

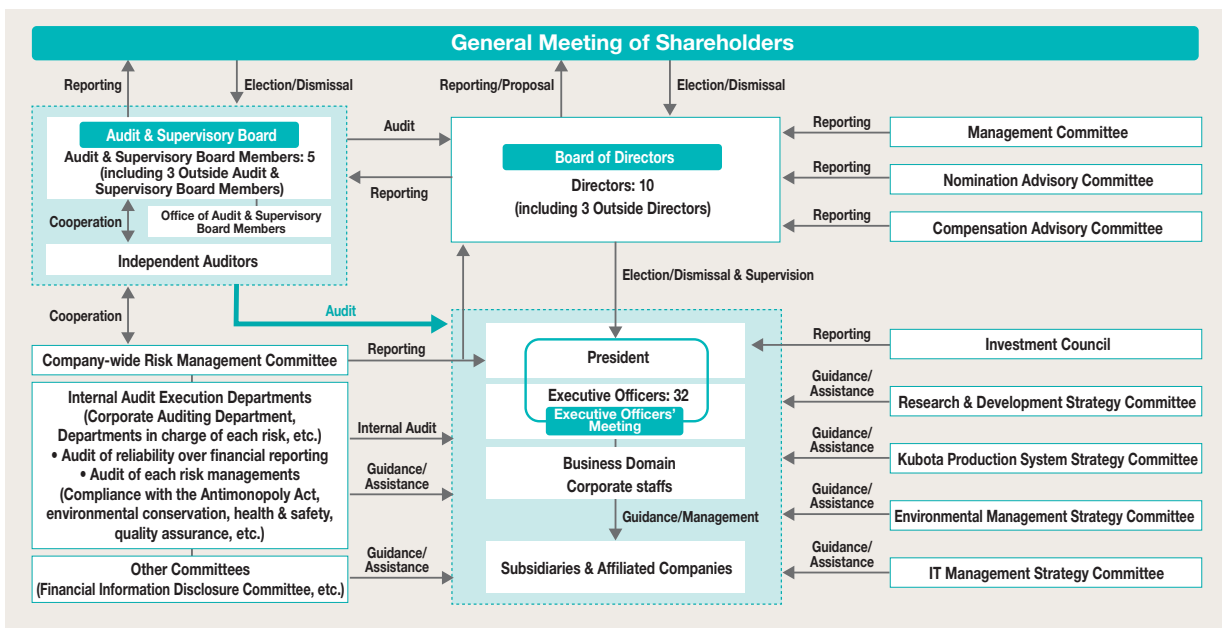
Corporate Governance

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 risks.

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.



Board of Directors

The Board of Directors makes company-wide strategic decisions and oversees the execution of duties by the Executive Officers. It consists of 10 Directors (3 of whom are the Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required to discuss and make decisions relating to management planning, financial planning, investment, business restructuring and other important management issues.

The Board of Directors holds a meeting once a year to report the results of risk management activities. This is done in order to verify that there are no inadequacies in the internal control system that could have a serious impact on corporate management with regards 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 5 Audit & Supervisory Board Members (3 of whom are the 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 has adopted the Executive Officer System in order to strengthen business execution by each department and make prompt and appropriate business decisions. The Executive Officers' Meeting consists of the President and Representative Director (the "President") and 32 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 the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

The Nomination Advisory Committee met once during the fiscal year for the purpose of discussing the nomination of new candidates for Directors and the reappointment of existing Directors. Meanwhile, the Compensation Advisory Committee met twice during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors and Executive Officers and the adequacy of the stock compensation plan adopted the previous year. (Including one resolution in writing.)

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 elects those who have no possibility of a conflict of interest with ordinary shareholders by reference to the rules for Independent Executives defined by the Tokyo Stock Exchange (TSE).

Reasons for Appointing Outside Directors (Independent Executives)

Kubota elected Mr. Yuzuru Matsuda 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 no business relationship with Kyowa Hakko Kirin Co., Ltd., for which Mr. Matsuda used to serve for, and Kato Memorial Bioscience Foundation, BANDAI Namco Holdings, Inc., and JSR Corporation for which Mr. Matsuda 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 elected Mr. Koichi Ina as an Outside Director since Kubota wishes to receive his advice about general management based on his adequate and considerable insight into management which he acquired through his experience as a president, chairman, and plant and manufacturing manager in a vehicle manufacturer. Kubota has no business relationship with Toyota Motor Corporation, for which Mr. Ina used to serve as a director and adviser. Kubota has a business relationship with Daihatsu Motor Co., Ltd., for which Mr. Ina concurrently serves for adviser, but the amount arising from the above transactions for the year ended December 31, 2017 was less than 1% of 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 appears to be no conflict of interest with ordinary shareholders.

Kubota elected Mr. Yutaro Shintaku as an Outside Director since Kubota wishes to receive his advice about general management based on his experience and achievements in actively promoting global strategies as the top management of a medical device manufacturer. Kubota has no business relationship with Terumo Corporation, Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., and Tonen International Scholarship Foundation, which he used to serve 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.

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

Kubota elected Mr. 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 Corporation has no business relationship with Doshisha University and Miyake & Partners Law Firm, which Mr. Morita concurrently serves for. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota elected Mr. 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, for which Mr. Suzuki initially started his career as a CPA, and Seven-Eleven Japan Co., Ltd., for which Mr. Suzuki concurrently serves as an adviser. Kubota places him as an Independent Executive since there is no particular vested interest between Kubota and him, and there seem to be no conflict of interest with ordinary shareholders.

Kubota elected Mr. Masaki Fujiwara as an Outside Audit & Supervisory Board Member because of his adequate knowledge concerning management and accounting, which he has acquired through serving as a manager in charge of management and accounting at Panasonic Corporation and its affiliated companies, as well as his global perspective fostered through his long experience of working overseas. Thus Kubota expects that he will help Kubota further enhance and globalize its auditing. Kubota has a business relationship with Panasonic Corporation, which he used to serve for, but the amount arising from the above transactions for the year ended December 31, 2017 was less than 1% of the total consolidated revenues of the Company. Kubota has no business relationship with Sansha Electric Manufacturing Co., Ltd. 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. 2017)

Attendance rate of Outside Directors at Board of Directors' meetings	Yuzuru Matsuda 100%	Koichi Ina 100%
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

Office of Audit & Supervisory Board Members is staffed with 5 employees to support auditing by the Audit & Supervisory Board Members. Relocation, evaluation, etc. of these staff members requires consultation with the Audit & Supervisory Board Members and acquisition of their agreement, thereby independence is ensured.

Moreover, Kubota assigns full-time Audit & Supervisory Board Members (4, as of April 2018) who are exclusively engaged in auditing of subsidiaries, thereby enhancing the system supporting the Audit & Supervisory Board Members and reinforcing the Group's internal control. Kubota has also established a system to facilitate the payment of expenses that arise in relation to the Audit & Supervisory Board Members' execution of their duties. Those employees' independence is ensured as the employees' appointment and evaluation require a discussion with and consent from the Audit & Supervisory Board Members.

Kubota Corporation has placed 4 members in the Office of Audit & Supervisory Board Members; the new members engage in audits exclusively for subsidiaries in order to provide support for the Kubota Corporation's Audit & Supervisory Board Members and improve internal control over the Kubota Group. Also, Kubota Corporation put in place a system where any expenses incurred related to execution of duties by the Audit & Supervisory Board Members are to be disbursed with no delay.

Internal audit departments and Independent Auditors of Kubota report audit plans and the results of audits to the Audit & Supervisory Board periodically, and as needed collaborate with each other.

Compensation of Director and Audit & Supervisory Board Members

At the Meetings of the Board of Directors, the basic remuneration for the Directors is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders after it has been deliberated on in the Compensation Advisory Committee, in consideration of the Company's operating results, compensation levels of other companies, and other factors.

In addition, the total amount of bonuses for the Directors is decided by the General Meeting of Shareholders. The amount of stock compensation is determined at the Meetings of the Board of Directors after being deliberated on in the Compensation Advisory Committee, within the limits established by the total amount of the monetary compensation claims and the total number of common shares to be issued or disposed of as approved at the General Meeting of Shareholders.

Furthermore, if the Director covered by the restricted stock compensation plan is a domestic non-resident because of the reasons such as playing the role of an overseas representative, the monetary compensation claims are temporarily suspended during the above period, in consideration of local laws and regulations. However once his/her role is over and he/she becomes a domestic resident, the suspended monetary compensation claims are granted to him/her.

The compensation for the Audit & Supervisory Board Members consists of basic remuneration only because of the roles they play and the need to preserve their independence and 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 Remuneration (Jan.–Dec. 2017)

Position	Number of persons	Total amount of compensation (million yen)	Total amount by type (million yen)		
			Basic remuneration	Bonuses	Restricted stock compensation
Directors (excluding Outside Directors)	7	627	364	218	45
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	71	71	—	—
Outside Executives (Outside Directors and Outside Audit & Supervisory Board Members)	4	54	54	—	—

Training for Executives

Kubota holds annual executive forums related to CSR, human rights, health, and safety, the environment, quality, public relations and other topics, for all of its Directors, Audit & Supervisory Board Members and Executive Officers. In the fiscal year ended December 31, 2017, such forums were held on five occasions.

Visiting lectures were brought in, and those in attendance were provided with opportunities to acquire and update knowledge necessary for supervising operations.

During the period from January to December 2017, a total of 155 executives participated in the forums.

Kubota also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance.

Moreover, Kubota conducts inspections and engages in companies, with on-site executives at its overseas subsidiaries and affiliated companies, and at the regional offices in Japan, so that those in attendance can gain a deeper understanding of the Group's businesses activities and make appropriate management decisions.

Themes of the forums for FY2017 and the attendance of executives

Date	Title of forum	Theme	No. of attending executives
Feb. 17, 2017	Human Rights Training	To create LGBT-friendly workplaces	30
July 18, 2017	Safety and Health Convention	Roles that each individual should play in fostering a safety-conscious corporate culture	28
Sep. 27, 2017	CSR Forum	The roles of management executives in preventing/responding to corporate scandals	33
Nov. 27, 2017	Environment and Quality Forum	Konica Minolta's environmental management and quality management	31
Dec. 25, 2017	Public Relations Forum	Importance of public relations and risk communication	33

Policy for Constructive Dialogue with Shareholders

The Company, recognizing that constructive dialogue with shareholders and investors contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value, regularly stays abreast of the shareholder composition, makes timely and appropriate disclosure of a wide range of information ranging from financial information to non-financial information and promotes constructive dialogue with shareholders and investors.

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 organic coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Corporate Communication Dept., CSR Planning Dept., General Affairs Dept. and Legal Dept.

(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) Dialogue with institutional investors and analysts

The Company holds individual and group meetings, product exhibitions and briefings on business operations, and results briefings with institutional investors and analysts. In addition, the Company discloses the results materials and the results briefings materials in both English and Japanese at the same time, and regularly holds tours and briefings on business operations in Japan and overseas.

(5) Dialogue with individual shareholders and investors

The Company aims to promote lively communication through such means as holding on-site factory tours for individual shareholders and inviting them to product exhibitions.

Also, in addition to holding company information sessions for individual investors to provide an opportunity for the President and individual investors to directly engage in dialog, the Company also works on public relations to improve understanding of the Company's business activities through such activities as exhibiting in investor forums.

(6) 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 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 and assess the Annual Securities Reports and the Quarterly Reports ("Shihanki Hokokusho") pursuant to the Financial Instruments and Exchange Act. And the committee also meets in response to extraordinary events such as important decisions and material facts that must be disclosed immediately.

In accordance with the intent and meaning of fair disclosure rules set out in the Financial Instruments and Exchange Act, the Company takes all reasonable care to avoid selective disclosure of information, such as by simultaneously releasing Japanese and English versions of results briefing materials with attached explanations and the minutes of question and answer sessions via the corporate website, and by working to enhance the timely and fair disclosure of information in order to promote proactive dialogue with investors.

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 stipulated "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to promote awareness and ensure through efforts in regard to the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.

 Information for investors
www.kubota.com/company/ir/

Directors, Audit & Supervisory Board Members and Executive Officers (as of March 28, 2018)

Directors

President and Representative Director Masatoshi Kimata	Director and Senior Managing Executive Officer Shigeru Kimura
Representative Director and Executive Vice President Toshihiro Kubo	Kenshiro Ogawa Yuichi Kitao Masato Yoshikawa Shinji Sasaki
	Outside Director Yuzuru Matsuda Koichi Ina Yutaro Shintaku

Audit & Supervisory Board Members

Toshikazu Fukuyama
Yasuhiko Hiyama
Akira Morita
(Outside Audit & Supervisory Board Member)
Teruo Suzuki
(Outside Audit & Supervisory Board Member)
Masaki Fujiwara
(Outside Audit & Supervisory Board Member)

Executive Officers

Managing Executive Officers Kunio Suwa Toshihiko Kurosawa Yoshiyuki Fujita Kaoru Hamada Yasuo Nakata Kazuhiro Kimura Dai Watanabe Haruyuki Yoshida Takao Shomura Yuji Tomiyama Kazunari Shimokawa Mutsuo Uchida Nobuyuki Ishii	Executive Officers Kazuhiro Shinabe Ryuichi Minami Yoshimitsu Ishibashi Ryoji Kuroda Eiji Yoshioka Yasukazu Kamada Muneji Okamoto Hiroyuki Kimura Katsuhiko Yukawa Koichiro Kan Hiroyuki Arai Tomohiro Iitsuka Kazushi Ito
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Directors



Koichi Ina Shinji Sasaki Yuichi Kitao Shigeru Kimura Masatoshi Kimata Toshihiro Kubo Kenshiro Ogawa Masato Yoshikawa Yuzuru Matsuda Yutaro Shintaku

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.

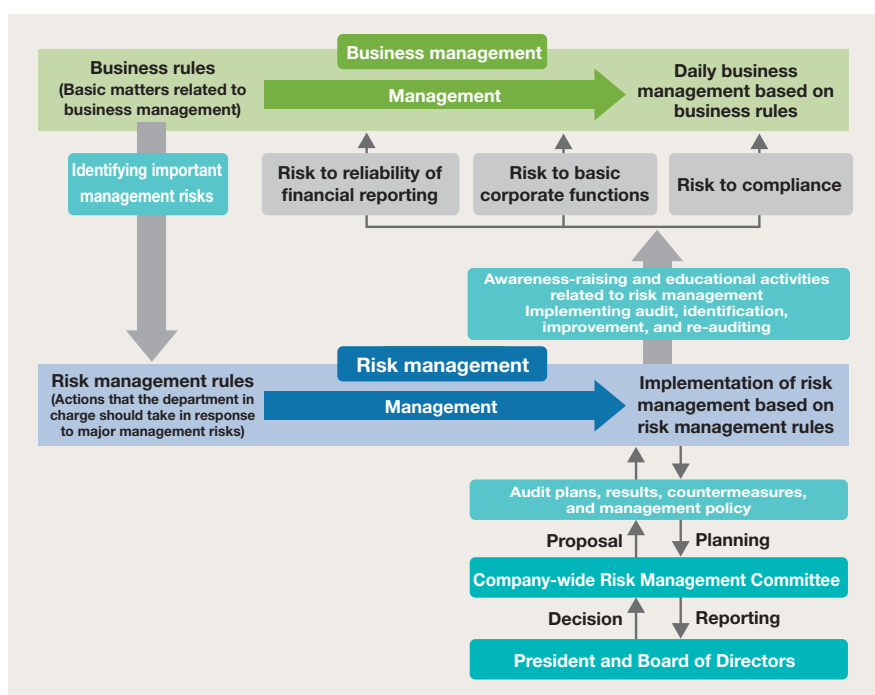
In risk management, operations that each department in charge of risk management should implement are determined in the risk management rules. Based on these rules, necessary actions to be promoted for risk management are identified and the departments are audited, thereby verifying the effectiveness 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 FY2017, as part of Kubota's initiative continuing from FY2016 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 FY2017 ^{*1}
Internal control over reliability of financial reporting	Financial reporting	· Risk to reliability of financial reporting	3,502
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	133
	Environmental conservation	· Non-compliance with laws and regulations · Environmental accidents · Past environmental debt	10,308
	Health and Safety	· Occurrence of serious accidents · Occupational illnesses · Administrative disposition and litigations	2,132
	Quality assurance	· Occurrence of quality problems detrimental to the Kubota brand, etc.	337
	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	4,768
	Information security	· Computer virus infection · Information leakage · Information system failure	1,357
	Intellectual property	· Infringement of other companies' intellectual property	716
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	205
	Compliance with the Construction Business Act	· Non-compliance with the Construction Business Act	783
	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	139
	Prevention of illegal payments	· Trading with antisocial forces · Non-compliance with the Political Funds Control Act · Making inappropriate payments to overseas public servants	460
	Classified information management	· The outflow of classified information including plans for development and sale of new products	1,453
	Protection of personal information	· Leakage and loss of personal information related to customers, employees, etc. · Improper use of personal information	319
	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	155
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.	638	

*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

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

* Starting from 2017, consultation by e-mail, in addition to telephone, is acceptable for outside lawyers.

[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.

* Starting from 2017, all whistle-blowing cases in China are reported to the Kubota head office.

[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 (in Japan)]

Jan.–Dec., 2015 37 cases

Jan.–Dec., 2016 30 cases

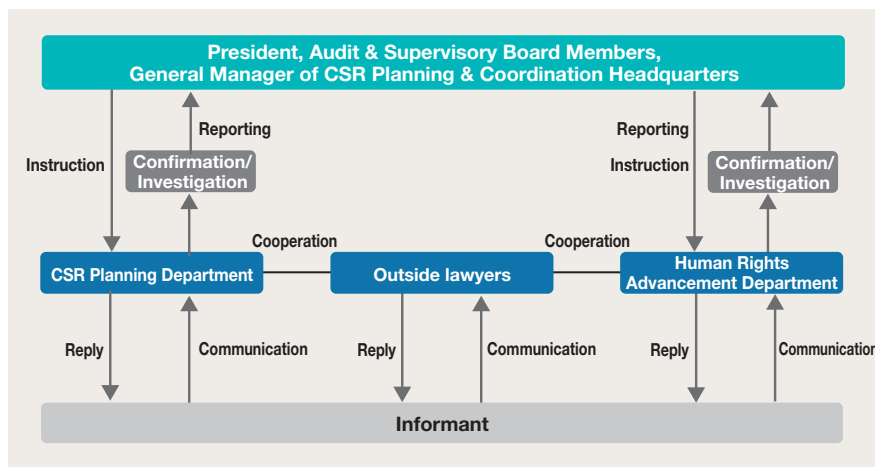
Jan.–Dec., 2017 52 cases

* 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

Kubota has established and operates an internal control system in order to confirm the reliability of financial reporting for the entire Kubota Group, including its overseas subsidiaries.

Also to confirm the effectiveness of the system, the Corporate Auditing Department and the auditing divisions of the subsidiaries conduct regular internal audits.

Kubota 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

The President declared in the management policy, "No sales or profits achieved by undermining the corporate dignity exist in the Kubota Group," and emphasized that ensuring compliance is a major prerequisite for the Kubota Group's business activities.

Education and enlightenment activities

Kubota continuously offers training programs on the Anti-Monopoly Act/Competition Law at its business divisions as well as its Group companies both in Japan and overseas, for enlightenment and awareness-raising to ensure compliance. 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

Kubota continuously conducts audits under the Anti-Monopoly Act, including on-site inspection, targeting Kubota Corporation and its Group companies in Japan. For overseas Group companies, Kubota conducts written audits, on-site interviews, and opinion exchange meetings, through which it determines the status of risk management.

Maintaining and expanding the consultation system

Kubota shares information with the relevant business departments and Group companies on matters related to business activities of Kubota and its Group companies that require examination under the Anti-Monopoly Act, and implements necessary measures including facilitating advance consultation with external experts, such as lawyers, and consulting the Fair Trade Commission.

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. This fiscal year, Kubota also conducted on-site surveys. Kubota also offers training programs to promote understanding of the Act against Delay in Payment to Subcontractors at each business site and Group company and holds consultancy sessions concerning practical operations, such as ordering, related to the Subcontractors Act, thereby developing voluntary risk management systems.

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.

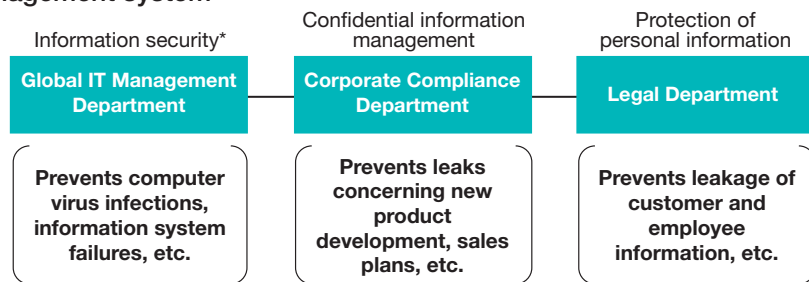
Depending on the type of information, Kubota appoints main divisions to conduct ongoing activities such as revising rules, auditing and awareness-raising at their respective locations. These activities are also conducted at overseas bases. When necessary, these divisions cooperate with each other in risk management.

In FY2018, with a view to becoming able to promptly respond to information security-related incidents/accidents caused by cyber attacks, etc., which have become increasingly complex and sophisticated, Kubota reorganized its emergency contact list and response procedures. The Company also set up Kubota-CSIRT, an organization for managing computer security-related accidents/incidents.

Kubota joined the Nippon CSIRT Association, an organization established to facilitate information sharing and cooperation between CSIRTs, in February 2018.

By sharing information and cooperating with other CSIRTs through activities of the Nippon CSIRT Association, Kubota will further enhance its initiatives to prevent information security-related accidents/incidents, respond promptly if they occur, and minimize damage.

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 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, or 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 FY2017, Kubota conducted written surveys at 81 departments/companies in Japan and 38 overseas bases as a part of its risk assessment.

Furthermore, 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 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 (simplified and traditional), Indonesian, Filipino, Korean, and Vietnamese.

In addition to these, Kubota is preparing a handbook for each country, which contains more detailed information on the points to be noted and actions to be taken in the respective country or region.

At present, handbooks for the People’s Republic of China, South Korea, Indonesia, Myanmar and the Philippines have been formulated, with which training sessions by local lawyers have been provided at 14 Kubota Group companies located in those countries. The handbook for Vietnam is 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, the Board of Directors, and the Audits & Supervisory Board through the Company-wide Risk Management Committee, composed mainly of Directors, and based on their feedbacks, the contents of activities are occasionally revised, thereby improving the level of the activities.



Anti-bribery training session in South Korea

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
www.kubota.com/company/csr/policy/conduct/

Various tools for education and awareness-raising are prepared with the aim of fostering a mindset based on compliance and the corporate philosophy.

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.