meeting. We will make continuous efforts to hold in-depth discussions on CSR-related issues.

We will also consider ways to promote engagement with external experts.

All the 38,000 employees of companies in the Kubota Group act as a unit to make the best efforts to find solutions to challenges in the fields of food, water and the environment around the world, thus enabling Kubota to become a corporate group that is continuously trusted and needed by members of society.

Kubota

KUBOTA Corporation

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

Inquiries
CSR Planning Dept.
Tel : +81-6-6648-2937
Fax: +81-6-6648-3862

ECO FIRST

As a leading company for environmental performance, KUBOTA has made a promise to implement environmental conservation activities to the Japanese Ministry of the Environment.

Fun to Share

"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."

Water Project
今こそ考えよう。みんなの水と未来。

We participate in a water project promoted by a public- private partnership.

COOL CHOICE

We support the Japanese Ministry of the Environment's "COOL CHOICE" movement as a countermeasure for global warming.

Issued in May 2017