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

<table>
<thead>
<tr>
<th>Target area</th>
<th>Main focus of the study</th>
<th>Plan</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Action</th>
<th>Plan</th>
<th>Metric targets</th>
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<tbody>
<tr>
<td>Quality and productivity in original product production</td>
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<td>Daimson quality audit</td>
<td>Daimson quality audit by Daimson Corporation</td>
<td>Daimson quality audit by Daimson Corporation</td>
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<td>Daimson quality audit</td>
<td>Daimson quality audit by Daimson Corporation</td>
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<td>Daimson quality audit by Daimson Corporation</td>
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<td>Improvement of management in Kubota Group</td>
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<td>Daimson quality audit</td>
<td>Daimson quality audit by Daimson Corporation</td>
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<td>Promotion of the PDCA cycle in Kubota Group</td>
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<td>Communication and information dissemination</td>
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<td>Daimson quality audit</td>
<td>Daimson quality audit by Daimson Corporation</td>
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<td>Social contribution initiatives</td>
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<td>Daimson quality audit by Daimson Corporation</td>
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</table>
### Summary of Social Report for FY2016, and Priority Issues for FY2017 and Medium-Term Targets

#### Plan

<table>
<thead>
<tr>
<th>Major Terms</th>
<th>Main focus of activity</th>
<th>Priority Issues for FY2016</th>
<th>Activity results in FY2016</th>
<th>Achievement shown to the market</th>
<th>Self assessment</th>
<th>Priority Issues for FY2017</th>
<th>Medium-term targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer satisfaction</strong></td>
<td>Improve quality, enhance customer satisfaction</td>
<td>Maintain/improve risk management structure and reduce quality risks through quality audits</td>
<td>Conducted quality audits both internally and externally as planned</td>
<td>All-group companies, including overseas</td>
<td>New group companies only</td>
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<td></td>
<td></td>
<td>Establish a framework for ensuring the quality that is acceptable to customers</td>
<td>Standardized the framework for quality-related operations</td>
<td>Kubota Corporation only</td>
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<td></td>
<td></td>
<td>Review telephone systems and aim for quick responses to customer inquiries and improvements in communications</td>
<td>Along with the telephone assistance system, considered the importance of telephone communication</td>
<td>All-group companies</td>
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<td></td>
<td></td>
<td>Provide directions to telephone operators in Kubota sales departments to make decisions, explain issues, and also support non-technical support</td>
<td>Collect telephone terms and implement explanations and continued preparations for publication</td>
<td>Central group companies</td>
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<tr>
<td><strong>CSR procurement initiatives</strong></td>
<td>CSR procurement initiatives</td>
<td>Further expand the global development of manufacturing location supplies and promote optimal global procurement</td>
<td>Promote improvement activities by reducing procurement management costs and improve legal and regulatory compliance in the company</td>
<td>Kubota Corporation (Furukawa Electric, Furukawa Electric, Nippon Steel &amp; Sumitomo Metal Group)</td>
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<td></td>
<td></td>
<td>Improve the procurement system and quality assurance system</td>
<td>Expand the procurement system for improving corporate governance and compliance with the countermeasures of the GRI guidelines</td>
<td>Central group companies, central group companies</td>
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<td></td>
<td>Continue to develop understanding of suppliers regarding our supply chain, including environmental management issues, and also support by continued training and education</td>
<td>Promoted CSR implementation in events conducted by the Kubota Group</td>
<td>Kubota Corporation only</td>
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<tr>
<td><strong>Tend to and appropriate release of information</strong></td>
<td>Tend to and appropriate release of information</td>
<td>Make continuous efforts to further understand the information about our products, services, and our company culture</td>
<td>To obtain further understanding of business, products, and services, and to enhance the information-related activities of product development, including marketing and sales</td>
<td>All-group companies, including overseas</td>
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<td></td>
<td>Promote initiatives to increase individual shareholders</td>
<td>Organize a plant tour for local shareholders</td>
<td>Held a company appreciation session for individual investors</td>
<td>Kubota Corporation only</td>
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<td></td>
<td>promote information sharing</td>
<td>Enhance information sharing about the overall situation of the Kubota Group</td>
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<td></td>
<td>Disseminate information to employees and other stakeholders</td>
<td>Enhance R&amp;D activities and other information to strengthen communication with stakeholders and employees</td>
<td>All-group companies, including overseas</td>
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<td><strong>Creating a safe workplace for all employees</strong></td>
<td>Creating a safe workplace for all employees</td>
<td>Promote the cause of accidents and environmental damage</td>
<td>Enhanced safety and accident prevention measures</td>
<td>All-group companies, including overseas</td>
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<td>Implement training for new employees based on the Basic Guidelines for Work Standardization</td>
<td>formulate and implement training for the new employees</td>
<td>All-group companies, including overseas</td>
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<td>Enhance equipment safety standards to improve the overall situation of the Kubota Group</td>
<td>All-group companies, including overseas</td>
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<td><strong>Respecting human rights</strong></td>
<td>Respecting human rights</td>
<td>Continue to promote the second phase of Health Kuba 21</td>
<td>Ensure human rights conditions at overseas sites and continue to consider human rights issues in our company's global activities</td>
<td>All-group companies, including overseas</td>
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<td>Promote development of female employees</td>
<td>Promote the employment of female employees</td>
<td>All-group companies, including overseas</td>
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<td>Develop training programs for general employees in the region</td>
<td>Conducted training programs for general employees in the region</td>
<td>All-group companies, including overseas</td>
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<td><strong>Promotion of diversity</strong></td>
<td>Promotion of diversity</td>
<td>Ensure human rights conditions at overseas sites and continue to consider human rights issues in our company's global activities</td>
<td>All-group companies, including overseas</td>
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<td>Continue to develop human resources policies and promote cultural management</td>
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<td>All-group companies, including overseas</td>
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<td>Personal plans in future with globalization</td>
<td>Continue to develop human resources policies and promote cultural management</td>
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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.

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.
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
- 2013: Kubota Farm Machinery Europe S.A.S (Europe) Manufacturing of large upland farming tractors
- 2013: Kubota Industrial Equipment Corporation (United States) Manufacturing of medium-sized 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

![Structure of KPS diagram]

- **KPS**
  Kubota Production System

- **Just-In-Time**
- **Automation**

- **Safety is Our First Priority**
  Quality strengthens the brand

- **Respect human nature**

- **“For Earth, For Life”**
  Speedy implementation (improvement spirit)
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.

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.

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.
### ISO 9001 certification status

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

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

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

### Kubota [Water & Environment Division]

<table>
<thead>
<tr>
<th>Business divisions/Offices</th>
<th>Certification scope (excerpt)</th>
<th>Date of certification</th>
<th>Certifying body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipe Systems</td>
<td>Iron pipes</td>
<td>Hanshin Keiyo</td>
<td>Ductile iron pipes, fittings, accessories, other Ductile iron products and related products</td>
</tr>
<tr>
<td>Valves</td>
<td>Hirakata</td>
<td>Valves, gates</td>
<td>1994.09</td>
</tr>
<tr>
<td>Pumps</td>
<td>Hirakata</td>
<td>Pumps, pump stations, sewage treatment and water purification plants</td>
<td>1997.10</td>
</tr>
<tr>
<td>Water treatment</td>
<td>Water treatment (waterworks and sewerage, membrane systems)</td>
<td>Tokyo Hanshin Office</td>
<td>Sewage and sludge treatment, water purification and wastewater treatment, membrane modules and anaerobic MBR technology</td>
</tr>
<tr>
<td>Purification tanks</td>
<td>Shiga</td>
<td>Plastic water purification tanks</td>
<td>2003.04</td>
</tr>
<tr>
<td>Materials</td>
<td>Materials (Steel castings, rolls, new materials)</td>
<td>Hirakata Amagasaki</td>
<td>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)</td>
</tr>
<tr>
<td>Steel pipes</td>
<td>Ichikawa</td>
<td>Spiral welded steel pipes</td>
<td>1998.07</td>
</tr>
</tbody>
</table>

**Abbreviations of Certifying Bodies**
- JCQA: Japan Chemical Quality Assurance Ltd.
- LRQA: Lloyd’s Register Quality Assurance Ltd.
- Intertek: Intertek Certification Japan Ltd.
- JUSE: Union of Japanese Scientists and Engineers
- JICQA: JIC Quality Assurance Ltd.
### Affiliates in Japan

<table>
<thead>
<tr>
<th>Affiliates in Japan</th>
<th>Certification scope (excerpt)</th>
<th>Date of certification</th>
<th>Certifying body</th>
</tr>
</thead>
</table>
| 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 laying  
- 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 data-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)](image1)

**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.

![Mechanical assembly match](image2)

* 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.
Fostering manufacturing personnel to establish Kubota as a Global Major Brand

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.


- 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.
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 Pvt., 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.

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.
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

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.
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.
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)

Severity rate (Kubota Corporation)

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.

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."
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.

### 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

<table>
<thead>
<tr>
<th>Plant Type</th>
<th>Certification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tsukuba Plant</td>
<td>Certification acquired in Dec. 2000</td>
</tr>
<tr>
<td>Keiyo Plant</td>
<td>Certification acquired in Dec. 2002</td>
</tr>
<tr>
<td>Ichikawa Plant</td>
<td>Certification acquired in Dec. 2002</td>
</tr>
<tr>
<td>Hanshin Plant (Mukogawa)</td>
<td>Certification acquired in Nov. 2003</td>
</tr>
<tr>
<td>Hanshin Plant (Amagasaki)</td>
<td>Certification acquired in Apr. 2005</td>
</tr>
<tr>
<td>Hirakata Plant</td>
<td>Certification acquired in Jun. 2007</td>
</tr>
</tbody>
</table>

#### Overseas

<table>
<thead>
<tr>
<th>Plant Type</th>
<th>Certification Date</th>
</tr>
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<tbody>
<tr>
<td>SIAM KUBOTA Metal Technology Co., Ltd.</td>
<td>Certification acquired in Dec. 2014</td>
</tr>
<tr>
<td>KUBOTA Engine (Thailand) Co., Ltd.</td>
<td>Certification acquired in Jul. 2015</td>
</tr>
<tr>
<td>Kubota Baumaschinen GmbH</td>
<td>Certification acquired in Jul. 2014</td>
</tr>
<tr>
<td>Kubota Farm Machinery Europe S.A.S</td>
<td>Certification acquired in Feb. 2017</td>
</tr>
</tbody>
</table>
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.
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.

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.

Participating forums

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

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

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**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.

* 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 year
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

<table>
<thead>
<tr>
<th>Item</th>
<th>Nutrition and diet</th>
<th>Physical activity and exercise</th>
<th>Quitting smoking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase the percentage of people who maintain a suitable weight (BMI 18.5–24.9)</td>
<td>Decrease the number of people who skip breakfast three times or more a week</td>
<td>Increase the participation rate in the Waking Campaign</td>
</tr>
<tr>
<td>2012 Results</td>
<td>67.4%</td>
<td>19.6%</td>
<td>35.3%</td>
</tr>
<tr>
<td>2022 Targets</td>
<td>75%</td>
<td>18%</td>
<td>80%</td>
</tr>
</tbody>
</table>

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.

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.

**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.”)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of women who resign</th>
<th>Return to workplace percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2</td>
<td>96.2</td>
</tr>
<tr>
<td>2013</td>
<td>2</td>
<td>94.7</td>
</tr>
<tr>
<td>2014</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>2015</td>
<td>3</td>
<td>91.4</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

* Tallyed 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.)**

* Talled from March 16 to March 15 of the following year for each year up to 2015
* Talled from December 16, 2015 to December 15, 2016 for FY2016
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.)

<table>
<thead>
<tr>
<th>Year</th>
<th>University Graduates</th>
<th>High School Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>2012</td>
<td>67</td>
<td>97</td>
</tr>
<tr>
<td>2013</td>
<td>97</td>
<td>95</td>
</tr>
</tbody>
</table>
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.

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.

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.

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
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
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.

<table>
<thead>
<tr>
<th>Career</th>
<th>Expert positions (management class)</th>
<th>Staff positions (administrative and general class)</th>
<th>Technical positions (technical class)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition of personnel (main roles)</td>
<td>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</td>
<td>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</td>
<td>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.</td>
</tr>
<tr>
<td>Training and education</td>
<td>Department and section head class: management training Upcoming management assistants: selective training</td>
<td>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</td>
<td>Rank-based training to improve technical skills and quickly foster supervisors with a particular focus on training in the &quot;5-Gen&quot; principles</td>
</tr>
<tr>
<td>Evaluations</td>
<td>Employees set targets with their bosses at the start of the year. Meetings are held during the year to evaluate progress toward these targets, followed by a self-evaluation and a review meeting on the achievement status at the end of the year. Bosses evaluate their subordinates, including their performance of processes and work behavior.</td>
<td></td>
<td>Some evaluations also follow the framework on the left.</td>
</tr>
<tr>
<td>Rotation</td>
<td>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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ranking (Basis upon which compensation is determined)</td>
<td>Five rankings Moves up in the rankings based on contribution to performance</td>
<td>Seven rankings Moves up in the rankings based on contribution to performance (Some require testing)</td>
<td>11 rankings Moves up in the rankings based on contribution to performance (Some require testing and technical qualifications)</td>
</tr>
<tr>
<td>Salaries</td>
<td>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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonuses</td>
<td>Bonuses are designed to reflect consolidated performance, affiliated business performance, and individual performance.</td>
<td>Bonuses are designed to reflect individual performance and bonus amounts set as standards in annual labor-management negotiations.</td>
<td></td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>Retirement benefits are based on a point system that reflects rank, years of service, and evaluation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

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.

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>6,366</td>
</tr>
<tr>
<td>FY2014</td>
<td>7,316</td>
</tr>
<tr>
<td>FY2015</td>
<td>7,696</td>
</tr>
<tr>
<td>FY2016</td>
<td>8,427</td>
</tr>
</tbody>
</table>
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?**

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
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<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11</td>
<td>49</td>
<td>36</td>
<td>4</td>
<td>20</td>
<td>36</td>
<td>4</td>
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<td>2014</td>
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<td>2015</td>
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<td>29</td>
<td>4</td>
<td>20</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>2016</td>
<td>12</td>
<td>54</td>
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<td>5</td>
<td>20</td>
<td>20</td>
<td>5</td>
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<td>20</td>
<td>5</td>
<td>20</td>
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</tbody>
</table>

**Does your superior listen to you and support you when you are troubled with something?**

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<tr>
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<td>20</td>
<td>57</td>
<td>13</td>
<td>3</td>
</tr>
</tbody>
</table>
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.

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.

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.

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.

"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.
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. 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.

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.

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 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.
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.

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.
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.

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.
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.

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.
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.