

In our role of building foundations,  
KUBOTA continues its support for affluent lives for all.  
For water, soil, air, and people's lives.



# Basic Concept

The KUBOTA Group views our "Corporate Mission Statement," which indicates the posture of the company, and our "Management Principles," which declares the mission of the company, to be the foundations behind company activities. A "Charter for Action" consisting of 7 items is also provided as an indicator of the corporate actions necessary for accomplishing the "Management Principles."

## Corporate Mission Statement

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

## Management Principles

The KUBOTA Group contributes to the development of society and the preservation of the earth's environment through its products, technologies, and services that provide the foundation for society and for affluent lifestyles.

## Charter for Action

### 1 Winning Customer Satisfaction

The KUBOTA Group seeks to win customer satisfaction and confidence by working to ensure product safety and offering products, technologies, and services that meet customer needs.

### 2 Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles

The KUBOTA Group conducts its corporate activities while observing the letter and spirit of legal regulations applicable to its business operations, in accordance with social ethical principles and good conscience.

### 3 Respecting Human Rights

The KUBOTA Group bases its activities on the Universal Declaration of Human Rights, respects human rights, and does not violate human rights. Moreover, the Group respects the privacy of individuals and works to protect personal information.

### 4 Creating a Safe and Vibrant Work Environment

The KUBOTA Group maintains a safe and healthy working environment and works to improve workplace conditions. In addition, the Group respects the diversity and creativity of its employees and promotes a vibrant work environment.

### 5 Preserving the Natural Environment

The KUBOTA Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.

### 6 Achieving Symbiosis with International and Local Societies

The KUBOTA Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

### 7 Fulfilling Responsibilities for Improving Management Transparency and Accountability

The KUBOTA Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities.



## In Editing the CSR Report 2009

◆ This report was compiled in order to report on the CSR activities of the KUBOTA Group in an easy to comprehend manner. The 2009 edition features an interview with Mr. Yasuo Masumoto, who was appointed representative director, president & CEO of KUBOTA Corporation on January 1, 2009. President Masumoto discusses his vision for the KUBOTA Group's CSR management with the interviewer, Professor Mika Takaoka of Rikkyo University. This edition includes a Special Report highlighting the KUBOTA e-Project launched as part of the KUBOTA Group's social contributions, and also reports on "stakeholder dialogue" in the form of a discussion with specialists outside KUBOTA on activities required to support Japanese agriculture.

◆ The content on corporate activities touches on three (economic, social and environmental) perspectives and is composed in line with our Charter for Action.

◆ General comments on the CSR Report 2009 have been provided by Professor Katsuhiko Kokubu of the Graduate School of Kobe University, who interviewed the president of KUBOTA Corporation in the CSR Report 2008.

◆ The Environmental Report portion of the CSR Report 2009 underwent independent review by KPMG AZSA Sustainability Co., Ltd., in order to secure the credibility of the quantitative information in that report.

### Scope of the CSR Report 2009

The CSR Report covers the entire KUBOTA Group, in principle.

#### Economic Report

The Economic Report contains data on the consolidated accounting that was performed based on U.S. accounting standards.

Fiscal year 2009: 111 consolidated subsidiary companies and 23 affiliates accounted for under the equity-method.

#### Social Report

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

#### Environmental Report

The Environmental Report contains the results of environmental activities carried out by KUBOTA Corporation itself as well as 76 domestic and 34 overseas subsidiary companies.

### Period covered by this report

◆ The content of this report focuses on activities during fiscal 2009 (April 2008 to March 2009). Some portions may include information on recent events.

◆ Data in the Environmental Report are aggregate totals of domestic (April 2008 to March 2009) and overseas activities (January 2008 to December 2008).

### Referenced guidelines

Environmental Report Guidelines (Fiscal Year 2007 version), Ministry of the Environment (Government of Japan)  
Sustainability Reporting Guidelines Version 3.0, GRI (Global Reporting Initiative)

### Publication dates

This issue	September 2009
Next scheduled issue	September 2010
Previous issue	September 2008: "CSR Report 2008"

NOTES: The laws and government and municipal offices and organs, etc., mentioned in this CSR Report indicate Japanese law and agencies, etc., unless otherwise indicated. The term "domestic" as used in this CSR Report refers to the areas comprising the country of Japan, while "overseas" indicates countries and regions outside of Japan.

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Children enjoy eating *onigiri* rice balls they made by themselves for lunch. A scene from KUBOTA's "TERRA-KOYA" four-day camp program, which is designed to provide children with opportunities to learn from direct interactions with nature.

Interview with  
the President

# Utilizing Technology from a Global Perspective, Aiming to be a Company that Continues to Serve Society

What I always say is that if a company's products aren't valuable to society, there's no point in the existence of that company.



**Yasuo Masumoto**  
Representative Director,  
President & CEO  
KUBOTA Corporation

## The business outlook as a new company president takes up office

**Harsh economic conditions are exactly the sort of conditions that contain huge latent possibilities in the fields of food, water and the environment.**

**Takaoka:** You became President on January 1st this year, which was a very difficult juncture: how do you see the situation? Japanese companies exporting overseas have sustained damage across the board.

**Masumoto:** KUBOTA was badly hit too. However, the need for our industrial machinery is not going to suddenly disappear, so the change will not be conspicuous.

**Takaoka:** In the case of agricultural machinery, in particular, food production is not going to go away, so do you feel that the downturn is probably going to be mild?

**Masumoto:** Food prices have been going up and down a bit, but the trend is upwards. So agricultural machinery, which is used to grow food, is not likely to suffer the kind of sharp impact that electronics and cars have experienced. However, I think the impact will become evident gradually.

**Takaoka:** In harsh conditions like these, how do you see the prospects for your business?

**Masumoto:** KUBOTA is an industrial group with a high social significance, because we provide goods, technology and services that underpin the global environment and the basis of people's lives. In the areas of food, water and the environment, which are expected to expand at the global level, we have a number of visionary technologies, and I think our potential is still expanding.

**Takaoka:** At present, the eyes of the world are turned on food and water businesses, the environment and similar areas, wouldn't you say?

**Masumoto:** Having a system that can respond reliably to a society that changes from moment to moment is also important in terms of maximizing the potential of those businesses.



## Rebuilding KUBOTA's manufacturing mind-set and system

**Building a system focused on globalization is an urgent task in terms of both technology and quality.**

**Takaoka:** I imagine that is why KUBOTA has established a Research & Development Strategy Committee and a Quality Assurance & Manufacturing Strategy Committee.

**Masumoto:** After my appointment as President had been announced, but before I took office, I held consultations with the engineers and top executives who are leading projects, and I asked them where they thought their own projects and engineers would be in 10 years' time. I got no responses.

I thought this needed to be changed, so I established the Research & Development Strategy Committee, in which all our officers participate. Naturally, if the top business executives don't discuss technology, their subordinates won't discuss it either.

**Takaoka:** Not all the participants in this Committee are technology officers, are they?

**Masumoto:** No, but then no officer could work for KUBOTA without some knowledge of technology. The Quality Assurance & Manufacturing Strategy Committee is also attended by all our officers. It acts at the KUBOTA Group's forum for communication towards the rebuilding of our manufacturing system.

**Takaoka:** You're committed to a thorough-going rethink of KUBOTA's manufacturing.

**Masumoto:** KUBOTA's expansion has been gradual, but we have set up factories all over the world. However, taking an overall view, our individual factories practice specific optimization. Their manufacturing methods are not unified.

In manufacturing, written standards are required, but each factory has developed its own standards, and so there is no unified KUBOTA standard. I started out in the field of technology, so I know why this has happened: every technician wants to express his or her own individuality, and do things differently from everybody else. That's why we've ended up with a different written standard for every factory technician. In future, however, we must forge ahead with the parallel tasks of accommodating regional needs and company-wide standardization.

**Takaoka:** I see that you understand why technicians think that way, but obviously it must lead to a lot of wasted effort.

**Masumoto:** Company-wide standardization is also an important task in terms of tackling the globalization of our production bases.

## Practicing CSR management aimed at globalization

**In terms of making progress in globalizing production bases, raising CSR awareness is becoming more important than ever.**

**Takaoka:** For a manufacturing company, it's also important to forge bonds with numerous suppliers. What is your approach to supply chain management?

**Masumoto:** Within Japan, each of our factories has a business partners' association, and we use training workshops and so forth to educate our suppliers about KUBOTA's basic way of thinking.

**Takaoka:** What about your factories overseas?

**Masumoto:** Our set-up there is not as well-developed as it is in Japan. With regard to the EU REACH legislation, for example, we launch a project to ascertain whether chemical substances covered by REACH are included in components procured in Japan, but as yet we don't have the system fully in place with regard to our overseas suppliers.

For a company, making valuable products should be the basis of CSR.



**Mika Takaoka**  
Professor of College of Business,  
Rikkyo University

## Interview with the President

**Takaoka:** If your overseas production rate increases steadily from now on, your local suppliers will increase in number. That means it will become more and more important to communicate your philosophy, won't it? So that the KUBOTA brand is not compromised.

**Masumoto:** We are procuring more of our supplies overseas, so in future we need to take even more care on that front, from a CSR perspective as well.

### KUBOTA's basic concept of CSR

**CSR permeates KUBOTA's management principles. A company can only survive if it is useful to society.**

**Takaoka:** Could you tell me about KUBOTA's basic thinking on CSR?

**Masumoto:** As in our management principles, our basic ethos is to devote ourselves to the development of society and the preservation of the earth's environment. That's the basis of KUBOTA's CSR.

Another element is this: as I'm always saying, if a company makes various products, and those products aren't valuable to society, then there's no point in that company's existence. As our founder always said, a company can only survive if it is valuable to society.

**Takaoka:** I subscribe to that way of thinking myself. A company is essentially a concentration of people and money, or in other words, specialized knowledge, in one



### Yasuo Masumoto

Representative Director,  
President & CEO of KUBOTA Corporation

Born in 1947. Graduated in 1971 from Department of Precision Mechanics, Faculty of Engineering, Kyoto University, and joined KUBOTA Tekko (now known as KUBOTA) the same year. Rose to position of General Manager of Construction Machinery Manufacturing Department at Hirakata Plant, Director of Utsunomiya Plant, and General Manager of Farm Machinery Division, before being appointed a Director in 2002. Appointed Managing Director in 2004, Executive Managing Director in 2006, Executive Vice President and Director in 2008, and Representative Director, President & CEO in 2009.

location, so its *raison d'être* lies in creating things that are valuable. It would be difficult to practice CSR away from the context of manufacturing valuable goods.

**Masumoto:** Exactly.

### Serving society through the KUBOTA e-Project

**At KUBOTA, we want to contribute, in whatever way we can, to the regeneration of Japanese agriculture, which has nurtured our company in the past.**

**Takaoka:** I find the KUBOTA e-Project highly significant as a system for implementing the principle of devoting effort to the development of society and the preservation of the earth's environment. Could you tell me what prompted the launch of this project?

**Masumoto:** KUBOTA's agricultural machinery has been nurtured by Japan's agricultural industry. However, at present, 60% of Japan's agricultural population is aged 65 or over, and the agricultural population as a whole is decreasing by 2 to 3% every year. Apparently, the total area of abandoned farmland has now reached 390,000 hectares.\* These facts made us ask ourselves whether KUBOTA could do something to encourage the people working in Japan's agricultural industry. We also wanted, in some small way, to repay the favor we owe to the industry that nurtured our company.

And also, the KUBOTA Group's sales company, Kousin KUBOTA, was helping with an initiative aimed at bringing abandoned farmland back into cultivation in the local area, and we heard that the local residents were really pleased about it, and that helped spur us on to start the project.

**Takaoka:** And you are now rolling out this project throughout Japan?

\* Area given in Census of Agriculture and Forestry 2005



### Mika Takaoka

Professor of College of Business,  
Rikkyo University

Ms Takaoka was awarded a PhD in Economics from the University of Tokyo's Graduate School of Economics in 1999. Prior to her current position she was Assistant Professor at Osaka City University Institute for Economic Research, and Associate Professor at Rikkyo University College of Business. She has been a member of the Research Council on Industrial Clustering Problems Relating to Small and Medium Enterprises of the Japanese Government Ministry of International Trade and Industry (MITI), of the Research Council on Franchise Contracts and Corporate Constitutions of the Ministry of Economy, Trade and Industry (METI) and of the Second Jury for the Minister's Prize, the Ministry of Environment, for the Eco Products Awards, among other things. She has written many books and articles, including *CSR and Corporate Management* (Gakubunsha, co-author).

**Masumoto:** The project consists of 23 themes in 14 prefectures from Aomori to Kagoshima. We selected the locations and themes. Each initiative is aimed at bringing abandoned farmland back into cultivation in the local area.

### Future vision for CSR program management

**Finding ways to utilize KUBOTA technology for the future of the planet, and aiming at practical initiatives from a global perspective.**

**Takaoka:** Now that the economic environment has undergone such a transformation, how do you see KUBOTA tackling CSR initiatives in the future?

**Masumoto:** In the fields of food, water and the environment, we have technologies that can undoubtedly serve mankind in the 21st century. Now we have to think about how we can serve the world using those technologies.

For example, rather than just selling agricultural machinery, we need to think about what kind of initiatives we could launch to help feed the world. Or, in places where people are short of water, we need to think about the nature of their water shortage and what practical initiatives we could carry out.

In short, we're going to think about how we can serve the

development of society and the protection of the earth's environment. Our aims are clear-cut.

**Takaoka:** It's best to keep targets simple, I agree. For a large company like KUBOTA, the message has to be kept simple, or else it won't spread throughout the whole company.

**Masumoto:** At present, first of all, we're going to implement the e-Project on a Group-wide basis, embracing the themes of water and the environment. As we forge ahead with this project, we're going to find practical ways to serve society in the area of water and in terms of environmental issues, thus shaping the future image of the KUBOTA Group's CSR program.

**Takaoka:** I expect great things of KUBOTA in the future. Thank you very much for talking to me today.

#### After the interview

I feel I have been granted an insight into the new President's personality and the essence of conscientious corporate management in KUBOTA's corporate style.

Mika Takaoka

Around the world, conflicts over food and water are starting to break out. KUBOTA's projects, which include environmental technology, are crucial for our planet's future.

In these circumstances, KUBOTA reformed its management structure in April this year, and is forging ahead with numerous projects aimed at reaffirming points of contact

between the company's work on the one hand, and society and environment on the other. Hearing about this, I was reminded of KUBOTA's high awareness of CSR.

I was also very impressed by the way Mr. Masumoto shares his vision with all the company's employees, from top management to the youngest recruits, and strives to enshrine the company's technological response to problems relating to food, water and the environment as a set of basic values regarding its corporate activities in general, in other words, as a corporate culture.

I am sure that KUBOTA's CSR initiatives will go from strength to strength in the future, and that the company's CSR program will permeate its overseas supply chain.



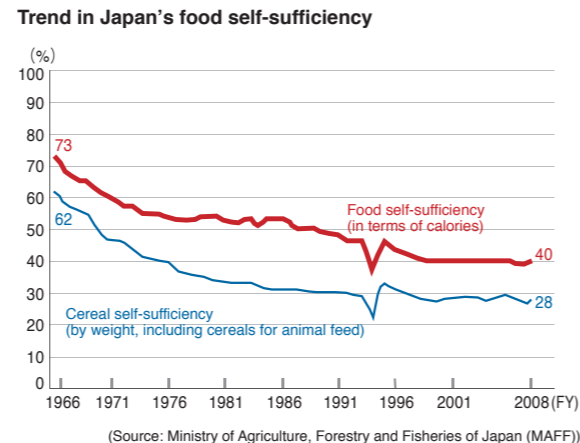
# Special Report Helping to Strengthen Japan's Food Self-Sufficiency

Children gaining first-hand experience of rice-harvesting in a project covered by the Agricultural Training Support theme (at Aomori Municipal Tsukurimichi Elementary School)

## Japan's Agriculture Stands at a Crossroads

Japan's food self-sufficiency has been in continuous decline since the end of World War II, falling from 73% in fiscal 1966 to 40% in fiscal 2008.\*1 This figure is the lowest of any of the major developed countries.\*2 The country's dependence on importing the majority of its food has created a vicious circle whereby the demand for domestic agricultural produce is declining further, while the amount of agricultural land and the number of producers is also decreasing. Agriculture, which is the basis of our food supply, is losing its vitality. In view of this fact, KUBOTA, in partnership with the public and private sectors, is forging ahead with initiatives aimed at improving Japan's food self-sufficiency.

\*1: Figure for general food self-sufficiency in terms of calories  
\*2: Food self-sufficiency in the major developed countries:  
USA: 128%; France: 122%; Germany: 84%; UK: 70%



### Fighting for the future of agriculture

## The KUBOTA e-Project

Supporting the revitalization of Japan's agriculture by helping to regenerate abandoned farmlands and other measures

Agriculture's food-supply function is not the whole story: the stability of Japan's agriculture and agricultural communities is nothing less than the social basis of the nation. KUBOTA, which has worked hand-in-glove with the agricultural industry for more than a century since it was established, is working to revitalize agriculture, thereby addressing the issues of the environment, education and food in Japan, and is lending support to the development of Japan's agriculture with "Active Agriculture" as its slogan. 2008 saw the launch of the KUBOTA e-Project, a new initiative aimed at ensuring the future of agriculture in Japan. Setting out 5 themes, the project establishes a "holy trinity" consisting of KUBOTA, dealers and third-party organizations, providing support for the regions, farmers and schools.



Establishing profound and extensive bonds with the regions, farmers and schools, and providing support for conserving the global environment and the revitalization of Japan's agriculture.

### theme.1 Regional Support

Supporting the regeneration of abandoned farmlands

There are now 390,000 hectares of abandoned farmlands throughout Japan. With a view to reversing existing abandonment and preventing the occurrence of future abandonment, KUBOTA is providing support for farmland regeneration initiatives carried out by community farming and production cooperatives, and by citizens' groups and other bodies, through the provision of agricultural machinery and operators.

### theme.2 Agricultural Training Support

Supporting agricultural study trips for elementary-school children

Our company has established the KUBOTA Active Agriculture Experience Workshop for 5th-grade elementary-school children at schools where the curriculum includes rice-cultivation. By showing children how rice is planted and harvested, allowing them to sample the rice-crop, and enabling them to experience other aspects of rice-cultivation, we are promoting the popular understanding of agriculture and offering esthetic and emotional enrichment.

### theme.3 Support for Farmers

Providing national publicity for local brands and local produce. Providing support for farmers who want to work the land

By exhibiting goods in the Regional Brand Produce Corner at our agricultural dealer exhibitions, and featuring them on our company's website and in our newsletter, KUBOTA is providing opportunities to link up producers with consumers, and providing support for the branding and publicizing of regional produce.

### theme.4 Environmental Conservation

Providing support for the cultivation of crops for use in bio-fuel

Through the Nanohana Project Network (Initiative for Recycling Resources in the Form of Canola Oil) and other initiatives, KUBOTA is proactively participating in activities relating to the use and utilization of biomass, from the viewpoint of conserving the global environment.

### theme.5 Serving the Regions

Carrying out volunteer activities with participation by all Group employees

Our company has organized a "KUBOTA e-Day" where, spearheaded by personnel from our own Sales Headquarters and from agricultural dealers, cleaning and grass-cutting is carried out at rivers and other sites near our premises, and environmental beautification and awareness-raising activities are held, in order to keep agricultural water-supplies clean.

### KUBOTA e-Project Report (theme.1 to theme.4)

#### Green Hill Nagakura, Nagakura Regional Resource Conservation Force (Iwate Prefecture)



An apple orchard that had been lying fallow because of population aging and a shortage of people to take over cultivation work has been converted to crop cultivation through cooperation with the local community. Using local chicken manure, crops such as wheat and millet are being cultivated.

#### Kitakata Reaping Center (Fukushima Prefecture)



A new variety of buckwheat called "Aizu no Kaori," developed in the prefecture, is being cultivated, and noodles made from this buckwheat are being produced and sold at events. The aim is to create a brand identity for the region in which the noodles are produced, thereby revitalizing the region.

#### Ashikawahama Agricultural Area Management Cooperative (Chiba Prefecture)



Besides cultivating *yamatotimo* (Chinese yams) and "amenity crops," thereby helping to conserve the environment, other initiatives are being carried out to engage regional communities in the elimination of fallow or abandoned agricultural land, such as holding community discussion sessions.

#### Matsusawa Local Community Farming Cooperative (Nagano Prefecture)



Mountain vegetables and buckwheat for noodles are being cultivated as a local speciality in order to help boost the local economy. In addition, the buckwheat is being used to supply local buckwheat-noodle festivals and noodle restaurants, in order to revitalize the region.

#### Nanohana Project Renaissance Society (Tokushima Prefecture)



The Nanohana Project has been launched with temporary use of abandoned farmlands. The aim is to develop regional specialties using not only canola oil but also oil cake and honey, in order to revitalize the region.

#### Aigamo Family Furuno Farm (Fukuoka Prefecture)



Through food preparation workshops and other events using rice and organic soybeans cultivated by the "aigamo" organic farming method, safety and security of produce is being promoted to large numbers of consumers.

## Helping to Strengthen Japan's Food Self-Sufficiency

# Stakeholder Dialog

### Providing backup for the revitalization of Japan's agriculture through support tailored to local circumstances

Under the aegis of the KUBOTA e-Project, initiatives were launched all over Japan in August 2008. These included support for the regeneration of abandoned farmlands. Our company wanted to find out how this support has been received in the regions, and how much has been achieved in terms of contributing to the revitalization of agriculture. That's why we made a visit to Niigata prefecture, one of Japan's foremost rice-producing areas, to talk to people involved, and find out their evaluation of the project, and their expectations of the KUBOTA Group.

Date: Tuesday, March 3, 2009

Venue: Conference Room, Niigata Prefectural Civic Center



**Tamanori Watanabe**  
(Chairman of the Meeting)  
General Manager of  
CSR Planning & Coordination Department  
KUBOTA Corporation

**Norio Yoshida**  
President of Niigata KUBOTA CO., LTD.

**Akihiko Ohmori**  
Chairman of the Japan Agricultural Development and  
Extension Association

**Fuminori Endo**  
Representative of the Canola Cultivation Group,  
Takauchi Activity Team,  
Ohkouzu Net Environmental Conservation Organization

**Wataru Watanabe**  
General Manager of  
Machinery Sales Department  
KUBOTA e-Project Office  
KUBOTA Corporation

#### Expansion in abandoned farmland caused by population aging and changes in the agricultural environment

**Chairman:** Japan's food self-sufficiency has decreased, leading to growing public interest in strengthening our ability to supply ourselves with food. Now, in particular, there is said to be as much as 390,000 hectares\* of abandoned farmland throughout Japan, and this is becoming a major issue in terms of raising our self-sufficiency. So, why is the quantity of abandoned farmland increasing?



**Endo:** To give a local example, I think the reason is production adjustment. The reduction in rice acreage has been gradually increasing, and the will to manage the land has been decreasing. What's more, people have started to leave farming when they reach the age of 75 or so, and this is having a really big impact. Also, in

places where agricultural machinery is not used, the land gets overgrown. Once that happens, farmers lose the will to work the land.

**Ohmori:** That's true. I think the mind-set of cherishing the land and wanting to grow crops on it has undergone a big change at some point.

**Yoshida:** It's not limited to intermediate and mountainous areas and swamps: even good, flat farmland is being abandoned in increasing amounts. It feels like a kind of snowball effect. The

population sector that kept Japan's agriculture going in the past is growing too old to farm. Also, in the past, agricultural communities had a mind-set of helping one another, but these days people don't lend a hand or speak out to help others.

**Chairman:** What would you say are the reasons why action has not been taken regarding the problem of the ongoing increase in abandoned farmland?

**Endo:** The "planting rice only" way of thinking is probably one of the reasons. Not many farmers consider switching their rice-paddies to vegetables or fruit or whatever. And also, in intermediate and mountainous areas, eliminating abandoned farmland entails providing infrastructure. That's not something that can be agreed on easily, because the regions lack coordinators to go round and find out what all the parties think. Another thing is that farmers have hardly any machinery, apart from rice-cultivating machinery.

**Ohmori:** Restoring abandoned farmland to cultivation takes a lot of effort and money. In terms of hardware, there are certainly some difficult hurdles to be cleared. And there are hurdles in terms of intangibles, too: not everybody shares the same vision of how the land should be used after it's been brought back into cultivation. There are serious hurdles in both concrete and abstract terms, and restoring abandoned farmlands to cultivation is a difficult thing to do.

#### Regeneration of abandoned farmland has begun in many areas, and realistic support provided through the KUBOTA e-Project

**Chairman:** Niigata Kutoba has been working on restoring abandoned farmland for a long time, hasn't it?

**Yoshida:** In areas where abandoned farmland has expanded, a movement aimed at reversing this trend has begun to appear. However, although efforts were being made, things weren't going very well using the machinery owned by the local farmers.

So our company has been lending a hand with our large-scale tractors. We've also been helping by lending equipment to a movement aimed at promoting economic growth by planting a new variety of sake rice developed by the prefecture, and using it to build a new brand of sake.

Through the KUBOTA e-Project, manufacturers have been providing support in forms including machinery. This has enabled us to provide an even broader-based backup, and as dealers, we're also very grateful for that.

**Watanabe:** On the KUBOTA e-Project, we're now providing support for 23 groups throughout Japan with regard to regenerating abandoned farmland. In May last year, when we ran full-page advertisements in the national and local press, our office got a considerable number of phone calls right from the day the ads appeared, which really brought it home to me that this is a well-timed initiative.

**Endo:** When I saw that advertisement in the *Niigata Nippo*, I felt as if a big light had been switched on.

This initiative means that farmland abandoned 20 years ago will be transformed into canola fields. I felt intuitively that this would be the start of a new era for our agricultural community.

**Ohmori:** I think that to regenerate abandoned farmland, a new set-up was required. Using private-sector vitality, KUBOTA has, in practical terms, opened the door to that possibility. This is a really epoch-making development.

Furthermore, it's already being implemented. This fast pace really goes to show the power of the private sector. A state aid project is going to be launched as an urgent measure, but the e-Project is really setting a good example.

**Endo:** The state project does not offer 100% support, and the number of agricultural communities able to take up the challenge is also restricted. In that sense, I think the e-Project has provided up-front investment aimed at improving the organizational structure in the future. I think that, for the current state of our agricultural industry, this is realistic support.

#### The concrete and abstract factors holding the key to the revitalization of agriculture and the advanced information-providing function that is being asked of the KUBOTA Group

**Chairman:** With the aim of revitalizing Japan's agriculture, the KUBOTA Group is implementing a wide variety of initiatives on the theme of "Active Agriculture": what is your view of our activities?

**Yoshida:** I think the wind of change is blowing. Rather than just providing hardware in the form of farm machinery, we are starting to engage in a dialog with the farmers, suggesting solutions to the problems they face. This is creating a sense of unity with our customers, which holds the seeds of new business opportunities, and I think the right way to approach agricultural revitalization will also emerge from this dialog.

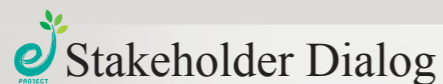
On this point, with regard to the e-Project, the regional community's growing sense of revolt against the abandonment of farmland chimes well with our activities, and in places where this has created a synergy effect, this has been very valuable.

**Ohmori:** In daily interactions with users, KUBOTA has noticed various issues that the project needs to address. If the project offers the right response to those problems, it will be absolutely wonderful. Its key thrust should be the strengthening of KUBOTA's



\* Area given in Census of Agriculture and Forestry 2005.  
In the FY 2009 (April 2008 to March 2009) survey by MAFF,  
the figure was estimated at 284,000 hectares.

## Helping to Strengthen Japan's Food Self-Sufficiency



information-providing function. The keywords should be "farmland, water, the environment and energy." Broadening its viewpoint accordingly, the e-Project should comprehensively strengthen KUBOTA's information-providing function. I would like to see KUBOTA rolling out its project along those lines, and providing clear-cut leadership for Japan's agricultural industry.

**Endo:** Personally, I am amazed by the extent of KUBOTA's power to provide information. For example, KUBOTA provided the information that in canola cultivation, it's not a good idea to grow only canola, because this will result in replant failure at some stage. So you should plant sunflowers next. That's the kind of information that farmers need. Information like that will be really useful in terms of revitalizing the regions. Another point I would like to make is that on small-scale farms like ours, we can't suddenly rush out and buy high-performance machinery. Perhaps KUBOTA could consider proposals for introducing machinery that we would find easy to use.

### Further enhancement of the e-Project, and the KUBOTA Group's contribution to revitalizing Japan's agriculture

**Yoshida:** The rise in public interest in abandoned farmlands is a big opportunity for the KUBOTA Group. I think the e-Project could become a big turning-point in that respect. We've actually been working on the project for a year now, and a major benefit is that it's become evident that, along with our customers, people from other organizations, including

government bodies and research institutions, are also getting involved. Another benefit is the positive change in our own employees' attitude. They've started to take a pride in the fact that our company is doing this kind of thing.

**Watanabe:** I'm delighted to hear that the e-Project is seen as "a realistic initiative in view of the state of our agricultural industry," and "an initiative that sees things from the customers' viewpoint."

The ideas you've put forward, such as strengthening our information-providing function, and participating in activities aimed at increasing the power of rural areas, are things that the KUBOTA Group is considering very seriously. We intend to work even more closely with you, and to step up our contribution to the revitalization of the regions. As for our e-Project activities, regarding which so many people have so kindly given us their feedback, we intend to ramp up their intensity and continue them with determination in the future.

**Chairman:** Gentlemen, thank you very much.



### Opinion (a key executive outlines his vision)

We transcend national borders and differing points of view by thinking, and solving problems, in partnership with our users. KUBOTA's world-class operational style has enabled us to produce outstanding products and to make a significant contribution to society.

The national initiative launched to improve Japan's self-sufficiency in producing food means that Japan's agriculture is going to change by becoming more diverse. For the agricultural machinery business, this will provide new business opportunities. We must keep in mind the challenges of an aging farming population and the increase in abandoned farmlands. These are only some of the many problems that must be solved for these new opportunities to be achieved. Here at KUBOTA, we have launched our e-Project as a way to help agricultural regeneration. It is our hope that this enterprise will prompt ongoing initiatives organized within the farming regions, based upon their own motivation.

KUBOTA has gleaned considerable expertise from Japan's agricultural industry. We also make use of that expertise in the "global larder" that is Asia. In the Asian countries, rapid economic growth has been accompanied by an acceleration in the mechanization of agriculture. This has had a positive effect on the demand for KUBOTA's agricultural machinery, which is highly rated for its quality and innovation. Going forward, it is our plan to establish a system whereby agricultural machinery suited to a specific region can be provided at low cost. Today, we are applying those principles to newly-established production facilities in Thailand. It is our intention to continue to contribute to the development of Asian agriculture and KUBOTA's business plans in those regions.

In Japan, as well as on a global scale, our Company's operational style has always been to place ourselves in the shoes of our customers, by thinking like the users of our products think, and by working with our users to solve problems. That is KUBOTA's greatest strength. Through these operational strategies, we will continue to serve society and to grow. By contributing to the development of society through our work, we contribute to the quality of people's lives through the continuity of our work. This is one of the fundamental social responsibilities we have as a company.



**Tetsuji Tomita**  
Representative Director and Senior Managing Executive Officer  
GM of Farm & Industrial Machinery Consolidated Division, GM of International Operations Headquarters in Farm & Industrial Machinery Consolidated Division

## Global Action Asian agriculture and KUBOTA

Using a set-up that divides the globe into four regions – Japan, North America, Europe and Asia – KUBOTA is forging ahead with the global roll-out of its agricultural machinery. In recent years, Asia's agricultural machinery market has expanded rapidly. In the next few years, it has the potential to catch up with the Japanese and North American markets in terms of scale. Making use of our muscle as an all-round agricultural machinery manufacturer, KUBOTA has proactively forged ahead with activities aimed at developing Asia's culture of rice cultivation.

### China

In China, based on the government policy of modernizing agriculture, the mechanization of agriculture is advancing at a rapid pace. At Kubota Agricultural Machinery (Suzhou) Co., Ltd., which manufactures and sells combine harvesters and rice transplanters, Kubota has established a new Tractor Sales Section, and has begun expanding into China's tractor market.



### Thailand

In Thailand, the demand for tractors is expanding rapidly. In 2007, KUBOTA established Siam Kubota Tractor Co., Ltd., which is the first Japanese-owned tractor production plant in the country. Since expansion in demand has outstripped initial expectations, work has also begun on strengthening the company's production capacity.



### Vietnam

The increase in Vietnam's purchasing power has been accompanied by a growing shift in demand away from pre-owned machines and towards brand-new ones. In 2008, KUBOTA established a local manufacturing and sales company, Kubota Vietnam Co., Ltd., to meet the new demand for mechanization.



### India

The total combined area of India's rice-paddies is more than 26 times that of Japan's. In 2008, KUBOTA established Kubota Agricultural Machinery India Pvt. Ltd., a local joint-venture company selling tractors, combine harvesters, rice transplanters and other products. This company has set up a system designed to meet the need for high-quality agricultural machinery.



Organizations supported by the KUBOTA e-Project (Nagaoka City, Niigata Prefecture)

### Canola Cultivation Group, Takauchi Activity Team, Ohkouzu Net Environmental Conservation Organization

●Theme of activity:

Village of lush fields where the fireflies dance: Takauchi creates its own speciality product

"Village of lush fields where the fireflies dance" is the slogan for an initiative in which rural communities in the area are joining forces to work together on measures aimed at improving farmland, water, and environmental conservation. A typical activity revolves around fireflies: although firefly larvae live in the river, when they hide in the riverbank to pupate, many are killed by herbicides; measures to combat this include refraining from scattering herbicide. Local residents carry out periodic wildlife surveys of the rice-paddies, and the status of wildlife-management in each area is mutually assessed using presentations given by the children. By holding enjoyable events on these lines, more local residents are drawn in, and the scope of the activities gradually widens.



In October last year, an event was held in which canola seeds were sown in regenerated farmlands. Almost 100 local elementary-school children took part, learning about agriculture and having fun at the same time.

# The KUBOTA Group's Involvement in CSR Management

## Fundamental ideas on CSR management

In the KUBOTA Group, we work to protect the "DNA" that has been handed down to us since we were first established by "using all of our knowledge and devotion to create products and services that support the development of the nation and society." And also we think of CSR Management as indispensable in "aiming towards the satisfaction of those stakeholders that exist around the company, and performing management activities that heighten the overall value of the company while balancing the company's economic value, social value and environmental value, i.e., the triple bottom line. And that is why we see the following points as essential to the implementation of CSR Management.

The first is for top management to clearly indicate their stance in regard to CSR Management. This is necessary in order for all the KUBOTA Group members to think and act in unison throughout our corporate activities. On April 1, 2006, we reviewed our existing Corporate Mission Statement, Policy, Charter for Action, and Code of Conduct to place greater emphasis on CSR and formulated new basic concepts for the KUBOTA Group (see p.1). We will ensure that all KUBOTA Group members will respect the new Charter for Action and Code of Conduct that comprise our corporate guidelines and act in accordance with them, following our new Management Principles that stipulate that "The KUBOTA Group contributes to the development of society and the preservation of the earth's environment through its products, technologies and services that provide the foundation for society and for affluent lifestyles."

The second point is the functional integration of measures to promote and develop CSR Management within our management system.

These measures are important management functions and include,

- (1) establishing "corporate governance," which objectively evaluates and checks the process and contents of decision-making in regard to top management policies and management issues,
- (2) thorough "compliance" in regard to the observance of laws and corporate rules that are the basis for company activities, and
- (3) constructing an "internal control system," which checks whether or not work is being executed based on determined rules.



## Booklet containing Corporate Mission Statement, Management Principles, Charter for Action, and Code of Conduct

We have distributed a booklet that contains the Corporate Mission Statement, Management Principles, Charter for Action, and Code of Conduct to all employees to ensure they will deepen their understanding of and fully comply with the basic concepts of the KUBOTA Group. We have also produced a card containing a summary of these basic concepts for employees to carry with them.



## Code of Conduct Guidebook

We have produced a KUBOTA Group Code of Conduct Guidebook and distributed it to employees. This guidebook describes prohibitions and particularly important rules in specific terms, using illustrations to facilitate understanding.



## Q&A about the Code of Conduct

We have produced a Q&A about the Code of Conduct: How Should You Act in These Cases? for our in-house magazine and website to show how KUBOTA Group members are expected to act in specific situations.



## Our ideas on and system of corporate governance

At KUBOTA, a corporate auditor system is in place. Under this system, the Board of Directors is responsible for making company-wide strategic decisions and supervising the performance of executive officers, while the Board of Corporate Auditors supervises and audits the performance of directors.

On April 1, 2009, we introduced an executive officer system with the appointment of 26 executive officers, with the aim of enhancing the ability of the Board of Directors to make strategic decisions and strengthen the capacities of the president and executive officers, so that we will be able to quickly adopt to the change in the management environment and further improve our management efficiency.

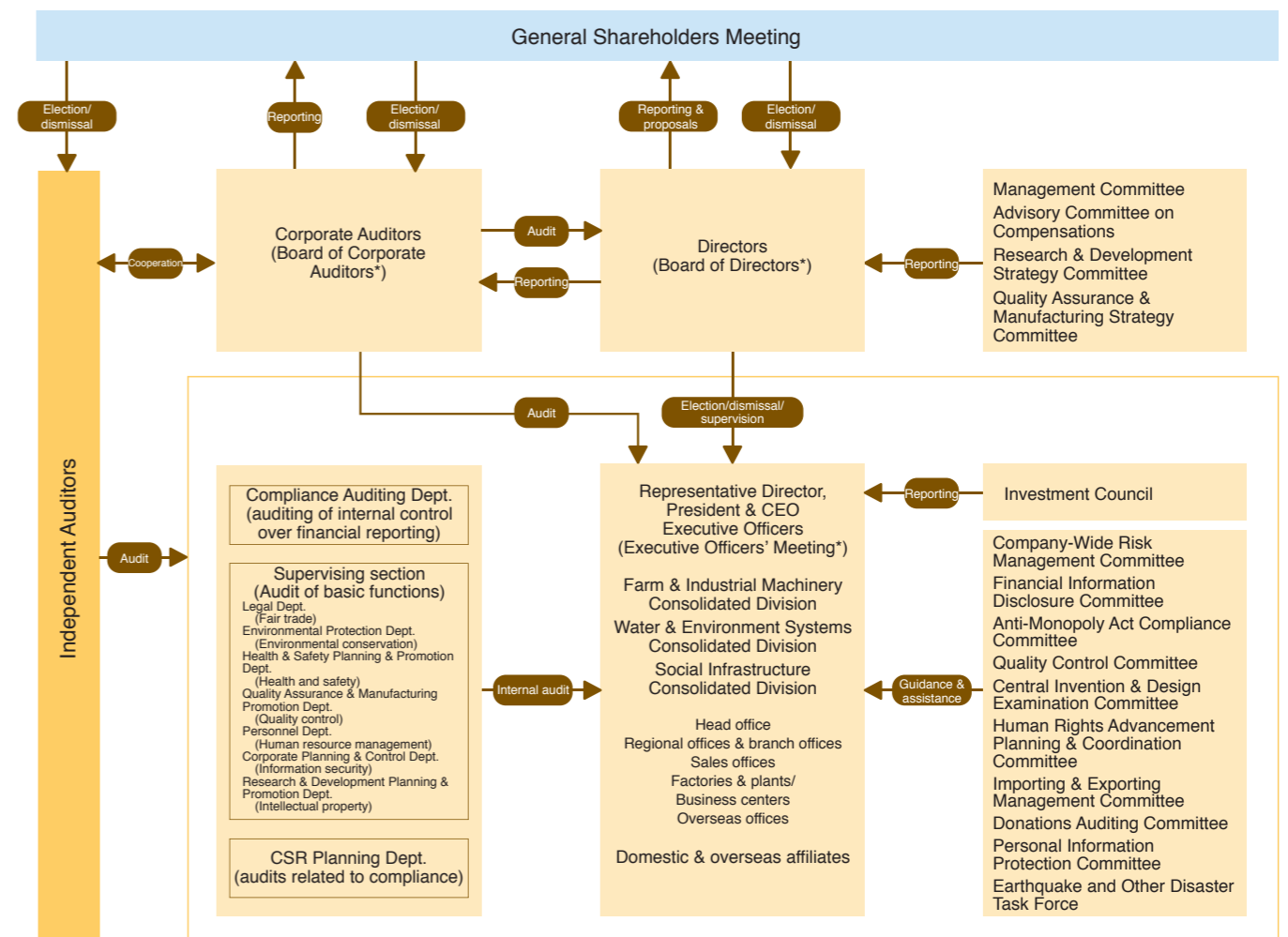
In the annual General Shareholders Meeting held in June 2009, we resolved to reduce the number of directors and appoint outside directors to expedite the process of strategic decision-making by the Board of Directors.

We have further established a "Management Committee" and an "Investment Council" for decision-making and discussions in regard to specific, important issues, and installed a system that enables more appropriate, prompter determinations by top management, including the president.

We also formulated a Research & Development Strategy Committee and a Quality Assurance & Manufacturing Strategy Committee, both chaired by the president, on April 1, 2009 to strengthen our R&D, quality control and manufacturing capabilities—the basis of manufacturing.

In addition, various committees composed of specialists from each department propose work plans in their field of specialty and develop education and awareness-raising activities for the entire KUBOTA Group, as well as supporting Business Sections and presenting reports and proposals to the Board of Directors.

## Corporate governance structure (as of April 1, 2009)



### \*System of management:

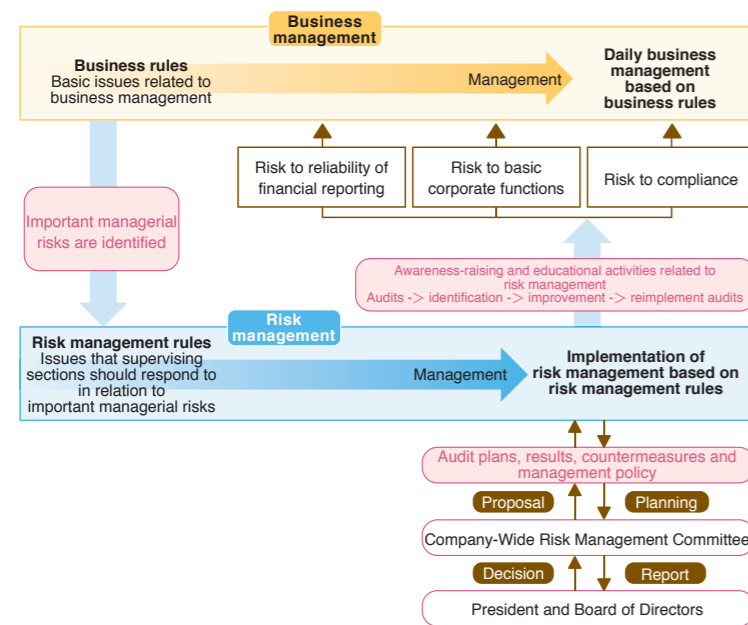
The Board of Directors is composed of 8 directors (including 2 outside directors) and, in addition to the regular Board of Directors meeting that is held once a month, it is convened at any time necessary in order to discuss and make determinations on important management-related issues such as business plans, financial plans, investment, and business restructuring. The directors' term of office is 1 year, in order to aim at the clarification of their business responsibilities each and every fiscal year, and they may be reelected at the annual General Shareholders Meeting. The Board of Corporate Auditors is composed of 5 auditors (3 of which are outside auditors) who, in addition to implementing audits by attending important meetings, listening to reports from directors, etc., inspecting important approval documents, and inspecting subsidiary companies, etc., receive reports in regard to periodic audits from the independent auditors. The Executive Officers' Meeting is composed of the president and 26 executive officers. Meetings are convened monthly and from time to time when necessity arises to discuss important issues concerning their duties.



Internal control system

KUBOTA's internal control system is a mechanism for clearly providing the rules that should be obeyed during the performance of business and for checking whether or not business has been managed according to those rules. This system is composed of "business management," which oversees business activities based on the rules, and "risk management," which controls serious management risks. "Business management" refers to the practice of managing corporate activities by checking day-to-day operations in each division in accordance with the "business regulations" formulated to define basic requirements for business operations. The "business regulations" consist of regulations commonly applied to all employees (basic regulations) and task-specific regulations. "Risk management" provides the "risk management regulations" that relate to the basic issues on how the supervising section should respond to each risk, and through this, proposes the necessary matters for controlling those risks and checks their efficacy by auditing each department. KUBOTA's internal control system is classified into the following three categories in terms of major management risks that can threaten us.

Internal control system



List of internal rules and regulations

Articles of Incorporation Management Principles Code of Conduct	<b>Business management</b>	<ul style="list-style-type: none"> <li>Regulations of the Board of Directors for KUBOTA Corporation, Regulations on KUBOTA Corporation Executive Officers' Meeting, Regulations on Remuneration Advisory Committee, etc.</li> <li>Rules on stock handling</li> <li>Rulebook on labor contracts, work rules, and miscellaneous regulations</li> </ul>	<ul style="list-style-type: none"> <li>In-house and general rules</li> <li>Rules on giving approval</li> <li>Rules on document storage</li> <li>Rules on affiliates management (domestic/overseas)</li> <li>Rules on division of business duties</li> <li>Rules on committee management</li> </ul>
	<b>Business rules</b>	<ul style="list-style-type: none"> <li>General business</li> <li>Inspection</li> <li>Corporate advertising</li> <li>Business information management</li> <li>General production management</li> <li>General materials and procurement</li> <li>Equipment management</li> <li>General research and development</li> <li>Intellectual property</li> <li>Inventions and design</li> <li>Quality assurance</li> <li>Environmental conservation</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Group company principles and codes of conduct</li> <li>Management meetings and investment council operation</li> <li>Stocks and stockholder management</li> <li>CSR information</li> <li>Affiliates management</li> <li>Information system</li> <li>Administration</li> <li>Real estate management</li> <li>Secretary</li> <li>Public announcement</li> </ul>
	<b>Risk management</b>	<ul style="list-style-type: none"> <li>Financial</li> <li>Management</li> <li>Medium-term management plan</li> <li>Human resources and labor</li> <li>Healthcare</li> <li>Legal affairs</li> <li>Customer</li> <li>Human rights advancement</li> <li>Handling Construction Business Law permits and nomination requests</li> <li>Internal communications system operation</li> <li>Audit</li> </ul>	
	<b>Risk management rules</b>	<ul style="list-style-type: none"> <li>Reliability in financial reporting</li> <li>Management rules concerning reliability in financial reporting</li> <li>Rules on observing distribution-related relevant statutes</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Rules on observing equipment-related statutes</li> <li>Rules on earthquake and other disaster response management</li> <li>Rules on observing the Construction Business Law</li> <li>Rules on human rights advancement</li> <li>Rules on safe driving management</li> <li>Rules on preventing illegal payments</li> <li>Rules on confidential information management</li> <li>Rules on the protection of personal information</li> <li>Rules on security trade management</li> <li>Rules on import and export management</li> </ul>
	<b>Rules for the Board of Corporate Auditors</b>	<ul style="list-style-type: none"> <li>Rules on observing the Anti-monopoly Act / Subcontracting Law</li> <li>Rules on environmental conservation</li> <li>Rules on health and safety management</li> <li>Rules on quality assurance</li> <li>Rules on human resource management</li> <li>Rules on information security</li> <li>Rules on preventing violations regarding intellectual property</li> </ul>	
	<b>Business management of divisions</b>	<ul style="list-style-type: none"> <li>Business rules by division</li> </ul>	

- (1) Internal control over financial reporting
- (2) Internal control related to basic corporate functions such as fair trade, environmental conservation, and health and safety, etc.
- (3) Internal control related to compliance with equipment-related statutes and import and export management, etc.

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

We launched an internal control system in April 2007. While the system was implemented only in KUBOTA Corporation in FY2008, it was introduced to domestic group companies in FY2009. From FY2010, we will further expand the coverage of the system to include our overseas group companies. Internal control over financial reporting has been in place both at KUBOTA Corporation and at domestic and overseas group companies since FY2008.

Risks and supervising section for the internal control system

Risk	Supervising section
<b>Internal control related to reliability of financial reporting</b>	
Compliance Auditing Dept.	
<b>Internal control related to basic corporate functions</b>	
Fair trade	Legal Dept.
Environmental conservation	Environmental Protection Dept.
Health and safety	Health & Safety Planning & Promotion Dept.
Quality control	Quality Assurance & Manufacturing Promotion Dept.
Human resource management	Personnel Dept.
Information security	Corporate Planning & Control Dept.
Intellectual property	Research & Development Planning Promotion Dept.
<b>Internal control related to compliance</b>	
Compliance with equipment-related statutes	Quality Assurance & Manufacturing Promotion Dept.
Earthquake and other disaster management	General Affairs Dept.
Compliance with the Construction Business Law	General Affairs Dept.
Human rights advancement	Human Rights Advancement Dept.
Observance of safe driving practices	General Affairs Dept.
Prevention of illegal payments	CSR Planning Dept.
Management of confidential information	CSR Planning Dept.
Management of personal information	Legal Dept.
Security trading management	Quality Assurance & Manufacturing Promotion Dept.
Import and export management	Quality Assurance & Manufacturing Promotion Dept.

Thorough compliance

At KUBOTA, we have established a CSR Planning & Coordination Headquarters and appointed an executive officer in charge of this headquarters to ensure full compliance with all applicable laws and regulations.

An "Anti-Monopoly Act Compliance Committee" was also set up in each Business Section in reflection of violations of the Anti-Monopoly Act, and systems of education and auditing have been organized in each of these sections as well.

We are additionally preparing various internal committees, sections tasked with risk management, and compliance leaders of respective divisions and group companies to cope better with compliance-related risks, by offering internal training and educational courses, providing guidance by outside experts, organizing internal compliance-related events, and encouraging participation in relevant events held externally.

These activities are then built into our internal control system to enable us to carry out "education and awareness-raising activities," "advance consultation by specialty divisions," and "audits," and aim at complete compliance.

In addition, we encourage our employees to report any unfair, illegal or unethical conduct that may have come to their knowledge or that may be suspected while at work by means of the "KUBOTA Hot Line." This hot line system is designed to settle compliance problems by allowing employees to contact the general manager of the CSR Planning Department directly in writing or by telephone or E-mail, and facilitates the early detection and prevention of illegal conduct while protecting the

Anti-Monopoly Act Compliance Manual

We revised our Anti-Monopoly Act Compliance Manual in December 2006 for distribution to board members and employees. This manual explains the Anti-Monopoly Act in simple terms and shows how this act relates to our actual business operations.



The Subcontracting Law Manual

We revised the Subcontracting Law Manual titled "Towards appropriate dealings with subcontractors" in April 2007 in its entirety and distributed it to the divisions involved in materials procurement and other relevant operations. This manual is also used for training employees of KUBOTA Corporation and its group companies.



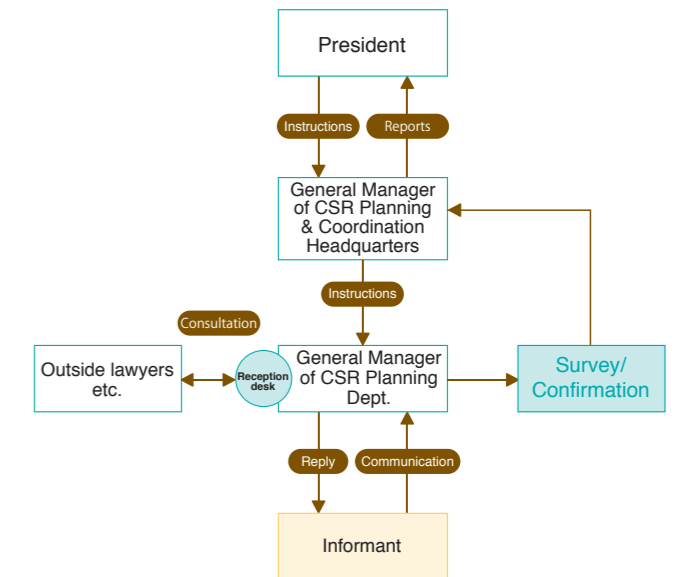
Personal information protection

As a secure means of protecting customer information and other personal information, we have established the Personal Information Protection Committee and developed internal regulations and manuals to build an effective information management system.

For details about our personal information protection policy, visit our website at: <http://www.kubota.co.jp/privacy/index.html> (Japanese only)

interest and identity of informants. Should a violation be ascertained as a result of an investigation it is reported to the general manager of CSR Planning & Coordination Headquarters, and serious violations are brought to the attention of the president.

KUBOTA Hot Line system



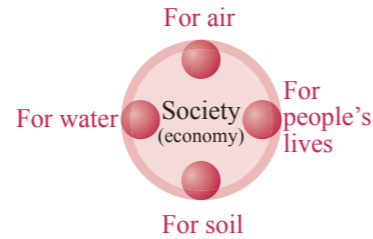
Information security system



At KUBOTA, the following measures are underway on a group-wide basis to ensure protection of customer information and other information resources.

- (1) A person responsible for promoting information security (IT manager) is assigned to each work site, while group-wide measures are taken according to the guidelines established by the supervising department.
- (2) We continue to review and revise information security regulations involving all the group companies, and conduct audits to check on compliance with such regulations. During FY2009, we placed special emphasis on domestic group companies, introducing common compliance regulations and inspecting compliance measures taken by these companies.
- (3) We have installed an automatic monitoring program on all our computers to constantly monitor how security measures such as antivirus programs are implemented.
- (4) We carry out educational and awareness-raising programs for IT managers and sub-managers regularly, while conducting e-learning on personal information protection and information security for all KUBOTA Group employees to deepen their understanding of the need for security measures.

# Economic Report



## KUBOTA Group Profile (as of April 1, 2009)

### Outline of KUBOTA Corporation

Corporate name: KUBOTA CORPORATION  
 Head office address: 1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka, Japan  
 Founded: February 1890  
 Established: December 1930  
 Capital: ¥84,070,280,304\*

Total number of shares issued: 1,285,919,180\*  
 Number of shareholders: 53,002\*  
 Number of employees: 9,911 (full-time)\*  
 Total number of employees in the KUBOTA Group: 25,140 (full-time)\*

\* as of March 31, 2009

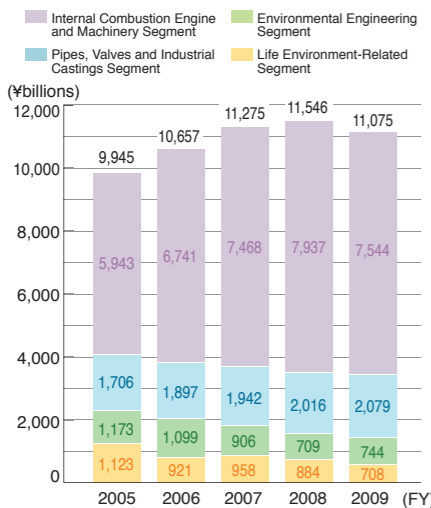
### KUBOTA Group Fiscal 2009\* Results Report

\*Fiscal 2009 refers to the year ended March 31, 2009.

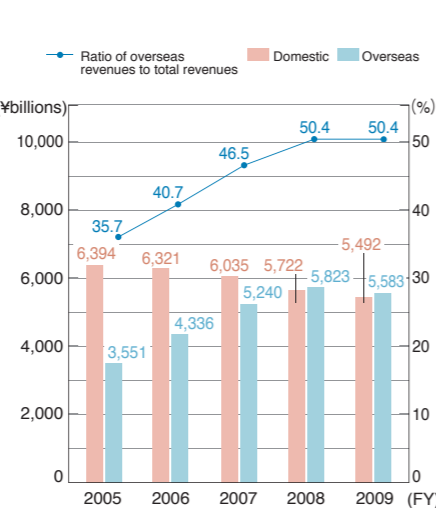
Revenues of the KUBOTA Group during FY2009 declined from the previous year to 1,107.5 billion yen. Domestic revenues totaled 549.2 billion yen. In the Internal Combustion Engine and Machinery segment, sales of agricultural machinery and engines declined, affected by the continued adverse market conditions. Sales of construction machinery also posted a sharp drop due to decreased demand resulting from the economic slowdown. In the Pipes, Valves and Industrial Castings segment, sales of industrial castings and materials declined, but the decline was more than offset by the sharp increase in sales of ductile iron pipes and steel pipes, resulting in increase in revenue as a whole. The Environmental Engineering segment, especially water and sewage engineering, showed an increase in sales, while the Life Environment-Related segment posted a sharp revenue decline due to the sluggish sales of vending machines and construction works. Overseas revenues totaled 558.3 billion yen. In the Internal

Combustion Engine and Machinery segment, sales of farm machinery remained favorable, while sales of engines and tractors showed a drastic decline and a slight decline respectively. Sales of construction machinery posted a sharp drop, mainly in Europe and the U.S.A. In the Pipes, Valves and Industrial Castings segment, though industrial castings and materials showed a decline in revenue, sales of ductile iron pipes increased sharply. As a result, this segment achieved an increase in revenue. The Environmental Engineering segment registered a revenue decline, while the Life Environment-Related segment increased its revenues. The ratio of overseas revenues to total revenues in FY2009 was 50.4%, remaining unchanged from the previous year. Operating income decreased from the previous year to 102.8 billion yen. The decrease in operating income, together with foreign exchange losses and valuation loss on other investment, led to a decline in net income from the previous year to 48.1 billion yen.

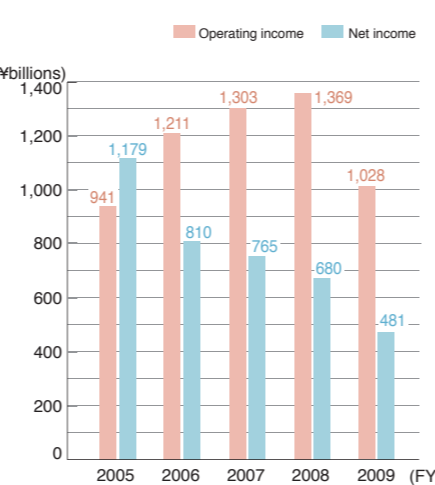
Revenues trends (by field)



Domestic and overseas revenues trends

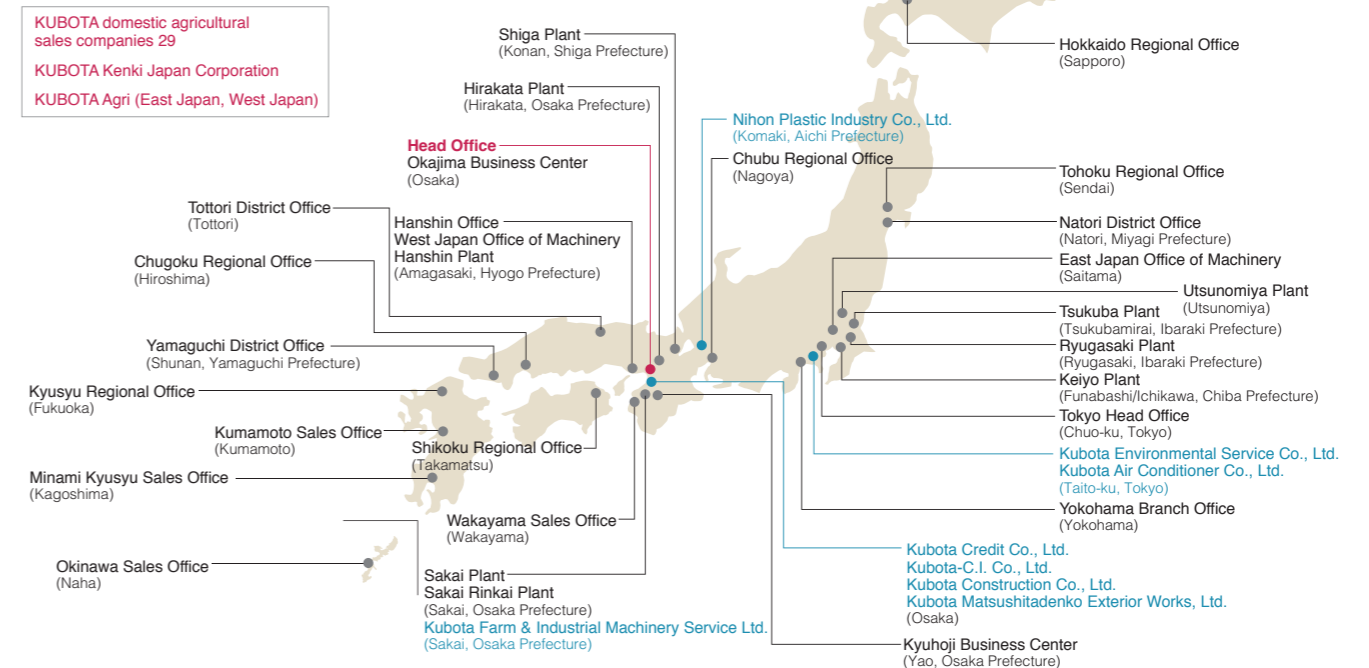


Operating income and net income trends



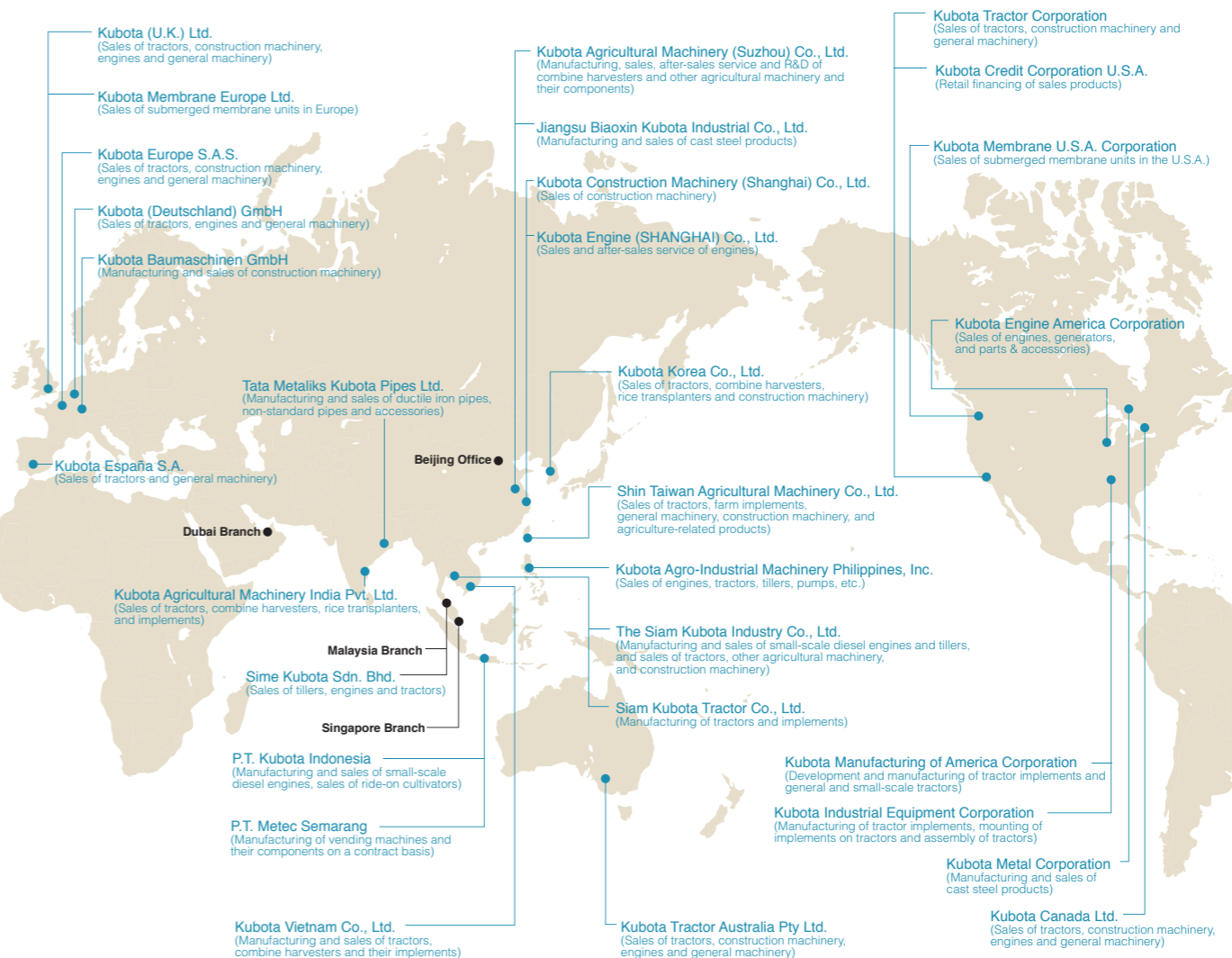
### KUBOTA Group domestic plants, offices and main affiliates

● Domestic plants and offices ● Main domestic affiliates

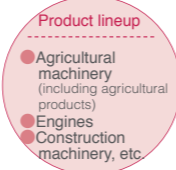


### KUBOTA Group overseas plants, offices and main affiliates

● Overseas plants and offices ● Main overseas affiliates



Results by Business Field **Internal Combustion Engine and Machinery Segment**



**Machinery Dealers Meeting**

**Japan** The 62nd Machinery Group Dealers Meeting was held on 15 and 16 January, 2009 at the Kyoto International Conference Center, with the participation of about 4,700 people including Japanese agricultural and construction machinery dealers and visitors to the exhibition. On the first day of the meeting, we announced our slogan for FY2009, "Challenge! Active Agriculture through Change! Promote Management Reform," and communicated the KUBOTA Group's commitment to "contributing to invigorating agriculture in Japan" and "developing products friendly to people, crops, and the environment." We also encouraged the participants to join efforts to overcome the difficult market conditions. In the exhibition held on the second day, we showed 142 "hot" KUBOTA-brand products, while introducing a new combine harvester, the "AEROSTAR DYNAMAX," and other tractors, combine harvesters, and rice transplanters on the main stage by using a large screen.



The exhibition site



The "AEROSTAR DYNAMAX," a new combine harvester unveiled during the meeting

**U.S.A.** Our U.S. subsidiary, Kubota Tractor Corporation, held a dealers meeting from September 14 to 20, 2008 in Charlotte, North Carolina with the participation of about 2,000 dealers from around the country. During the meeting, 13 models (33 types) were unveiled, and more orders were placed by dealers than initially anticipated despite the harsh business environment.



Dealers meeting



Product demonstration



Participants in the dealers meeting

**KUBOTA launched the "AEROSTAR DYNAMAX," a large combine harvester that helps large-scale farmers enhance management efficiency.**

In February 2009, we introduced a new four-row combine harvester, the "AEROSTAR DYNAMAX," (available in two types), a completely restyled version of the "AEROSTAR PRO." Designed to enhance overall cost performance by reducing work hours required for harvesting and increasing efficiency, this product brings the following advantages to users.

- (1) The fastest harvesting speed among products of this class enables larger-scale farming and farm management.
- (2) Outstanding operability and comfortable cabin space make harvesting less tiring even if the work lasts long hours and covers an extensive area.
- (3) Wide openings make maintenance extremely easy.



AEROSTAR DYNAMAX ER467

**A successor to our small-scale construction machinery (1.5-ton mini excavator) was introduced to achieve greater user friendliness and security.**

We began marketing ZEPH Series U-17, which was restyled on the U-15-3S reduced-tail-swing mini-excavator. Boasting the highest performance capabilities in this market segment, the new product produces less vibration while in use and is equipped with an antitheft device as standard.



ZEPH Series U-17

**KUBOTA began marketing the New Midy TMA 350, a mini-tiller for home gardeners with greater ease of use and safety.**

New Midy is a restyled version of Midy Sai-ning, a mini axle-driven tiller for home gardeners. A variety of improvements are incorporated in the design of this new product to ensure greater ease of handling and safety. With the labor-saving tilling rotor, easy-to-use ridge forming mat, and high driving power, this product can be easily operated by anyone, enabling stable soil plowing and smooth and neat ridge formation.



New Midy TMA350

**Highlight**

**KUBOTA introduced the KINGEYE MAX Series, a new series of tractors equipped with an environmentally friendly clean engine, which can be easily handled even by senior users.**

Japanese small-scale farmers are now experiencing hardships due to the aging of the part-time farming households that have held the dominant position in the Japanese farm industry. To encourage and support individual farmers, KUBOTA has developed the new KINGEYE MAX tractors in pursuit of greater "friendliness and strength," which can be easily handled even by senior users.



KT 255 (equipped with a crawler cabin)

The new tractors are equipped with a fuel-efficient new clean engine that conforms to the Phase 2 emissions standards for special motor vehicles in Japan.



The clean-emission engine ensures comfortable operation even in a greenhouse.

Designed to reduce noise, these products can be used in fields in urbanized area, and also makes operation less stressful for users.



The tractors are designed for quiet operation so that they can be used in fields adjacent to residential areas.

With the fully equipped cabin, users are assured of comfortable and safe operation.



The standard-equipped CD player and air conditioner, high seat backrest and other fittings contribute to the high level of cabin comfort.

**VOICE**



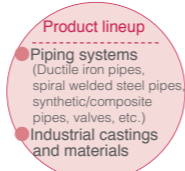
**KUBOTA tractors offer outstanding ease of operation and safety at a reasonable price.**

**Akihisa Okano**

Section Manager, Tractor Engineering Department

Most Japanese part-time farming households carry out farm work involving all members of the family — husband, wife, daughters, and others. The needs of these farming customers can be best met by offering tractors that can be easily operated by anyone. This series of KUBOTA tractors are not high-end products; instead, they are provided with the minimum functions necessary to cater to small-scale farmers' needs, and offered at reasonable prices. We will remain committed to improving our products to better address the needs of part-time farming households and help them continue farming. It is our great pleasure to receive favorable feedback from satisfied users.

Results by Business Field ● Pipes, Valves and Industrial Castings Segment



**A ductile iron plant has been inaugurated in Kharagpur, India to make water supply services available in more regions in that country.**

In October 2007, KUBOTA established Tata Metaliks Kubota Pipes Limited in India as a joint venture with Tata Metaliks Ltd., a member of the Tata Group, an Indian conglomerate, and Metal One Corporation, a Japanese company dealing in iron and steel products. Under this joint venture, construction of a ductile iron plant was underway in Kharagpur in India. On March 7, 2009, a ceremony was held to celebrate the completion of this plant, and Chairman Hatakake and President Masumoto attended the ceremony on behalf of KUBOTA. Initially, this plant will manufacture 110,000 tons of 80–800 mm straight pipes per year to assist in introducing water supply services in India.



Chairman Hatakake (third from right) and President Masumoto (second from right) at the completion ceremony

**KUBOTA has developed joints for preventing the slip-off of ductile iron pipes, which are suitable for long-distance transportation of water. By applying earthquake resistance technologies developed in Japan, KUBOTA is contributing to the protection of lifelines around the world.**

Countries and regions with little rain need long-distance pipelines to transport a huge amount of water from water sources. However, a high thrust force is generated at the bends of such pipelines, which poses a serious problem. To cope with this problem, KUBOTA has developed joints for preventing the slip-off of ductile iron pipes. By applying the technologies developed through our earthquake resistance efforts to the objective of long-distance transportation of water, we are contributing to the establishment of water lifeline systems in developing and emerging countries.



KUBOTA's new joints were adopted by the U.A.E. for their 47-km pipeline composed of huge 1,600-mm-diameter iron pipes.



The cracking coil is an integral element of a pyrolysis furnace.

Highlight

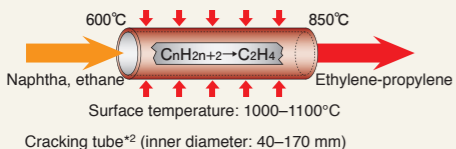
**KUBOTA has launched the X-MERT,\*1 an innovation long coveted by petrochemical plants manufacturing products that support our lives: this new product is expected to increase productivity and reduce environmental impacts.**

\*1: MERT stands for Mixing Element Radiant Tube.

Ethylene is one of the most important materials for making the plastics and other petrochemical products that have become our daily necessities. KUBOTA has succeeded in a breakthrough improvement of the conventional cracking coil that plays a central role in the ethylene production process, enabling a dramatic increase in productivity.

Major problem of conventional cracking coils

Ethylene is produced by letting materials flow into a cracking coil installed in a pyrolysis furnace and instantly heating them to 850°C. In the conventional method, however, some of the materials overheat and cause soot-like carbon particles to adhere to the inner surface of the coil, resulting in a decline in productivity.



\*2: A cracking coil consists of between several and a few dozen cracking tubes.

The MERT sent a shock wave across the industry

In 1997, KUBOTA introduced an innovative product called the MERT, incorporating spiral fins inside conventional simple pipe-shaped cracking coils. This product largely prevented the adhesion of carbon particles and drastically increased production efficiency.



The MERT is equipped with helical fins which stir the flow and make carbon particles less adhesive

A new product that has finally overcome a longstanding problem

However, one problem remained: the spiral fins prevented the smooth flow of materials through the coil. In 2008, after years of research, KUBOTA completed development of a new product, the X-MERT, that has entirely overcome this problem. This product is drawing much attention worldwide.



The new X-MERT employs slit fins and a narrower helix.

The MERT not only increases the productivity of ethylene plants but also reduces CO<sub>2</sub> emissions. Highly acclaimed for these capabilities, this product has rapidly gained popularity in the marketplace and now holds the second largest market share in the world. The X-MERT is an improved version of the Slit-MERT that incorporates slit fins. I believe that the new product, with its ability to facilitate smoother flow of materials and improve yields, will be introduced to an increasing number of plants.

VOICE

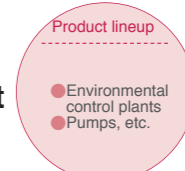


**As production volume increases, so does the number of days of continuous plant operation. The X-MERT reduces CO<sub>2</sub> emissions and contributes to environmental protection.**

**Masaki Miyake**

R & D Project Management Group, Material R & D Department, Steel Castings Division

Results by Business Field ● Environmental Engineering Segment



**KUBOTA's submerged membranes are being used in wastewater treatment facilities in Vietnam to improve the water resource environment.**

Since November 2008, KUBOTA's submerged membranes have been used in domestic wastewater treatment facilities in the Thang Long Industrial Park in Vietnam where many Japanese companies are located. With the introduction of a tighter wastewater control policy, Vietnam is seeing growing demand for wastewater treatment systems utilizing membranes, called membrane bioreactor (MBR) activated sludge reactor systems. This state-of-the-art system treats wastewater effectively, without requiring much space. Today, some countries and regions in the Middle East and Asia are being pressed to introduce water resource recycling systems to cope with water shortages, and to develop new infrastructure in line with economic development. Against this backdrop, submerged membranes are expected to be used for a wider range of purposes.



Wastewater treatment facilities in operation

EK400 submerged membrane unit

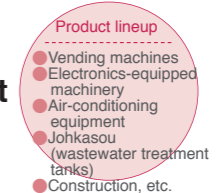
**KUBOTA's "super" high-lift pumps have been adopted for wastewater treatment in Kuwait to improve the living environment of citizens.**

In July 2008, KUBOTA was awarded an order for "super" high-lift pumps with a pumping height of 120 m to be used for pressure transport of wastewater from the Jahrah District in the western part of Kuwait City to wastewater treatment facilities. High-performance pumps of this class are available only from a limited number of manufacturers in the world. KUBOTA's product was selected because of the size of its impeller passage and operational efficiency that were deemed superior to competitors. Due to its outstanding performance, this product has met the customer's needs with a smaller number of units than initially expected, thus bringing the benefit of reduced construction and maintenance cost to the customer.



Trial operation of pump

Results by Business Field ● Life Environment-Related Segment



**KUBOTA has introduced the "KJ" small-scale Johkasou (wastewater treatment tank) that boasts higher treatment capability and energy-saving performance.**



"KJ" small-scale Johkasou (wastewater treatment tank)

Capable of removing total nitrogen and suspended solids as well as organic substances, this new tank boasts greater environmental efficiency and more advanced treatment capability than do conventional models. This product is one of the shallowest tanks in the industry, enabling easy installation. Also, it consumes about 30% less energy than do conventional models thanks to a highly energy-efficient blower. All these features make it a high-quality, well-balanced product.

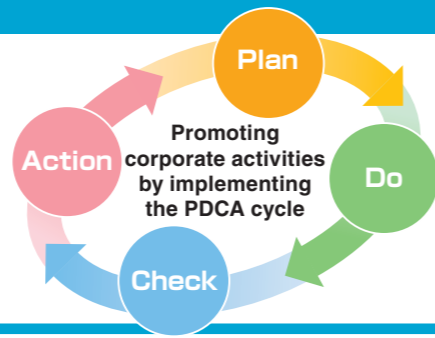
**KUBOTA's new heat-pump beverage vending machine is renowned for outstanding energy-saving performance, requiring 42% less energy than do conventional models.**

In May 2008, KUBOTA launched an ultra-energy-saving beverage vending machine that can cut electricity bills by as much as 40%. Under the Energy-Saving Law, Japanese manufacturers are obligated to achieve the difficult goal of reducing the power consumption of beverage vending machines by 36% by 2012 from the 2005 level. We have continued steady efforts to meet this goal, improving thermal insulation materials and employing energy-saving operating methods. As a result of these efforts, we have succeeded in developing a new vending machine that consumes 42% less energy than do conventional models (by JIS standards). Such a drastic reduction has been made possible by employing a heat pump that effectively utilizes heat in the atmosphere to warm products sold in vending machines. KUBOTA will remain committed to developing more effective, user-friendly, and environmentally friendly vending machines.



The new product (KB301A6P3BHP-W) employs a heat pump (R134a refrigerant).

# Social Report



## KUBOTA's response to the asbestos issue

KUBOTA is sincere in its acceptance of the grave fact that a number of our employees and local residents around the old Kanzaki plant have contracted asbestos-related diseases, and we are continuing to work with good intentions towards the direct resolution of this problem from the standpoint of clarifying our social responsibility as a corporate entity that for years manufactured products containing asbestos.

- 1 Relief payments made to 178 individuals up to March 31, 2009 based the "Rules for Relief Payments to Persons with Asbestos-related Diseases and Their Families around the Old Kanzaki Plant."
- 2 The total number of KUBOTA employees (including retirees) with asbestos-related diseases up to March 31, 2009 was 162 (141 deaths and 21 currently under medical care).
- 3 Basic and clinical research was supported through research projects at the Hyogo College of Medicine and the Osaka Medical Center for Cancer and Cardiovascular Diseases.

For more detailed information on KUBOTA's responses to-date on the asbestos issue, access the following website (Japanese only).

<http://www.kubota.co.jp/kanren/index.html>

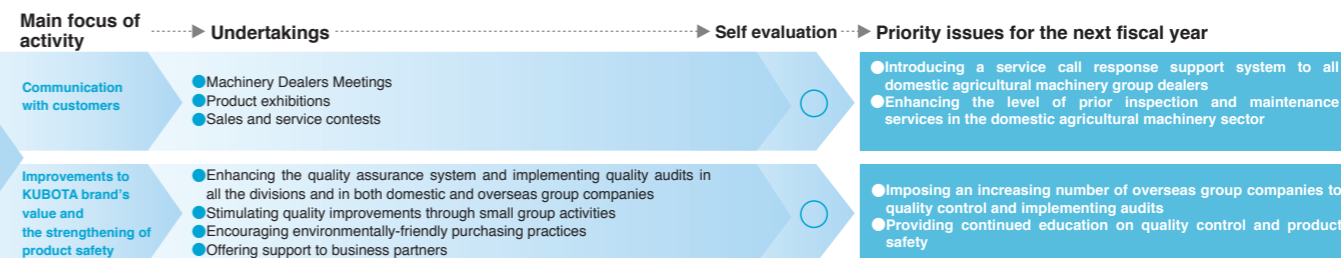
## Summary of the Fiscal 2009 Social Report, Priority Issues for the Next Fiscal Year and Medium-Term Goals

Charter for Action	Plan		Do	Page	Check	Action	Plan
	Main focus of activity	Priority issues for FY2009	Activity in FY2009		Self evaluation	Priority issues for the next fiscal year (FY2010)	Medium-term goals
Winning Customer Satisfaction	Communication with customers	<ul style="list-style-type: none"> <li>Promotion of measures to improve customer satisfaction and further strengthen information management</li> </ul>	<ul style="list-style-type: none"> <li>Machinery Dealers Meetings</li> <li>Product exhibitions</li> <li>Sales and service contests</li> </ul>	P19	○	<ul style="list-style-type: none"> <li>Introducing a service call response support system to all domestic agricultural machinery group dealers</li> <li>Enhancing the level of prior inspection and maintenance services in the domestic agricultural machinery sector</li> </ul>	<ul style="list-style-type: none"> <li>Setting up service call response measures for domestic agricultural machinery groups</li> <li>Enhancing prior inspection and maintenance services to satisfy customer needs</li> </ul>
	Improvements to KUBOTA brand's value and the strengthening of product safety	<ul style="list-style-type: none"> <li>Continuing implementation of quality audits, including domestic and overseas affiliates</li> <li>Promotion of the use of suppliers that take CSR, in addition to Q (quality), C (cost) and D (delivery) into consideration</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing the quality assurance system and implementing quality audits in all the divisions and in both domestic and overseas group companies</li> <li>Stimulating quality improvements through small group activities</li> <li>Encouraging environmentally-friendly purchasing practices</li> <li>Offering support to business partners</li> </ul>	P25		P26	<ul style="list-style-type: none"> <li>Imposing an increasing number of overseas group companies to quality control and implementing audits</li> <li>Providing continued education on quality control and product safety</li> </ul>
Creating a Safe and Vibrant Work Environment	Enhancement of the personnel system, education and training	<ul style="list-style-type: none"> <li>Promoting action plans pursuant to the Next Generation Nurturing Support Measures Promotion Law (which, for example, introduces shorter working hours and family medical leave)</li> <li>Implementation of measures for the overall reduction in work hours (through the continued involvement of labor and management)</li> <li>Enhancing education and training in manufacturing and global human resource development</li> </ul>	<ul style="list-style-type: none"> <li>Promoting diversity management</li> <li>Promoting action plans pursuant to the Next Generation Nurturing Support Measures Promotion Law</li> <li>Reducing work hours (through the continued involvement of labor and management)</li> <li>Training personnel to have global capability</li> <li>Enhancing the skills required for manufacturing</li> <li>Encouraging the employment of persons with disabilities</li> </ul>	P27	○	<ul style="list-style-type: none"> <li>Promoting diversity management</li> <li>Establishing an organization tasked with promoting diversity management</li> <li>Implementing diversity training</li> <li>Promoting interaction among female employees</li> </ul>	<ul style="list-style-type: none"> <li>Promoting diversity management to create a corporate system that allows female employees to fully exercise their skills and abilities and develop a highly creative organization, thus enhancing corporate value</li> </ul>
			<ul style="list-style-type: none"> <li>The 8th Long-Term Occupational Accident Prevention Program</li> <li>Implementation of health and safety audits</li> <li>Involvement in mental health care</li> </ul>	P28			
Respecting Human Rights	Promotion of human rights awareness-raising	<ul style="list-style-type: none"> <li>The expansion of activities for raising group-wide awareness of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Responding through the Human Rights Advancement Consultation Office</li> <li>Promoting activities to raise human rights awareness (implementing human rights training and encouraging participation in human rights slogan competitions)</li> <li>Offering disaster recovery assistance in response to the Iwate/Miyagi Inland Earthquake</li> <li>Contributions to the local community through rugby</li> <li>Promotion of interactions with the local community, like clean-up activities, etc.</li> <li>Implementing the KUBOTA e-Project (KUBOTA e-Day, KUBOTA Healthy Agriculture Experience Workshop, and Local Brand Agricultural Products and Crops Fresh from the Farms Promotion)</li> </ul>	P30	○	<ul style="list-style-type: none"> <li>Expanding group-wide human rights awareness-raising</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring fuller implementation of human rights awareness activities across the KUBOTA Group, including in overseas affiliates</li> </ul>
	Promotion of activities for coexistence with the local community	<ul style="list-style-type: none"> <li>The strengthening of communication with the local community</li> </ul>	<ul style="list-style-type: none"> <li>Support for the Mainichi International Exchange Award</li> <li>Acceptance of trainees from abroad and others</li> <li>Offering disaster recovery assistance in response to the Wenchuan Earthquake in Sichuan</li> </ul>	P31			
Achieving Symbiosis with International and Local Societies	Contribution to and exchange with the international community	<ul style="list-style-type: none"> <li>Maintaining an information network on the social and cultural contribution activities of overseas affiliates</li> </ul>	<ul style="list-style-type: none"> <li>Support for the KUBOTA "TERRA-KOYA" educational camp</li> <li>Support for KUBOTA Hu-Tech Seminars</li> </ul>	P33	○	<ul style="list-style-type: none"> <li>Offering assistance to overseas affiliates in promoting activities for social and cultural contribution</li> </ul>	<ul style="list-style-type: none"> <li>Establishing or improving basic measures to ensure compliance with the Anti-Monopoly Act by divisions engaged in business with the public and private sectors, and in purchasing and overseas operations.</li> <li>Establishing distributed import/export management systems in each operational headquarters</li> <li>Developing security trade control systems and internal regulations in overseas affiliates to ensure that routine management is carried out</li> <li>Promoting risk management for intellectual properties to better respond to the globalization of business</li> <li>Promoting consistent, group-wide information security measures both at home and abroad</li> </ul>
	Enhancement of social and cultural support activities	<ul style="list-style-type: none"> <li>Consideration of the direction of social and cultural contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Promoting activities to ensure compliance with the Anti-Monopoly Act</li> <li>Import/export compliance workshops and audits</li> <li>Promoting measures to ensure compliance with the Construction Business Law</li> <li>Implementing activities to prevent infringement of the intellectual property rights of other companies</li> <li>Strengthening the Group IT Managers' system (formulating an information security system diagram)</li> </ul>	P34			
Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles	The ensuring of full legal compliance	<ul style="list-style-type: none"> <li>Integration and establishment of business activities for compliance with the Anti-Monopoly Act</li> <li>Improvements in compliance in import and export management, including domestic and overseas affiliates</li> <li>Continuing implementation of investigative activities to prevent the infringement of the intellectual property rights of other companies</li> <li>Establishing a system to implement an overseas information security policy</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to implement measures such as audits to ensure full compliance with the Anti-Monopoly Act by divisions doing business with the public sector</li> <li>Establishing measures to ensure full legal compliance by divisions doing business with the private sector and by distributors (e.g. to prevent fraudulent trading)</li> <li>Establishing measures to ensure full compliance with overseas competition laws</li> <li>Implementing on-the-spot investigations in overseas affiliates and providing guidance</li> <li>Providing KUBOTA and domestic affiliates with individually-tailored education and guidance</li> <li>Strengthening the risk management ability of the Group companies in order to protect intellectual properties</li> <li>Strengthening the overseas information security systems</li> </ul>	P35	○	<ul style="list-style-type: none"> <li>Providing necessary information in a timely manner to better cope with the harsh business environment</li> <li>Promoting IR activities focusing on the vision of the new president and on management policy</li> <li>Organizing accessible, friendly shareholders' meetings</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the number of loyal shareholders by offering necessary information in a timely manner</li> </ul>
			<ul style="list-style-type: none"> <li>Offering disaster recovery assistance in response to the Wenchuan Earthquake in Sichuan</li> </ul>	P35			
Fulfilling Responsibilities for Improving Management Transparency and Accountability	IR activities and the provision of corporate information	<ul style="list-style-type: none"> <li>Implementation of appropriate information disclosure</li> <li>Expansion of communications with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Activities for shareholders and investors</li> <li>Holding open general shareholders meetings</li> <li>Implementing a stakeholder dialogue</li> <li>Information disclosure on KUBOTA's response to asbestos issues</li> </ul>	P9	○	<ul style="list-style-type: none"> <li>Developing a corporate communication system</li> </ul>	<ul style="list-style-type: none"> <li>Identifying problems by means of stakeholder dialogue</li> </ul>
			<ul style="list-style-type: none"> <li>The related articles appear on Environmental Report</li> </ul>	P24			
Preserving the Natural Environment	Promotion of environmental conservation activities	<ul style="list-style-type: none"> <li>The related articles appear on Environmental Report</li> </ul>			—	<ul style="list-style-type: none"> <li>The related articles appear on Environmental Report</li> </ul>	

○ Exceeded target ○ Reached target △ Portion of target not reached × Target not reached

# Charter for Action 1. Winning Customer Satisfaction

The KUBOTA Group seeks to win customer satisfaction and confidence by working to ensure product safety and offering products, technologies, and services that meet customer needs.



## Communication with customers

### Participation in trade shows

- April 2008: The 23rd INTERMEASURE (Tokyo Big Sight)
- April 2008: SMOPYC (a construction machinery exhibition; Zaragoza, Spain)
- April 2008: China International Environmental Protection Exhibition/China Water Supply, Drainage and Water Treatment Show (Shanghai, China)
- June 2008: American Water Works Association's Conference and Exposition (Atlanta, USA)
- June to October 2008: N-EXPO 2008 (Tokyo Big Sight and two other venues)
- July 2008: Sewage Works Exhibition 2008 in Yokohama (Pacifico Yokohama)
- October 2008: Food Tech 2008 (Intex Osaka)
- October 2008: Water Works Exhibition in Nagoya (Port Messe Nagoya)

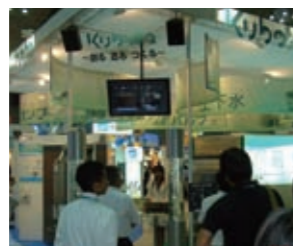
### Product exhibitions

In order to introduce products that are more attractive and more useful, the KUBOTA Group actively holds product exhibitions and works to enhance communication with our customers.

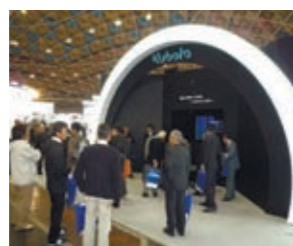
\* For information on the Dealers Meeting held concurrently with an agricultural machinery exhibition in Japan, see p.19.



INTERMEASURE (April 2008 at Tokyo Big Sight)



Sewage Works Exhibition 2008 in Yokohama (July 2008 at Pacifico Yokohama)



Water Works Exhibition in Nagoya (October 2008 at Port Messe Nagoya)

### Sales and service contests

At KUBOTA and KUBOTA Farm & Industrial Machinery Service LTD., a group company, we hold our "National Sales and Service Skills Contest" to improve our sales and service skills in order to give greater satisfaction to our customers. Through this event, we aim to improve our sales and service skills to achieve greater customer satisfaction and confidence.



## Improvements to KUBOTA brand's value and the strengthening of product safety

### Enhancing the quality assurance system and implementing quality audits in all the divisions and in both domestic and overseas group companies

KUBOTA has constructed a unique quality assurance system within our consolidated divisions as well as within each individual division in order to respond to the needs of our customers in different business areas such as piping, agricultural machinery, etc., and we are focused on quality maintenance and product safety. At KUBOTA, all of our employees are committed to fulfilling their duty to assure the best possible quality and offer products with outstanding safety and performance to our customers, whether the products are designed to support their lives behind the scenes and are invisible to the customer, or are used directly by them.

To further improve our quality assurance system, in addition to conventional ISO audits, we have conducted quality audits in our various divisions in both domestic and overseas group companies.

### Stimulating quality improvements through small group activities

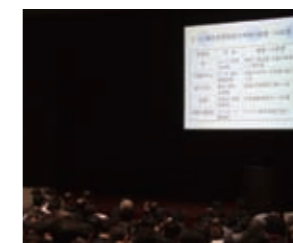
On February 3, 2009, a screening meeting was held at our head office to select prize-winning groups whose performance was outstanding in FY2009 from among the nominees submitted by the relevant divisions, and the results were announced. The AW-B Circle of the Machinery Manufacturing Department of the Sakai Plant (last year's gold prize winner), was commended and awarded a special prize at ITC 2008 held in Yokohama on July 16, 2008.



Conducting a screening to select prize-winning small group activities

### Encouraging environmentally-friendly purchasing practices

At the KUBOTA Group, we are promoting environmentally-friendly purchasing practices in compliance with our Charter for Action that stipulates "The KUBOTA Group ..... conducts its operations with concern for preserving the natural environment." While the Green Procurement Guidelines have been in place at KUBOTA since 2001, a new initiative to reduce substances of environmental concern was launched by the Farm & Industrial Machinery Consolidated Division during FY2009. The aim of this initiative is to develop a plan to reduce the use of six specified substances such as hexavalent chromium and lead in products and offer more environmentally-friendly products in cooperation with our suppliers, thereby fulfilling our social responsibility for environmental preservation. Furthermore, efforts to comply with the REACH regulations (Regulations on the Registration, Evaluation, Authorization and Restrictions of Chemicals) are also under way.



A meeting to invite the cooperation of our suppliers

### Offering support to business partners

The KUBOTA Group works together with our business partners to improve production activities. Specifically, the Production Support Group was established in the Construction Machinery Division in FY2009 to assist our business partners in raising productivity and reducing costs. Our employees act as leaders and help our business partners enhance their corporate strengths by offering them instructions for reviewing the production processes and by holding training sessions.



Providing guidance to improve corporate strength at one of our business partner's offices

Green Procurement Guidelines  
<http://www.kubota.co.jp/eng/main/procure.html>

Status of ISO9001 certification  
<http://www.kubota.co.jp/english/c-data/csr/index.html>

### Product recall information

October 16, 2008  
 Maintenance of Power Crawler tractors  
 Errors in labeling

Labels were applied to the side windows in violation of the safety standards for road transport vehicles. As a corrective measure, all the labels will be removed and applied to the correct position to meet the safety standards.

For more detailed information on product recall, visit our website.

<http://www.kubota.co.jp/kubotainfo/index21.html>

## Voice. Frontline Conducting dealer training to share our customers' perspectives and achieve greater customer satisfaction



**Mamoru Kubo**  
 KUBOTA Farm & Industrial Machinery Service Ltd.

Based in Hokkaido, I am responsible for dealer training, quality assurance, service improvement, and the development of agricultural machinery. Our farm customers purchase KUBOTA products through dealers. Therefore, we place special emphasis on sales training to enhance our dealers' ability to offer ideal solutions to customers and bring them greater benefits, and on technical training to enhance service capabilities to win greater customer confidence in our products. We will continue to enhance the quality of our training with a full awareness of our customers' needs, to convince them that KUBOTA is the right choice.



New product features introduced to sales personnel at a dealer training

Charter for Action  
4.

# Creating a Safe and Vibrant Work Environment

The KUBOTA Group maintains a safe and healthy working environment and works to improve workplace conditions. In addition, the Group respects the diversity and creativity of its employees and promotes a vibrant work environment.

Main focus of activity → Undertakings → Self evaluation → Priority issues for the next fiscal year

Enhancement of the personnel system, education and training

- Promoting diversity management
- Promoting action plans pursuant to the Next Generation Nurturing Support Measures Promotion Law
- Reducing work hours (through the continued involvement of labor and management)
- Training personnel to have global capability
- Enhancing the skills required for manufacturing
- Encouraging the employment of persons with disabilities

- Promoting diversity management
- Establishing an organization tasked with promoting diversity management
- Implementing diversity training
- Promoting interaction among female employees

## Enhancement of the personnel system, education and training

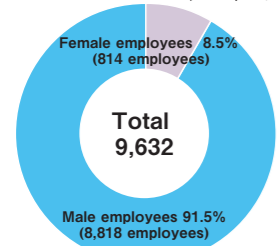
### Diversity management

refers to human resource management that aims to increase corporate competitiveness by taking advantage of the diversity of employees (differences in sex, age, nationality, etc.) and develop a highly creative organization (ultimately enhancing corporate value).

### The Next Generation Nurturing Support Measures Promotion Law

was enacted in 2005 as a temporary measure to cope with the nation's rapidly dwindling birthrate. The goal is to create an environment conducive to giving birth to and bringing up children, the leaders of the next generation. Under this law, business proprietors are required, in accordance with the number of employees, to formulate an action plan to help employees with children attain a balance between work and the rest of their lives and to submit the plan to the Minister of Health, Labor and Welfare.

### Percentage of female employees (as of April 1, 2009)



### KUBOTA's basic policy on human resources: "Fairness & Transparency," "Challenge & Creativity"

"It is always people (employees) that are irreplaceable assets and that form the foundation of a corporate evolution which pursues sustainable economic and social development in line with the needs of the times."

Based on this idea, KUBOTA has enacted and operates a fair and transparent personnel system, and then works to construct an energetic corporate climate that welcomes challenge and values creativity. Our Employee Code of Conduct also clearly prohibits discrimination on the basis of nationality, age, sex and other factors and human rights infringements in employee recruitment.

### Promoting diversity management

At KUBOTA, a fair personnel policy that treats male and female employees equally is in place, in compliance with the Labor Standards Law and the Equal Employment Opportunity Law. Special emphasis is placed on creating a work environment that allows female employees to demonstrate their potential to the fullest, in anticipation of the future decline in the workforce resulting from the falling birthrate and aging population.

An outline of KUBOTA's action plan for childcare assistance formulated under the Next Generation Nurturing Support Measures Promotion Law to be implemented from FY2010

Period	Two years from April 1, 2009 to March 31, 2011
Goals	(1) To extend the period of childcare leave beyond the legal requirement (2) To extend the period of shorter working hours for childcare beyond the legal requirement (3) To implement measures to encourage employees to take annual paid holidays

### Support for employees with children

<b>Paternity leave</b>	Three (3) continuous or individual days within one month, including the day of birth
<b>Childcare leave</b>	In principle, up to the day before the child reaches one year (or one and a half years) of age
<b>Assistance with childcare expenses</b>	Assistance through our FitPlan (the KUBOTA version of a Cafeteria Plan) for costs related to childcare and education for children below junior high school age
<b>Shorter working hours for childcare</b>	Working hours can be shortened in 30-minute increments, to a maximum 2 hours, by either starting work later or ending work earlier, or both, until the child enters elementary school. A one-month program with no limit on the number of times it can be implemented.
<b>Accrued annual paid leave system for childcare</b>	6 days/year of accrued leave (paid) for persons raising a child is allowed when that person must care for the child, until child enters elementary school.

### Promoting action plans pursuant to the Next Generation Nurturing Support Measures Promotion Law

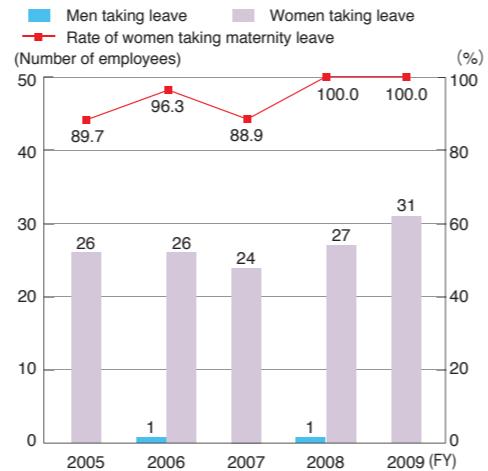
At KUBOTA, we are endeavoring to enhance our work environment and conditions to help employees with children attain a balance between work and the rest of their lives, and to enjoy being at work, as part of our effort to achieve the goals of the Next Generation Nurturing Support Measures Promotion Law to create a social environment conducive to giving birth to and bringing up children, the leaders of the next generation.

We will continue our efforts into FY 2010 by implementing a new action plan formulated under the Law.

Our 2007-2008 action plan was awarded the Kurumin Mark, a certificate granted in recognition of corporate efforts to support employees with children.



### Trends in childcare leave rates



### Reducing work hours (through the continued involvement of labor and management)

From the standpoint of a work-life balance so that employees can balance their work and home lives and have an overall fulfilling lifestyle and for preventing health problems, KUBOTA has introduced flexible working systems, such as a flex-time system and a discretionary working system. We are also promoting the establishment of healthcare leave and the use of paid annual leave, and have labor-management committees regularly checking on the status of those programs.

### Training personnel to have global capability

In line with global business developments, KUBOTA has launched initiatives to train personnel to be able to act globally. These initiatives include trainee programs of various levels to give employees opportunities to work abroad; cross-cultural understanding seminars; and a one-month English study program in the USA for new employees (hired as creative personnel).



Foreign language lessons abroad

### Encouraging the employment of persons with disabilities

We are promoting employment of persons with disabilities through our special subsidiary, KUBOTA Works Co., Ltd. (established in 2002), based on our belief that persons with disabilities are entitled to work as members of our society and companies are obligated to create and offer them places to work. We will continue step-by-step efforts to provide a work environment friendly to employees with disabilities to encourage more persons with disabilities to join the KUBOTA Group.

For more information, visit the website of KUBOTA Works Co., Ltd.

<http://www.kubota-works.com/>

### Enhancing the skills required for manufacturing

We are working to enhance the skills required for manufacturing quality products and to transfer such skills to our employees. Specifically, at KUBOTA, new employees hired as technical personnel participate in a one-year training course to master basic manufacturing skills and the knowledge necessary for their work, while developing a well-rounded personality at the same time. In 2007 and 2009, new training centers were opened, adding to our training capabilities.



Hirakata Technical Training Center



Employees during training

### Rate of employees with disabilities



### Training for persons with disabilities to develop vocational skills through hands-on work experience

KUBOTA Works conducts social and work adjustment training to help persons with disabilities find jobs. During FY2009, a total of 33 persons received hands-on work experience and social adjustment training.



A letter of appreciation was given to KUBOTA Works by the Governor of Osaka and the Mayor of Osaka in recognition of its efforts.



Vocational training (cleaning in a park)

### A special subsidiary system

aims to encourage the employment of persons with disabilities by offering preferential treatment to companies in calculating the rate of employees with disabilities and granting subsidies to those companies that have established subsidiaries that pay special consideration to the employment of persons with disabilities. (Governing law: Law for Employment, Promotion, etc. of the Disabled)

## Voice.

Frontline **Creating a friendly workplace where everyone can enjoy working and be dedicated to his or her tasks**

**Yuko Kubozoe**  
KUBOTA Works Co., Ltd.

I am in charge of accounting, payroll management, and general affairs at the General Affairs Department of KUBOTA Works Co., Ltd. Here, employees with various disabilities are tasked with cleaning, printing and other work depending on the nature and extent of their disabilities. I am committed to fulfilling my duties to ensure that everyone in the workplace can enjoy working and be dedicated to his or her tasks. As a member of the General Affairs Department, I hope I can offer useful advice to help create a comfortable work environment for everyone. I will remain committed to offering behind-the-scenes support to our employees to better serve our customers, most of whom are employees of the KUBOTA Group.

Farm work at KUBOTA Works



## 4. Creating a Safe and Vibrant Work Environment



### Health and safety measures

#### Targets for the 8th Long-Term Occupational Accident Prevention Program (FY2009-2014)

##### Safety management

- (1) Accidents that result in severe disabilities: Zero
- (2) Serious accidents: Zero

##### Health management

- (1) Workplaces at which environmental improvement is urgently required: Zero
- (2) Serious illnesses: Zero

#### Plants and offices that have acquired OHSAS18001 certification

- Tsukuba Plant (acquired in December 2000)
- Keiyo Plant (Funabashi) (acquired in February 2002)
- Keiyo Plant (Ichikawa) (acquired in February 2002)
- Hanshin Plant (Mukogawa) (acquired in November 2003)
- Hanshin Plant (Amagasaki) (acquired in April 2005)
- Hirakata Plant (acquired in May 2007)

\*For other plants or offices, we are constructing an Occupational Health and Safety Management System centered on risk assessment.

#### The Occupational Health and Safety Assessment Series,

known as OHSAS18001, is a new occupational health and safety management system under which employers cooperate with employees in formulating a series of "planning, implementation, evaluation and improvements." They also voluntarily maintain ongoing safety and health management to prevent workplace accidents, promote employee health, and create a comfortable work environment, thereby raising the safety and health standards in the workplace.

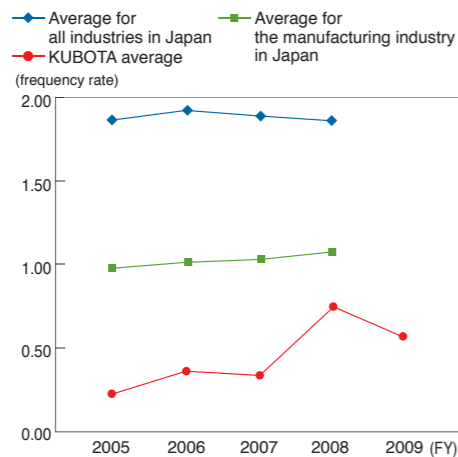
#### The frequency rate

is the number of injuries and deaths from occupational accidents per one million work hours. A frequency rate of 1.0 corresponds to one accident per year in a workplace with 500 employees, which results in at least four days of absence from work.

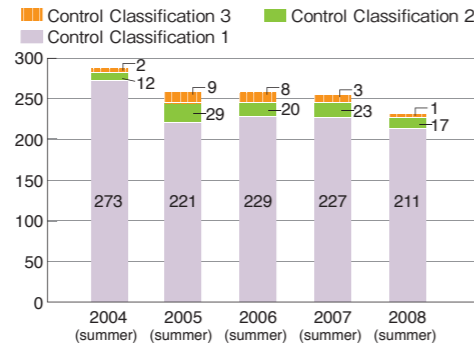
#### The 8th Long-Term Occupational Accident Prevention Program

Health and safety management at KUBOTA is separated into centralized health and safety management and workplace health and safety management (specifically addressing plants and the construction departments in each plant). Based on each five-year Long-Term Occupational Accident Prevention Program, started in FY1974, as well as our annual health and safety indicators, beyond meeting the legal requirements, we have been striving to achieve our goals, working to mitigate hazardous and harmful risks and making systematic improvements toward a more comfortable work environment.

#### Trends in accident frequency at plants resulting in missed days



#### Trends in the number of worksites subject to legally required work environment assessment



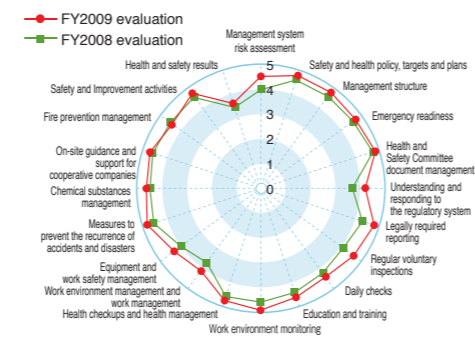
\*The number of worksites displayed in Control Classification 3 is the result obtained in measuring the work environments. Due to later improvements, there were no worksites that fell into Control Classification 3 as of the end of March in 2009.

#### Implementation of health and safety audits

In order to further strengthen health and safety management as well as occupational accident prevention, health and safety audits are being implemented at plants and construction departments, and quantitative comparative assessments are being carried out on the state of health and safety management in each plant and office (see the graph below). By identifying the strengths and weaknesses of each of the plants and offices, we will further enhance our level of safety and health management.

Recently, there has been a growing call to conduct safety and health management on a group-wide basis, involving our overseas production subsidiaries as part of our corporate social responsibility. In response to this, we began expanding our safety and health audits, conducted only at domestic plants and offices in the past, to include our overseas production subsidiaries in FY2007 and the plants and construction departments of domestic affiliates in FY2008.

#### Evaluation of Safety and Health Management at Plants

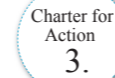


**Scoring**  
 5: Very good  
 4: Good  
 3: Average  
 2: Bad in some respects  
 1: Incapable, unprepared or non-existent

\*The average for KUBOTA's twelve domestic plants

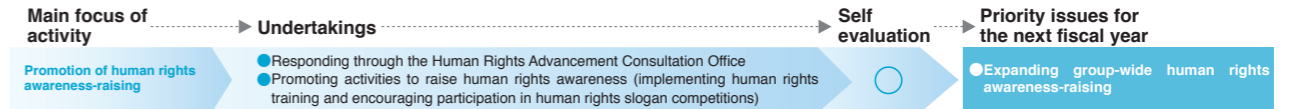
#### Involvement in mental health care

In addition to periodic health checkups and with the objective of maintaining and improving the mental health of our employees, the Simplified Occupational Stress Diagnostic System, accessible from and operable by employee computers, was introduced at all plants and offices. A mental health clinic was also opened and the KUBOTA Health Hotline was started. Counseling is available for mentally unstable employees and their superiors; employees are referred to outside institutions as necessary.



## Respecting Human Rights

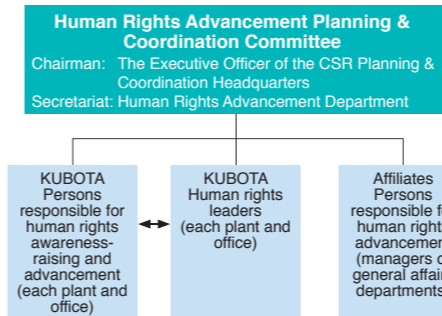
The KUBOTA Group bases its activities on the Universal Declaration of Human Rights, respects human rights and does not violate human rights. Moreover, the Group respects the privacy of individuals and works to protect personal information.



### Promotion of human rights awareness-raising

#### Human rights advancement system

The Human Rights Advancement Planning & Coordination Committee chaired by the Executive Officer of the CSR Planning & Coordination Headquarters promotes human rights advancement for the entire KUBOTA Group. The secretariat is in the Human Rights Advancement Department. Each plant and office also appoints a "human rights leader" to promote human rights advancement in their organization.



#### Responding through Human Rights Advancement Consultation Office

To prevent the generation of and to allow early detection and prompt response to human rights issues in the KUBOTA Group, in addition to our "Human Rights Consultation Corner" portal site, a Human Rights Advancement Consultation Office has been set up in each plant and office as part of our attempt to respond appropriately through systematic activities that include the responsible persons and those in charge of the Consultation Office.

For the prevention of sexual harassment, a "Sexual Harassment Consultation Office" and a task force made up of both labor and management have been established as well, as we implement measures such as consciousness-raising activities in order to create a more comfortable workplace environment.

We have also formulated a policy to strictly control sexual harassment and are working to raise sexual harassment awareness by distributing leaflets to all employees.



#### Promotion of human rights awareness-raising

In line with the Charter for Action that stipulates "The KUBOTA Group bases its activities on the Universal Declaration of Human Rights, respects human rights and does not violate human rights," the KUBOTA Group provides human rights advancement education by position (director, manager or employees) and site.

In FY2009, we invited Professor Yasumasa Hirasawa of the Graduate School of Human Sciences, Osaka University to our Human Rights Training for Directors that targeted 153 people including KUBOTA directors, senior management and presidents of affiliates. The title of Professor Hirasawa's lecture was "Considering the Future of a Human Rights-oriented Society from a Global Viewpoint." We also conduct individual training for each work site in line with the human rights advancement policy of FY2009, such that each employee can join training at least once a year.

In addition, we implement training for persons in charge of consultation at the Sexual Harassment Consultation Office, offer biannual fieldwork opportunities to human rights leaders, produce an internal textbook titled "Human Rights Issues and Us," offer human rights information through our website, invite human rights slogans entries in connection with the Human Rights Week in December and post the selected slogans, and we play an active role in local human rights events such as exhibitions and awareness-raising activities.

Every year, we formulate a risk management policy for human rights advancement through the KUBOTA Group's internal control system and use the PDCA cycle to promote the policy and audit and report the outcomes (for more information, see p.15). We also conduct surveys regarding the actual conditions in our overseas affiliates; based on the findings, we offer guidance for improvements and follow-up support as necessary.



Awards ceremony for the winner of the human rights slogan



Human rights training for directors and other executives



Workplace-specific training



Human rights leaders' meeting

#### The Universal Declaration of Human Rights

was proclaimed "a common standard of achievement for all peoples and all nations" to respect and assure human rights and freedom, and was adopted by the 3rd General Assembly of the United Nations on December 10, 1948.

#### The KUBOTA Group Code of Conduct

explicitly stipulates that "We do not discriminate or make violations of human rights, for any reason whatsoever, and do not permit forced labor or child labor." (excerpt)

#### Human rights training (FY2009)

(unit: individuals)

Target	Group training	Outside training	Total (Total participants)
All KUBOTA	13,428	327	13,755
Subsidiaries	6,450	210	6,660
Total	19,878	537	20,415



Charter for Action  
6.

# Achieving Symbiosis with International and Local Societies

The KUBOTA Group respects the culture and customs of all countries and regions, and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

Main focus of activity → Undertakings → Self evaluation → Priority issues for the next fiscal year

Promotion of activities for the coexistence with the local community

- Offering disaster recovery assistance in response to the Iwate/Miyagi Inland Earthquake
- Contributions to the local community through rugby
- Promotion of interactions with the local community, like clean-up activities, etc.
- Implementing the KUBOTA e-Project (KUBOTA e-Day, KUBOTA Healthy Agriculture Experience Workshop, and Local Brand Agricultural Products and Crops Fresh from the Farms Promotion)

● Promoting activities to serve the needs of local communities

## Promotion of activities for coexistence with the local community



KUBOTA installed movable pumps to pump out water and prevent a secondary disaster.



Urgently needed temporary water pipes were laid to supply water to the area affected by the water outage.



A letter of appreciation was given to KUBOTA by the Ministry of Land, Infrastructure, Transport and Tourism for our contribution to disaster relief activities.

### Responding to the Iwate/Miyagi Inland Earthquake

The Iwate/Miyagi Inland Earthquake that took place in June 2008 caused serious damage to the mountainous areas in the Tohoku Region. In response to requests from various sectors, the KUBOTA Group offered assistance in disaster relief activities in the affected areas in Iwate and Miyagi Prefectures.

In particular, the KUBOTA Corporation and KUBOTA Kikou Co., Ltd. jointly installed movable pumps at a site where a river was dammed by a landslide and promptly drained the water to prevent a secondary disaster. KUBOTA C.I. Co., Ltd., assisted by the Self-Defense Forces, also contributed to prompt rehabilitation by offering technical support to lay polyethylene water pipes to supply water to the areas where water pipes had been damaged.

### The "Volunteer and Walk" local clean-up campaign

On May 24, 2008, employees of Hirakata Plant participated in the "Volunteer and Walk" local clean-up campaign to collect empty cans and other trash left in parks and on streets in Hirakata City while walking to their destinations on foot. The Hirakata Plant was commended by Hirakata City in 2004 for its environmental efforts.



### Activities of the KUBOTA Spears rugby club

The KUBOTA Spears rugby club plays in the Japan Rugby Top League and, as a demonstration of their intent to make a social contribution through rugby, the club is involved in various activities around its home ground in Funabashi City, Chiba Prefecture.

■ Participating in the Autumn National Traffic Safety Campaign [Chuo-ku, Tokyo] (September 25, 2008)



■ Participating in local clean-up activities in Funabashi City, Chiba Prefecture (November 16, 2008)



■ Rugby coaching at the Rugby Festival held in Ichikawa City in Chiba Prefecture (March 15, 2009)



## Highlight

# "E-Day" volunteer program launched with about 7,000 KUBOTA Group employees participating

On Sunday, August 3, 2008, the KUBOTA e-Day Volunteer Program was carried out in 400 locations throughout Japan. It was a very hot day, with the temperature reaching as high as 38.4 degrees centigrade in some regions. Despite the heat, about 7,000 employees of the KUBOTA Group around the country participated in the program from early in the morning and worked up a good sweat. Planned as part of the KUBOTA e-Project which is designed to revitalize agriculture, the KUBOTA e-Day program aims to keep agricultural water clean by conducting nationwide mowing activities and river and park clean-ups.

### - KUBOTA e-Day activities throughout Japan -

Chugoku and Shikoku Region: about 600 participants



The Urayasu waterway clean-up in Okayama Prefecture

Kinki Region: about 1,600 participants



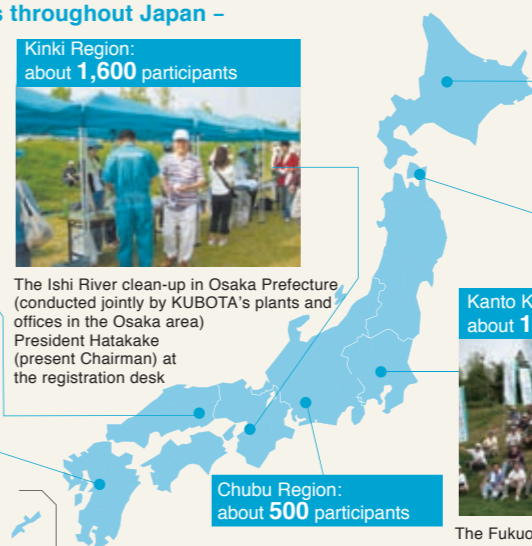
The Ishi River clean-up in Osaka Prefecture (conducted jointly by KUBOTA's plants and offices in the Osaka area) President Hatakake (present Chairman) at the registration desk

Kyushu and Okinawa Region: about 1,200 participants



The Shira River clean-up in Kumamoto Prefecture

Chubu Region: about 500 participants



Hokkaido Region: about 500 participants



Furano clean-up in Hokkaido

Tohoku Region: about 1,400 participants



The Aka River clean-up in Aomori Prefecture (Aomori KUBOTA)

Kanto Koshinetsu Region: about 1,200 participants



The Fukuokaseki-Sakura Park clean-up in Tsukubamirai City (conducted jointly by the Tsukuba Plant, Ryugasaki Plant, and Farm and Machinery Service Tsukuba)

### The "KUBOTA Active Agriculture Experience Workshop" and the "Local Brand Agricultural Products and Crops Fresh from the Farms Promotion" programs were conducted as part of the KUBOTA e-Project.

In response to the call for participation in the "KUBOTA Active Agriculture Experience Workshop" program, planned under the KUBOTA e-Project, elementary school fifth graders in nineteen locations around Japan experienced agricultural work such as rice reaping and enjoyed sampling the harvested crops. The number of participants totaled 1,514. Another program, the "Local Brand Agricultural Products and Crops Fresh from the Farms Promotion" aims to support highly-motivated farmers. Under this program, agricultural products were distributed for free at three stadiums where the KUBOTA Spears Rugby Club games were held; meals cooked with these products were served at KUBOTA employees' canteens on seven occasions.

### Hands-on agricultural experience



Fukuoka Municipal Wakamiya Elementary School (September 10, 2008)



Aomori Municipal Okidate Elementary School (October 17, 2008)

### Promotion of agricultural products



Purple sweet potato chips from Yomitani Village in Okinawa Prefecture were offered as part of a sales promotion at the Chichibunomiya Rugby Stadium in Tokyo where the KUBOTA Spears game was held (September 20, 2008)



Leaflets distributed among employees

### Training teachers through first-hand manufacturing process experience

KUBOTA's Sakai Plant cooperates in the training program for municipal elementary and junior high school teachers in Sakai City, and accepts teachers as trainees every year so that they can experience the manufacturing process first-hand and apply their experience to their classroom teaching. In FY2009, one elementary school teacher participated in three days of training at the Sakai Plant.



## Voice. Frontline Learning the "Spirit of CSR" from Social Contributions



**Nobuhiro Itou**  
Materials R&D Department,  
Steel Casting Division

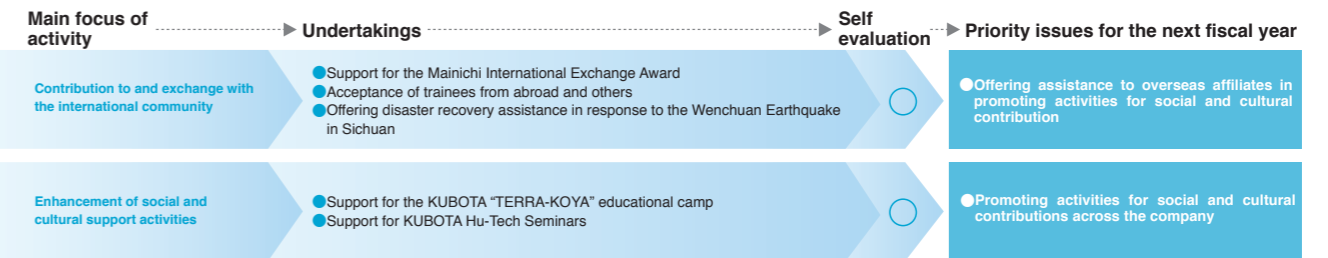
I am responsible for materials analysis and R&D of new products at the Materials R&D Department in the Steel Casting Division. At the same time, as a member of the Community KUBOTA Club, I am involved in volunteer activities for river clean-up, care home support and other activities. Recently, we formed the Hirakata Clean-Up Team and removed graffiti from walls. This experience taught me that it is my responsibility to apply the lessons learned from these volunteer activities to CSR activities at KUBOTA. I will continue to participate in volunteer activities, and with the volunteer spirit, contribute to our customers and community to achieve a better life.



The Hirakata Clean-Up Team removing the graffiti on the wall



## Achieving Symbiosis with International and Local Societies



### Contribution to and exchange with the international community

#### Assisting in the response to the Wenchuan Earthquake in Sichuan, China

The KUBOTA Group (KUBOTA Corporation and its group companies in Asia, North America and Europe) together contributed approximately 40 million yen to the Japanese Red Cross Society and other relevant organizations to assist in the recovery from the Wenchuan Earthquake that took place in Sichuan, China in May 2008.

#### Assisting in the response to the Australian bush fires

KUBOTA Tractor Australia, a KUBOTA group company, donated A\$20,000 (approximately 1.2 million yen) to the Australian Red Cross Society to assist in the recovery from the bushfires that took place in Victoria State, Australia, in February 2009.

#### Support for the Mainichi International Exchange Award

The Mainichi International Exchange Award honors international exchange, cooperation, and support activities inside and outside Japan for the purpose of supporting international exchange on the grassroots level and promoting international understanding. KUBOTA has been a sponsor since the first award. The 20th (2008) awards were granted to Services for the Health in Asian & African Regions (SHARE), a non-profit organization conducting AIDS education and regional health promotion projects in Thailand, Cambodia and other countries, and to Ms. Mieko Osanai, President of Japan Team of Young Human Power (JHP), dedicated to constructing school buildings and running care facilities for children in Cambodia. In the awards ceremony, the winners delivered commemorative lectures on "Primary Health Care and the Twenty-five Years of an NGO for Health: With the People," and "Living Together," in which they detailed their past activities and discussed future prospects with enthusiasm. Also, in commemoration of the 20th anniversary of the Mainichi International Exchange Award, a symposium on grass-roots international exchanges was held with the participation of four panelists who were award winners or representatives of award winning organizations. (Started in 1989 by the Mainichi Newspapers)



#### Implementation of energy conservation training

The KUBOTA Hirakata Plant accepted about forty Chinese energy conservation officials for a training session to introduce Japanese energy-saving activities. This was the second training session held under contract with the Energy Conservation Center, Japan. It is hoped that the trainees will apply what they have learned about the environmental efforts of Japanese companies to their own energy-saving activities.



Energy conservation training

#### Accepting foreign visitors to KUBOTA's plant

With the development of overseas business, the number of foreign visitors to KUBOTA's plants is rising. During FY2009, we welcomed to our plants people involved in agriculture from China, Thailand and other countries.



Thai visitors at the Sakai Plant

### Enhancement of social and cultural support activities

#### Support for the KUBOTA "TERRA-KOYA" educational camp

KUBOTA lent its support to the KUBOTA TERRA-KOYA 2008 educational camp, an experience-based summer youth camp held in Azumino City, Nagano Prefecture, between the 22nd and 25th of July 2008 by BeGood Café, an NPO working towards a sustainable society. Over four days and three nights, children were taught about the riches of Nature, the importance of agriculture, and consequently the importance of the global environment through programs such as Nature-observation in forests and working in rice fields using the "aigamo" organic farming method.



#### Support for KUBOTA Hu-Tech Seminars

As part of our social contribution to the field of education, we hold the KUBOTA Hu-Tech Seminar for junior high school and high school students interested in science. The seminar consists of a lecture that teaches scientific topics in a way that is easily understood, and hands-on experience at research facilities. The topic of the 41st term (2008) seminar was "Addressing Global Warming: Lake Biwa's Ecosystem at Risk." Participating students listened to the lecture by a specialist and then conducted fieldwork on Lake Biwa. By collecting and observing organisms in the lake, they learned first-hand about the impact of global warming on the lake, and renewed their awareness of the importance of global environmental protection. (This seminar series started in 1985, sponsored by Asahi Shimbun and the Asahi Culture Center.)



### Voice.

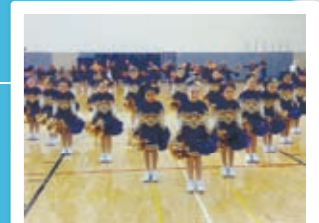


**Sara Lee**  
KUBOTA Engine America Corporation

#### Enjoying volunteer activities to interact with local community children through sports

I serve as a sales assistant at KUBOTA Engine America Corporation (Illinois, USA). I am also a parent volunteer on the board for a local football and cheerleading team for children of pre- and elementary school age called the Round Lake Spartans Football and Cheerleading Organization. It is a non-profit organization which introduces the fundamentals of both sports along with creating a safe and positive experience that is organized and fun. The focus of the instruction is on sportsmanship, team work, and responsibility.

In 2008, two of our teams of three- and four-year olds (Peewees) and five- and six-year olds (Feathers) made it to the State Championship. The Peewees placed third and the Feathers took first place. This organization is managed solely by volunteer parents.

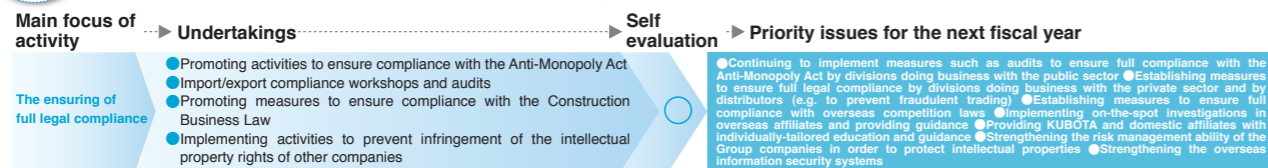


Team members at practice

Charter for Action  
2.

## Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles

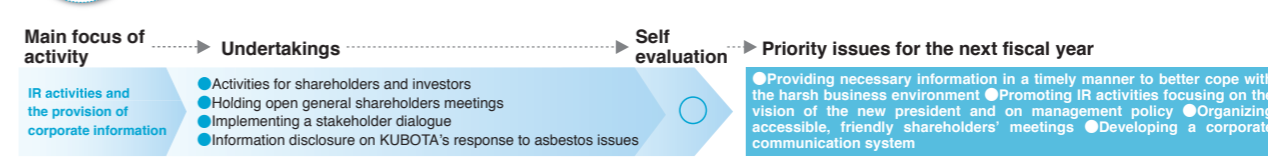
The KUBOTA Group conducts its corporate activities while observing the letter and spirit of legal regulations applicable to its business operations, in accordance with social ethical principles and good conscience.



Charter for Action  
7.

## Fulfilling Responsibilities for Improving Management Transparency and Accountability

The KUBOTA Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities.



### The ensuring of full legal compliance

#### International cartel

refers to a group of companies of different nationalities which agree to work together to avoid competition and make profits by controlling prices and production and restricting sales territories.

#### The Construction Business Law

was enacted in 1949 to ensure the adequate implementation of construction work and to protect the customers by enhancing the quality of the builders, promoting fair construction contracting, and to facilitate the healthy development of the construction industry in order to contribute to public welfare.

#### Announcement of withdrawal of the General Exclusion and Payment Orders by the Japan Fair Trade Commission

On February 18, 2009, the Japan Fair Trade Commission announced that a surcharge reduction/immunity was granted to KUBOTA Corporation and its subsidiary, KUBOTA C.I. Co., Ltd. (which split from the KUBOTA Corporation and was founded in April 2005) in reference to the charge of forming a price cartel for PVC pipes and fittings in violation of the Anti-Monopoly Act. This decision was made in response to the application for a surcharge reduction/immunity we submitted in accordance with the basic compliance policy of the KUBOTA Group and our cooperation with the Commission's investigation. Consequently, the Commission ordered the withdrawal of both the General Exclusion Order and Payment Order on the grounds that the application for the surcharge reduction/immunity was submitted prior to the on-site investigation, that a compliance system was firmly in place at KUBOTA, and that KUBOTA Corporation had not dealt in the products in question and therefore had not been involved in the illegal trading since April 2005 when KUBOTA C.I. was split off. We will continue our group-wide efforts to prevent such incidents and to ensure full compliance with laws and regulations.

#### Promoting activities to ensure compliance with the Anti-Monopoly Act

In FY2009, we took the following measures, focusing on a policy to implement a mechanism, completed in the past year, to prevent violation of the Anti-Monopoly Act, and to incorporate a compliance-oriented attitude and work environment in our corporate activities.

##### 1 Divisions doing business with the public sector

As part of the measures to prevent the formation of a cartel, we conducted internal audits on three levels—the division level, consolidated division level, and companywide levels—to ensure that bidding for governmental contracts was conducted through proper procedures, and that no unnecessary contacts with competitors were attempted. At the same time, we offered consultations prior to bidding and held training sessions on the Anti-Monopoly Act. By so doing, we constructed and implemented a mechanism to ensure fair and proper corporate activities based on education and awareness-raising sessions, prior consultations and audits.

##### 2 Divisions doing business with the private sector

We made certain that the Working Group on Price Revisions, established in the past year, would function fully to ensure that all possible measures would be taken to prevent the formation of a price cartel. We also convened an Anti-Monopoly Act Compliance Committee meeting at each consolidated division to ensure full compliance with the Anti-Monopoly Act and better cope with emerging risks such as possible increase of unfair transactions and the formation of international cartels, while paying close attention to the proposed amendments to the Act.

##### 3 Divisions involved in materials procurement

We conducted audits at each business site and division involved in procurement for early detection and prevention of violations of the Subcontracting Law.

##### 4 Prevention of international cartel formation

We held training on overseas competition laws for our board members and executives (Directors' Forum), inviting an external expert in this field as a lecturer. The compliance departments of the consolidated divisions and the Legal Department also conducted hearings to determine the facts on corporate activities in some overseas business sites and we held training sessions on overseas competition laws and corruption cases.

#### Import/export compliance workshops and audits

In FY2009, we placed our domestic affiliates under import/export control by the KUBOTA Group, and conducted a workshop and an audit for them. We also surveyed our overseas affiliates by questionnaire to evaluate their current control level. Company-wide workshops were held once in Tokyo and twice in Osaka in February that dealt with the basis of import/export control, amendments to relevant laws and necessary in-house procedures. The workshop was also held for the domestic affiliates in Osaka. In total, approximately 460 employees participated in the workshop.



#### Promoting measures to ensure compliance with the Construction Business Law

We have conducted audits in compliance with the Construction Business Law since FY2008 for each division of KUBOTA Corporation and since FY2009 for domestic group companies. We will continue our efforts into FY2010 to establish and enhance the KUBOTA Group's legal compliance system through auditing and training.

#### Implementing activities to prevent infringement of the intellectual property rights of other companies

At the KUBOTA Group, intellectual property management divisions and R&D divisions work in close collaboration to ensure that all KUBOTA employees will respect intellectual property rights held by other companies and will never infringe such rights. These divisions are also conducting in-depth investigations of domestic and overseas markets and of global companies.

### IR activities and the provision of corporate information

#### Activities for all shareholders and investors

KUBOTA is actively communicating with its shareholders and investors through constructive IR activities, while conducting fair and prompt disclosure. We work hard to form a broad shareholder base through activities such as biannual briefings to explain the consolidated financial results and other matters, meetings with investors and securities analysts, and plant tours. As a listed company on the New York Stock Exchange, KUBOTA prepares consolidated financial statements according to the generally accepted accounting principles in the U.S. In our disclosure of IR information, we post securities reports, quarterly reports, earning releases, Form 20-F (an annual report submitted to the SEC in the U.S.), annual reports (in English) and other financial reports on our website for easy access by investors. In addition to this, our web pages also make available other information such as presentation materials, fact books (databooks on various financial indicators, etc.), and information on corporate bonds. We continually update our website functions so that our shareholders and investors will find our site increasingly easy to use.



For more detailed information, access the following website

<http://www.kubota.co.jp/ir/english/>



"KUBOTA Tsushin" (our newsletter)

#### Holding open general shareholders meetings

Since 2001, we have refrained from scheduling our general shareholders meeting on what is known as "Concentrated Day," the day on which the shareholders meetings of most Japanese companies are held, to ensure that our meeting is open and accessible to as many shareholders as possible. In 2008, we held our general shareholders meeting on Friday, June 20, one week before Concentrated Day, and had a record high participation of 524 shareholders.

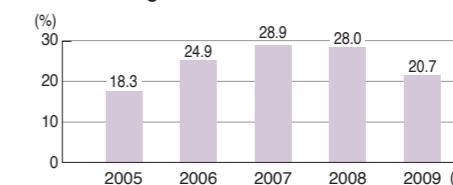
In the meeting, corporate information was offered to shareholders in an easily understandable format: graphs and product photographs were displayed on three large screens, accompanied by professional narration.

We exhibited our products at the entrance of the meeting site and distributed the CSR Report and a booklet about our corporate activities titled "GLOBAL INDEX" to all the participating shareholders to facilitate an understanding of KUBOTA.



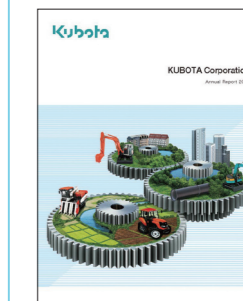
Entrance to the shareholders meeting site (upper photo) and the presentation during the meeting (lower photo)

#### Ratio of foreign shareholders



#### The Annual Report

is produced every year for investors and other stakeholders to provide information on corporate performance and financial conditions for the relevant fiscal year.



Annual Report



"GLOBAL INDEX"

For more detailed information, access the following website (Japanese only)

<http://giweb.kubota.co.jp/>

# Environmental Report

The KUBOTA Group has made global environmental conservation a high priority goal of its CSR management, and is bolstering the standards of its corporate activities group-wide to ensure that greater consideration is given to the global environment in all aspects.

## Basic Policy

### KUBOTA Group Environment Charter

The KUBOTA Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.

### KUBOTA Group Environmental Action Guidelines

- 1 The KUBOTA Group takes initiatives for the protection of the natural environment in all its activities.**
  - (1) By setting specific goals on its own initiative while remaining in compliance with all laws and regulations
  - (2) By promoting initiatives at all levels of its operations, from product development to production, sales, distribution, and services
  - (3) By taking a proactive stance toward securing the understanding of the importance of protecting the environment among its suppliers and actively obtaining their cooperation
- 2 The KUBOTA Group works to protect the environment and create a symbiotic relationship with the community.**
  - (1) By participating in community beautification and environmental enlightenment activities in its role as a good corporate citizen
  - (2) By engaging in business activities that take full account of environment protection in the community, including pollution prevention
- 3 The KUBOTA Group undertakes systematic initiatives to protect the environment.**
  - (1) By conducting environmental impact assessments, working to reduce environmental risk, and preventing environmental pollution
  - (2) By working to solve environmental issues, including prevention of global warming, creation of a recycling society, and reduction of the release of harmful substances
- 4 The KUBOTA Group implements a thorough program of environmental management.**
  - (1) By introducing environmental management systems and promoting initiatives in everyday operations
  - (2) By proactively monitoring whether the "Plan, Do, Check, Action (PDCA)" cycle is functioning in environmental management activities
  - (3) By promoting enlightenment and educational activities related to the environment and working to heighten awareness of the environment
- 5 The KUBOTA Group is proactive in communicating its environmental perspective.**
  - (1) By issuing timely and easily understandable environmental information
  - (2) By gathering environmental information from a broad range of stakeholders and reviewing as well as upgrading its environmental protection activities

### Basic direction of corporate environmental management

The KUBOTA Group has established "Stop Global Warming," "Work Towards a Recycling-Based Society," and "Control Chemical Substances" as three items that form the basic direction of our "corporate environmental management for harmonizing the environment with economics and building a sustainable society." We are also focusing on the enhancement of the "Environmental Management System" and on "Environmental Communication" as the foundation.



## Medium-Term Environmental Conservation Plan

The KUBOTA Group adopted and has been promoting the Medium-Term Environmental Conservation Plan in order to materialize the basic policy of our corporate environmental management.

### Targets and results in FY2009

Issues	Actions	Management Indicators	Base FY	Targets		Results	Self-evaluation*
				FY2009	FY2011		
1. Stopping global warming	Reduce CO <sub>2</sub>	CO <sub>2</sub> emission per unit of sales	2008	-1%	+12.0%	×	
			2005	-10.9%	+0.8%	×	
	Volume of CO <sub>2</sub> emissions	1991 (KUBOTA production plants)	-26.3%	-15.8%	×		
		2005	FY2005 level or less	+12.3%	×		
Reduce CO <sub>2</sub> during distribution	CO <sub>2</sub> emissions per unit of sales	1991 (KUBOTA production plants)	FY1991 level or less	-23.7%	◎		
		2008	-1%	-1.9%	◎		
2. Increasing environmentally-friendly products and services	Enhance provision of environmentally-friendly products	Ratio of models with reduced RoHS-designated substances	2007	-5.0%	-5.8%	○	
			—	25%	24.1%	×	
	Reduce waste	Waste discharge per unit of sales	2008	-2%	+5.5%	×	
			2005	-14.5%	-8.0%	×	
Zero emissions (Landfill ratio)	Total amount used	2008	-2%	+1.2%	×		
		2005	-0.8%	+2.4%	×		
3. Working towards a recycling-based society	Conserve water resources	Ratio of purchase amount	—	96%	91.7%	×	
			2008	-1%	-6.0%	◎	
	Implement green purchasing	Ratio of purchase amount	2005	-6.4%	-11.1%	◎	
			—	96%	91.7%	×	
4. Reducing hazardous chemical substances	Reduce PRTR-designated substances	Release and transfer per unit of sales	2008	-2%	+2.2%	×	
			2005	-31.6%	-28.6%	×	
	Amount released and transferred	2008	-2%	-2.0%	○		
		2005	-20.5%	-20.5%	○		
5. Expanding the environmental management system	Construct an environmental management system	Construction of environmental management system in group companies	—	1 site	1 site	○	

\*Self-evaluation standards ◎: Exceeded target ○: Reached target ×: Target not achieved

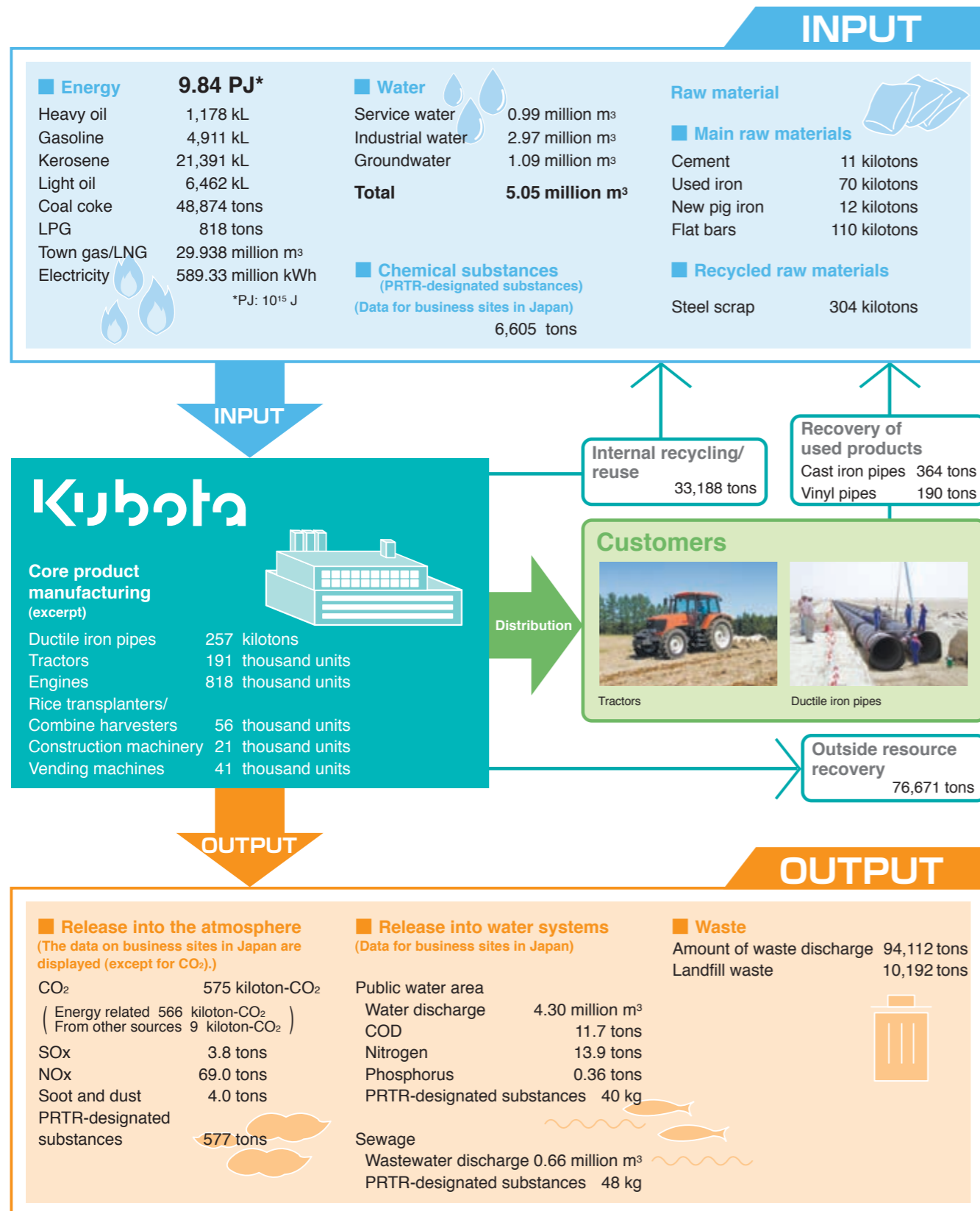
### The New Medium-Term Environmental Conservation Plan

We have revised the actions and targets of the Medium-Term Environmental Conservation Plan based on the results achieved through FY2009.

Issues	Actions	Management Indicators	Base FY	Targets			
				FY2010	FY2011	FY2012	FY2013
1. Stopping global warming	Reduce CO <sub>2</sub>	CO <sub>2</sub> emissions per unit of sales	2009	-1%	-4%	-7%	-10%
			(2005)	(-0.2%)	(-3.2%)	(-6.2%)	(-9.3%)
	Volume of CO <sub>2</sub> emissions	1991 (KUBOTA production plants)	(-16.7%)	(-19.2%)	(-21.7%)	(-24.2%)	
		2009	-1%	-4%	-7%	-10%	
	Reduce CO <sub>2</sub> during distribution	CO <sub>2</sub> emissions per unit of sales	(2005)	(+11.1%)	(+7.8%)	(+4.4%)	(+1.0%)
			1991 (KUBOTA production plants)	(-24.4%)	(-26.7%)	(-29.0%)	(-31.3%)
2. Working towards a recycling-based society	Reduce waste	Waste discharge per unit of sales	2009	-1%	-2%	-3%	-4%
			(2005)	(-9.9%)	(-11.7%)	(-13.5%)	(-15.4%)
	Conserve water resources	Water consumption per unit of sales	—	40%	50%	60%	70%
			2009	-1%	-2%	-3%	-4%
3. Controlling chemical substances	Reduce PRTR-designated substances	Release and transfer per unit of sales	(2005)	(-21.0%)	(-21.8%)	(-22.6%)	(-23.4%)
			2009	-2%	-4%	-6%	-8%
	Reduce the chemical substances in products	Ratio of models with reduced RoHS-designated substances	(2005)	(-30.1%)	(-31.5%)	(-32.9%)	(-34.4%)
			—	25%	30%	35%	40%

# KUBOTA Group Business Activities and Environmental Loads

The numerical data and an overview of the environmental load resulting from the KUBOTA Group's corporate activities both in Japan and abroad are shown below. We remain committed to reducing the environmental load and improving our eco-efficiency by collecting and analyzing accurate data on the environmental load.

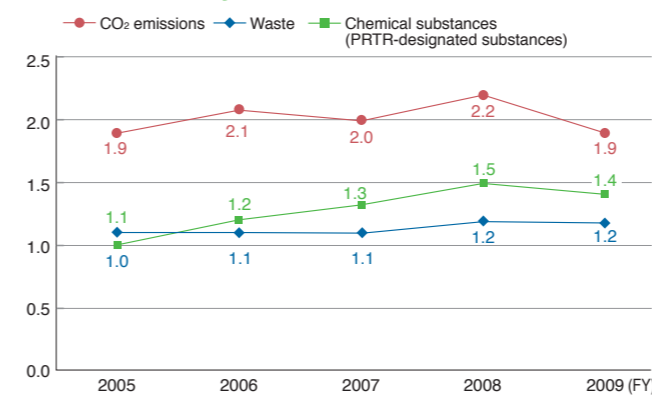


## Trends in major environmental indicators

Environmental indicators	Units	Year						
		FY2005	FY2006	FY2007	FY2008	FY2009		
<b>INPUT</b>								
Total energy input*1	PJ	9.64	9.58	9.78	9.62	9.84		
Water resource input*1	million m <sup>3</sup>	5.68	5.67	5.34	5.37	5.05		
Amount of PRTR-designated substances handled*2	tons	7,740	7,762	8,533	8,751	6,605		
<b>OUTPUT</b>								
Release into the atmosphere	CO <sub>2</sub> emissions*1	kiloton-CO <sub>2</sub>	513	515	552	536	575	
	SOx emissions*4	tons	24.2	49.7	29.3	8.6	3.8	
	NOx emissions*4	tons	75.5	222.3	133.9	80.6	69.0	
	Soot and dust emissions*4	tons	15.3	10.7	7.1	3.7	4.0	
	Amount of PRTR-designated substances released*2	tons	791	660	631	580	577	
	Release into water systems	Wastewater discharge*3	million m <sup>3</sup>	4.47	4.09	4.52	4.56	4.30
		COD discharge*5	tons	13.9	11.8	15.8	15.5	11.7
		Nitrogen discharge*5	tons	8.8	9.5	11.0	14.3	13.9
		Phosphorus discharge*5	tons	0.24	0.27	0.32	0.45	0.36
		Amount of PRTR-designated substances released*3	kg	35	41	151	170	40
	Waste	Wastewater discharge*3	million m <sup>3</sup>	0.71	0.90	0.85	0.73	0.66
		Amount of PRTR-designated substances released*3	kg	8.5	14	56	115	48
Amount of waste discharge*2		kilotons	92	94	98	93	94	
Landfill waste*2	kilotons	2.8	2.0	6.0	7.0	10.2		

\*1: Includes data on overseas business sites.  
 \*2: Includes data on overseas business sites during and after FY2007.  
 \*3: Data on business sites in Japan only.  
 \*4: Total emissions from soot- and smoke-emitting facilities in Japan stipulated by the Air Pollution Control Law.  
 \*5: Total emissions from business sites placed under total emission control in Japan.

## Eco-efficiency indicator



\*Eco-efficiency indicator for CO<sub>2</sub>=Consolidated net sales (million yen)/CO<sub>2</sub> emissions (t-CO<sub>2</sub>) (KUBOTA Group)  
 \*Eco-efficiency indicator for waste=Consolidated net sales (million yen)/Waste discharge (100 kg)  
 (FY2005-FY2006: KUBOTA Group in Japan; during and after FY2007: Entire KUBOTA Group)  
 \*Eco-efficiency indicator for chemical substances =Consolidated net sales (million yen)/PRTR-designated substance release and transfer(kg) (KUBOTA Group in Japan)

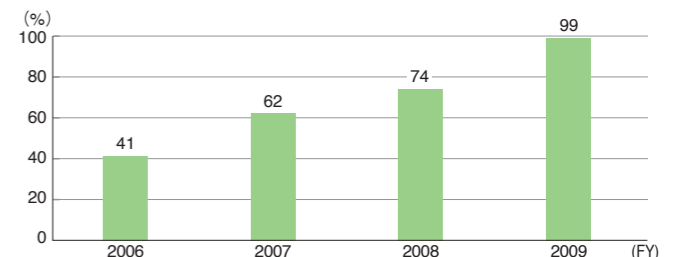
The eco-efficiency (which takes the amount of the CO<sub>2</sub> emissions, the amount of the waste discharge, and the amount of the PRTR-designated substance release and transfer as environmental burdens) fell below the previous year's level due to sales decline.

## Increasing the coverage of corporate environmental management

We are extending the coverage of our corporate environmental management to all our consolidated subsidiaries by stages.

For more details on "Trends in major environmental indicators" and "Data on Production Plants," visit our website at: <http://www.kubota.co.jp/english/c-data/csr/2009.html>

## Ratio of the group companies covered by corporate environmental management



# Environmental Management

At the KUBOTA Group, we are working to enhance our environmental management system to promote environmentally-friendly corporate management. We are also working to enhance the standards of our environmental activities by checking our compliance with the rules for environmental preservation activities and by providing educational programs to increase environmental awareness among our employees.

## Promoting environmental management

### Environmental management promotion system

To respond to global and regional environmental issues, the Environmental Protection Department, which promotes environmental measures and environmental audits, etc., under the director in charge, has been established at KUBOTA Head Office, while Environmental Management Sections have been organized in plants and offices and group companies.

### Compliance with environmental laws

To ensure full compliance with the applicable laws, the KUBOTA Group has set internal targets for gas emissions, effluent discharge, vibration and noise for each business site at higher levels than is legally required. Should we fail to achieve any of our internal targets, we will conduct an investigation to determine the cause and take corrective measures, even if the legal requirements are met. Regrettably, there were three cases of failure to meet the legal requirements for effluent discharge and two complaints about noise during FY2009. We took the prompt action necessary to correct these deviations and we are implementing improvement measures to prevent their recurrence.

### Environmental education

If we are to promote environmentally-friendly corporate activities, we have to increase environmental awareness among all of our KUBOTA Group members. The first step in addressing environmental problems is to become aware of the problems. At KUBOTA, we implement regular position-specific educational programs so that our employees can learn about environmental problems. Systematic and specialized education is also being carried out in order to make a satisfactory response to environmental issues. We are aiming at improving our abilities and at an increase in qualified personnel. All of this is tied to the assured practice of environmental conservation. In addition, we participate in environmental education programs offered by external groups and, during June of each year which is Environmental Month, we organize tours of companies with advanced environmental policies. We will continue our efforts to enhance our environmental education qualitatively and quantitatively into FY2010.



Tour of a company with an advanced environmental policy



An audit being conducted in a production site



### Environmental auditing

The Environmental Protection Department executes environmental audits of the KUBOTA Group's environmental conservation activities based on our company-wide risk management policy.

To ensure that environmental risks are properly managed to prevent environmental accidents and violation of the environmental laws, we conducted audits on compliance with the applicable laws and internal regulations focusing on:

- (1) Operation and maintenance of facilities and equipment that can affect water or air quality or that produce noise
- (2) The storage and disposal of waste by contracted third parties
- (3) The storage and handling of chemical substances

### Business sites covered by the audits

Audit categories	KUBOTA Corp.	Group companies
Production sites	All plants (14 locations)	All plants (10 companies): 13 locations
Non-production sites	13 locations	13 companies: 21 locations
Construction and sale & service divisions (target item: waste)	All divisions (7 divisions: 11 bases)	7 companies: 16 bases
Overseas production sites		8 companies: 8 locations

### The subjects of audits conducted at production sites

Subjects of audits	Number of items
(1) General affairs (compliance with laws, green purchasing, green procurement, etc.)	12 (2)
(2) Water quality (maintenance and management of relevant facilities, measurement and control of water quality, submission of notification, etc.)	13 (4)
(3) Air quality (maintenance and management of relevant facilities, measurement and control of air quality, submission of notification, etc.)	13 (4)
(4) Noise (maintenance and management of relevant facilities, measurement and control of noise, submission of notification, etc.)	13 (2)
(5) Waste (sorted collection, storage, disposal, maintenance and management of relevant facilities, etc.)	22 (6)
(6) Global warming prevention (energy conservation, greenhouse gas reduction, etc.)	10 (4)
(7) Chemical substances (MSDS management, chemical substance surveys, compliance with PRTR, etc.)	7 (3)
(8) Emergency response (preparation for emergency response to water and air quality problems, emergency contact system, etc.)	9 (2)
<b>Total</b>	<b>99 (27)</b>

\*The number inside parentheses ( ) indicates the number of items related to the law.

### Environmental accounting (Data for business sites in Japan)

Environmental accounting is employed in order to reflect back into our business activities as much as possible the quantitative comprehension and analysis of the costs of environmental conservation and the effects that are obtained from those activities, and to promote a wider understanding of KUBOTA's participation in environmental conservation activities by disclosing information to internal and external stakeholders.

### Environmental conservation costs

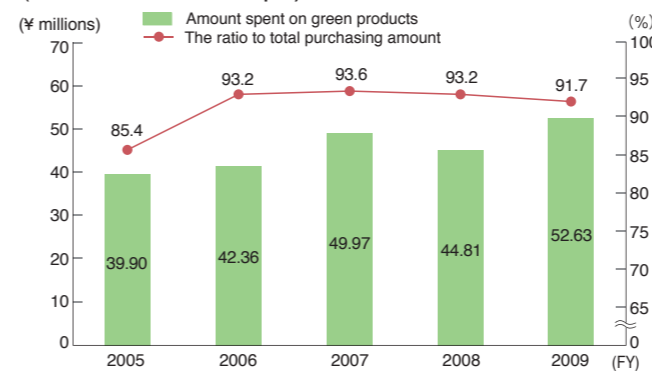
Investment in environmental conservation amounted to 1,101 million yen, a decrease of 431 million yen from the previous year. Environmental Expenses increased by 1,154 million yen from the previous year to reach 9,141 million yen. Research and development cost totaled 5,646 million yen, which accounts for about 62% of all the expenditures for the year.

Classifications	Main activities	FY2008		FY2009	
		Investment	Expenses	Investment	Expenses
Within the business area		879	1,590	557	1,997
Local environmental conservation	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	358	462	370	591
Global environmental conservation	Prevention of global warming etc.	485	155	166	280
Resource recycling	Minimizing waste production, reducing quantity of waste, and recycling	36	973	22	1,126
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	31	0	28
Management activities	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	0	1,254	0	1,252
R&D	R&D for reducing of product environmental load and developing environment conservation equipment	597	4,863	544	5,646
Social activities	Local cleanup activities and membership fees and contributions to environmental groups, etc.	56	36	0	7
Environmental remediation	Contributions and assessments, etc.	0	212	0	212
<b>Total</b>		<b>1,532</b>	<b>7,987</b>	<b>1,101</b>	<b>9,141</b>
Total capital investment (including land) for the corresponding period (consolidated data)				33,300	
Total R&D costs for the corresponding period				26,290	

### Green purchasing

The KUBOTA Group is promoting the purchase of "green" office supplies (paper, stationery, etc.). The ratio of the amount spent on green products in relation to the total purchasing amount was 91.7%, down by 1.5 points from the previous fiscal year, falling short of the target of 96%.

### Amount spent on green products and the ratio to total purchasing amount (Data for business sites in Japan)



For more details on "Environmental Accounting" and "ISO14001 Certification," visit our website at: <http://www.kubota.co.jp/english/c-data/csr/2009.html>

### Environmental conservation effects

Air pollutant (SOx) emissions decreased due to the reduced operating hours of the diesel generators at some of our business sites. However, waste disposal at landfill sites increased due to a decline in the number of steel slag recycling companies and a temporary increase in waste resulting from the discontinuance of FW pipe manufacturing.

Effects	Items	FY2008	FY2009	Increase/Decrease	Ratio to the previous FY (%)
Environmental effect related to resources input into business activities	Energy consumption [units of heat, in petajoule (PJ)]	8.36	8.60	0.24	103
	Water consumption (million m <sup>3</sup> )	4.90	4.61	-0.29	94
Environmental effect related to waste or environmental impact originating from business activities	CO <sub>2</sub> emissions (kiloton-CO <sub>2</sub> )	455	493	38	108
	SOx emissions (tons)	8.6	3.8	-4.8	44
	NOx emissions (tons)	80.6	69.0	-11.6	86
	Soot and dust emissions (tons)	3.7	4.0	0.3	108
	Releases and transfers of PRTR-designated substances (tons)	787	771	-16	98
	Waste discharge (kilotons)	86	90	4	105
	Waste to landfills (kilotons)	3.3	8.2	4.9	248

### Economic effects

Our environmental conservation activities resulted in economic effects worth 1,620 million yen.

Classifications	Details	Annual effects (¥ millions)
Energy conservation measures	Efficient operation of compressors and the introduction of highly effective equipment at the time of installing and updating equipment, etc.	234
	Improvements in load efficiency and a reduction of transportation distances in physical distribution	34
Zero-emissions measures	Reducing the quantity of, and resource recycling of industrial waste	61
	Sales of valuable resources	1,295
<b>Total</b>		<b>1,624</b>

### Green procurement

The KUBOTA Group is committed to the procurement of products with a reduced environmental impact from suppliers that engage in environmental activities, as part of our commitment to providing society with products that are friendly to global and local environments. Specifically, we formulated the "KUBOTA Group Green Procurement Guidelines" detailing our green procurement policy, and seek understanding and cooperation from our suppliers.



For details about the "KUBOTA Group Green Procurement Guidelines," visit our website at: <http://www.kubota.co.jp/eng/main/procure.html>

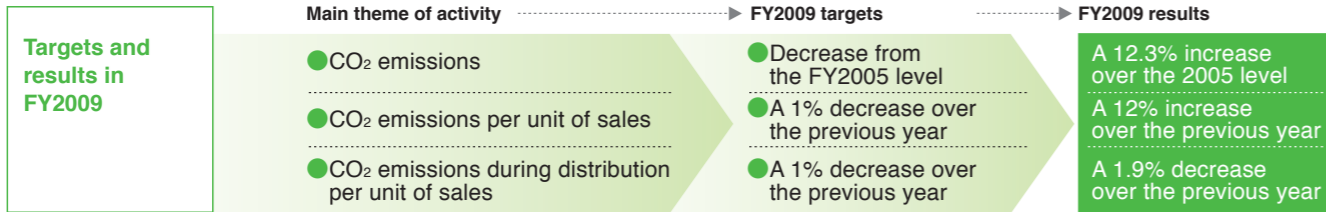
### ISO14001 certification

All of the KUBOTA Group's production sites in Japan were awarded ISO certification by the end of FY2007. Currently, efforts to obtain ISO certification are underway at our overseas production sites.

# Stopping Global Warming

As a manufacturer, the KUBOTA Group has placed special emphasis on its production process in implementing measures to prevent global warming. To add momentum to our group-wide activities to reduce CO<sub>2</sub> emissions from FY2010, we have set new medium-term goals and are concentrating our efforts on their achievement.

## Reducing CO<sub>2</sub> emissions

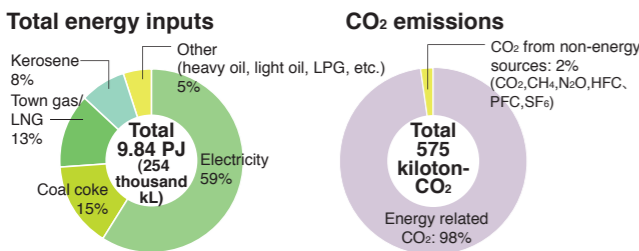


### Total energy inputs and CO<sub>2</sub> emissions

The total CO<sub>2</sub> emissions amounted to 575 kiloton-CO<sub>2</sub>, up by 12.3% over the FY2005 level (up by 7.4% over the previous year), while CO<sub>2</sub> emissions per unit of sales increased by 12% over the previous year. In both cases, we failed to reach our targets.

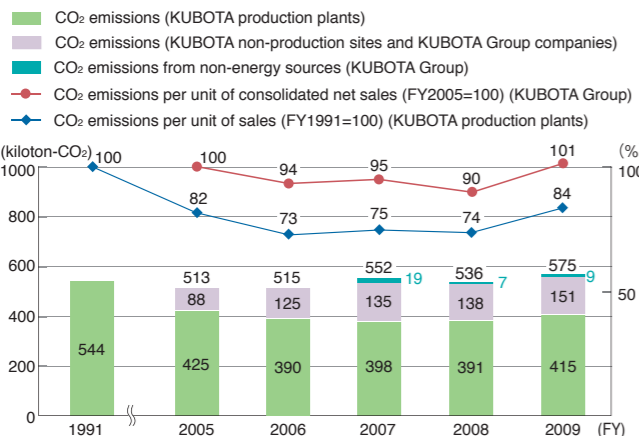
The failure to meet these targets is partly attributable to the inclusion of an increased number of business sites (the KUBOTA Group companies' non-production sites) in calculating the amount of CO<sub>2</sub> emissions, and also due to the increase in the CO<sub>2</sub> emission factors of the electric power companies.

As a means of energy-conservation, we have replaced compressors, transformers, and lighting equipment with higher-efficiency models, and introduced inverter-based facilities in FY2009.



(Unit of heat PJ=10<sup>15</sup> J)  
\*In addition to the above, we also consumed electricity generated in-house by cogeneration (1,850 MWh) and solar power (40 MWh).

### Trends in CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per unit of sales



Note 1: Since FY2005, non-production sites and group companies have been added to calculations. The number of applicable business sites is being gradually increased.  
Note 2: CO<sub>2</sub> emissions per unit of sales=CO<sub>2</sub> emissions/sales

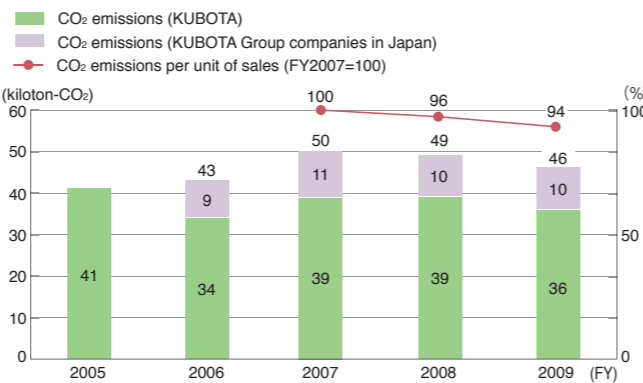
### CO<sub>2</sub> emissions during distribution (amount of freight shipped and CO<sub>2</sub> emissions)

390 million ton-km of freight were shipped in Japan in FY2009 and the amount of CO<sub>2</sub> emissions resulting from those shipments was 46 kiloton-CO<sub>2</sub>, thus reducing the CO<sub>2</sub> emissions during distribution per unit of sales by 1.9% over the previous year.

### Trends in freight shipping



### Trends in total CO<sub>2</sub> emissions during distribution and CO<sub>2</sub> emissions per unit of sales



Note 1: Since FY2006, group companies have been added to calculations.  
Note 2: CO<sub>2</sub> emissions per unit of sales=CO<sub>2</sub> emissions/consolidated net sales  
Note 3: The values of FY2007 and 2008 have been recalculated following changes to the calculation method.

For more detailed information on "Conversion Coefficient," access the following website:  
<http://www.kubota.co.jp/english/c-data/csr/2009.html>

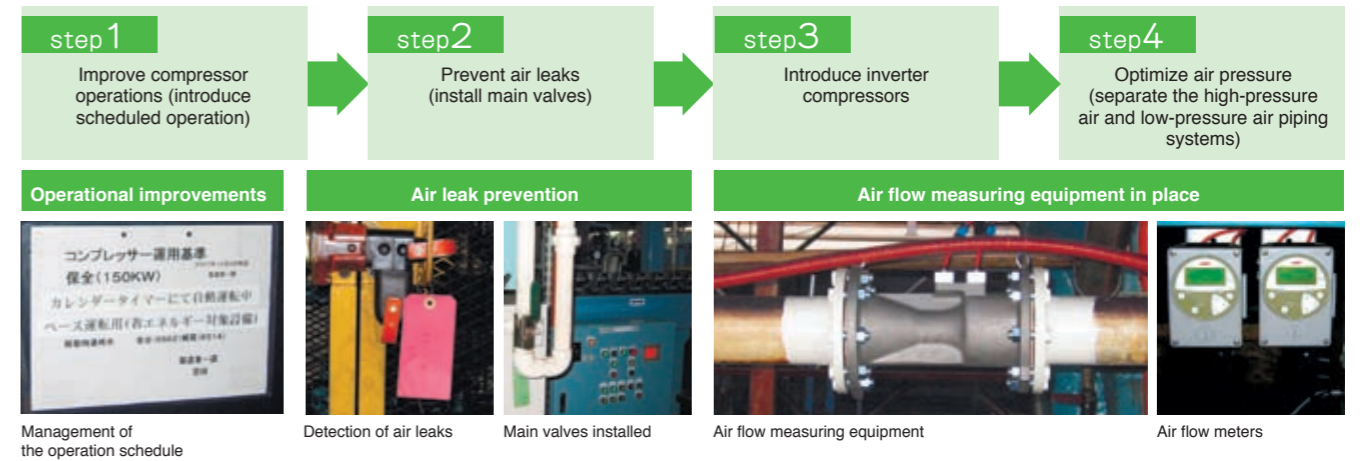
### Report from the front

### Efforts to reduce electricity consumption by compressors under way at the Sakai Rinkai Plant

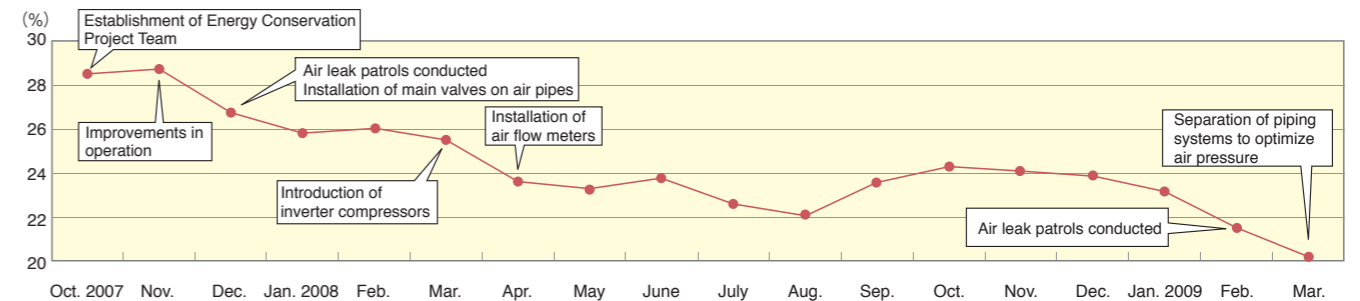
At the Sakai Rinkai Plant, various intensive measures have been implemented, led by the Energy Conservation Project Team, aimed at increasing energy conservation awareness among all employees, eliminating waste, and improving the operational efficiency of the facilities. Among these measures, the attempt to reduce electricity consumption through the use of compressors has proved to be the most effective.

In the past, the electricity required for the operation of compressors

accounted for about 30% of all the electricity consumption at the plant. To reduce this ratio to 20%, we have taken the steps outlined below, and after one and half years, were able to achieve this goal (equivalent to a reduction of 213 t-CO<sub>2</sub>/year). We remain committed to controlling the operation of the compressors to achieve greater efficiency and further reduce power consumption and CO<sub>2</sub> emissions.



### Changes in the ratio of electricity consumed by compressors to total electricity consumption at the plant



### Highlight

## New target for promoting more concentrated efforts to reduce CO<sub>2</sub> emissions

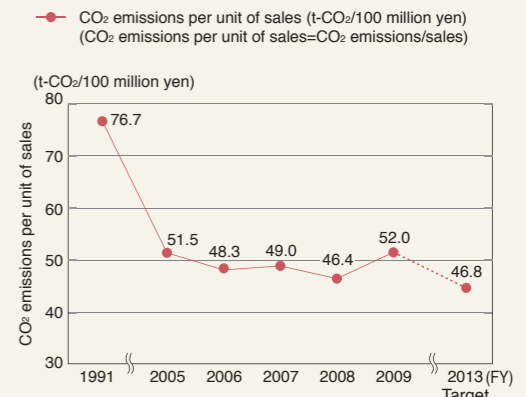
Target: Reduce CO<sub>2</sub> emissions per unit of sales by at least 10% between FY2010 and FY2013

As part of the worldwide efforts to prevent global warming, Japan is required to reduce greenhouse gas emissions by 6% from the 1990 level by the end of the first commitment period (2008-2012) as specified in the Kyoto Protocol.

We, at the KUBOTA Group, have been promoting measures to reduce CO<sub>2</sub> emissions focusing on energy conservation in our production process; in FY2009 we achieved a 32.3% reduction in CO<sub>2</sub> emissions per unit of sales over the 1991 level.

Our highest priority goal in promoting group-wide environmental preservation activities is "Stop Global Warming." In pursuit of this goal, one of the most important issues in addressing global environmental problems, we have set a new target to reduce CO<sub>2</sub> emissions per unit of sales by at least 10% from the FY2009 level by FY2013, and will continue our group-wide commitment to this.

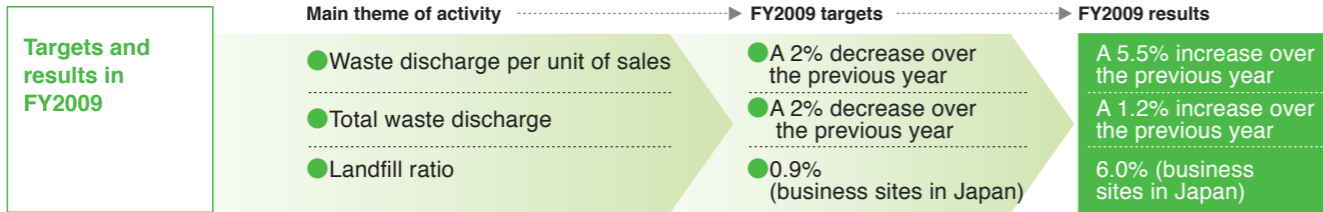
### Changes in CO<sub>2</sub> emissions per unit of sales



# Working towards a Recycling-Based Society

The KUBOTA Group encourages recycling and reduction of waste to achieve zero-emissions and contribute toward the formation of a recycling-based society.

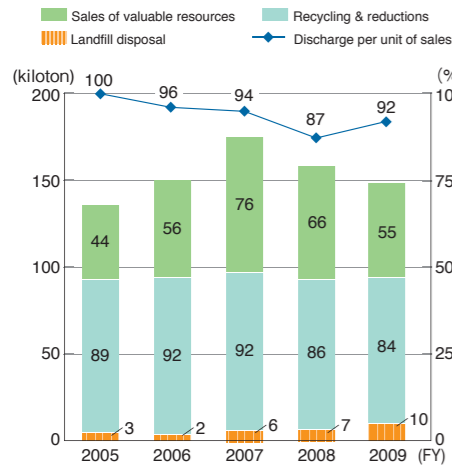
## Promoting the 3Rs



### Waste discharge

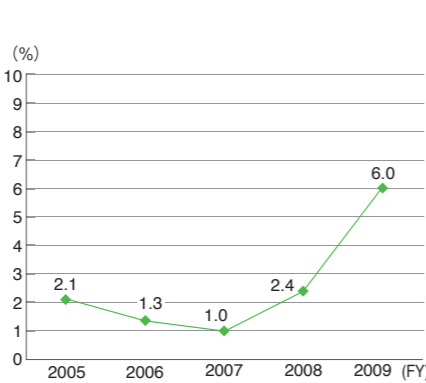
The waste discharge per unit of sales in FY2009 increased 5.5% over FY2008 and the target for the year was not attained. The total waste discharge during FY2009 also increased 1.2% from the previous year to 94,112 tons, falling short of the target. This was due to the increase of industrial waste over the previous year resulting from our withdrawal from the FW pipe operation.

#### Trends in waste discharge etc.



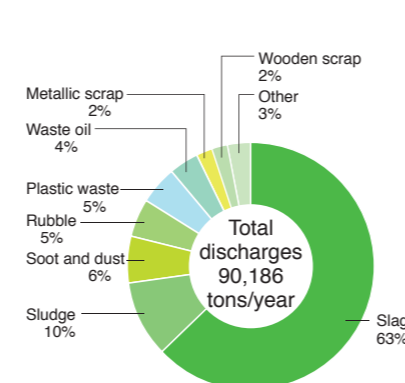
Note 1: Includes business sites in Japan only up to FY2006 and overseas business sites from FY2007.  
 Note 2: Discharge per unit of sales (FY2005=100)=waste discharge/consolidated net sales

#### Trends in landfill ratios (Data for business sites in Japan)

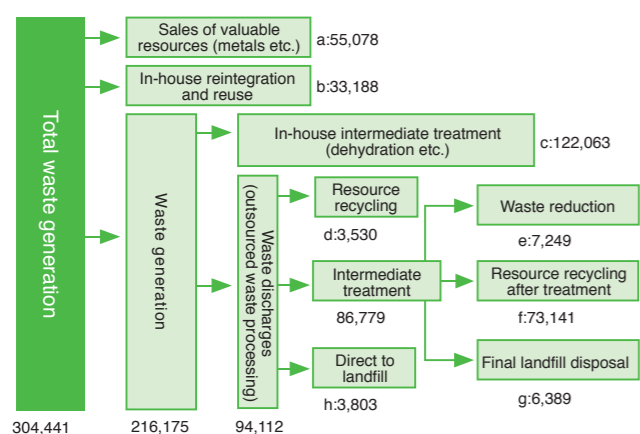


Note: FY2005-FY2007  
 Landfill ratio (%)=Direct landfill disposal / waste discharge  
 FY2008-FY2009  
 Landfill ratio (%)=(Direct landfill disposal + landfill disposal after intermediate treatment) / (Valuable resources + waste discharge)

#### Breakdown of waste discharge (Data for business sites in Japan)

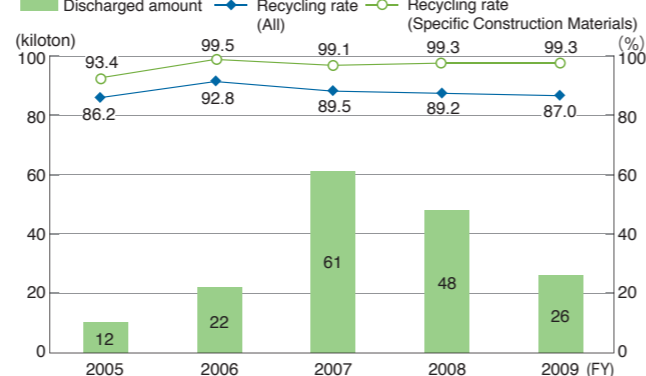


### Waste recycling and treatment flow (ton/year)



Note 1: The amounts of waste reduction, resource recycling after treatment and final landfill disposal were the result of surveys conducted by outside intermediate treatment companies.  
 Note 2: The amount of waste discharge during distribution and waste recovered (372 tons) is not included.

### Trends in the recycling of construction waste (Data for business sites in Japan)

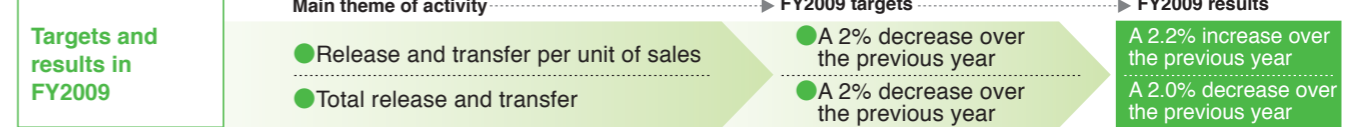


Note 1: The figures up to FY2006 show the results of KUBOTA Corporation alone, while the figures in and after FY2007 show the results of both KUBOTA Corporation and the group companies in Japan.  
 Note 2: Recycling rate (All) includes construction waste other than Specific Construction Materials.  
 Note 3: Percentage of recycling=(valuable resources + amount reused + amount recycled + amount reduced (heat recovery))/discharge (including valuable resources)  
 Prior to FY2007, the amount of simple incineration and dehydration, etc., was included in the amount reduced.

# Chemical Substance Controls

The KUBOTA Group has continued concerted efforts to provide appropriate control over chemical substances and reduce their use in compliance with the PRTR regulations.

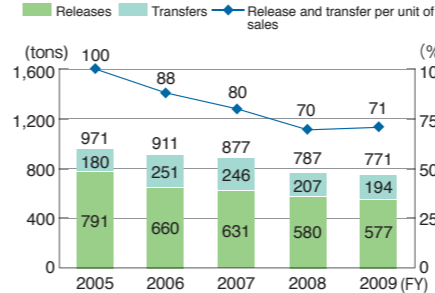
## Reducing PRTR-designated substances



### Measures taken to reduce PRTR-designated substances

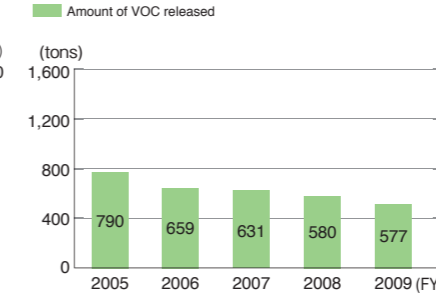
We are working to introduce VOC-free paints in place of conventional paints and to improve the painting process in our effort to reduce the amount of PRTR-designated substances released and transferred.

#### Trends in the amounts of PRTR-designated substances released and transferred

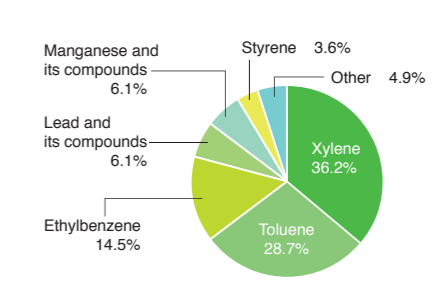


Note 1: Release and transfer per unit of sales = total release and transfer/consolidated net sales

#### Trends in the amounts of PRTR-designated VOC released



#### Proportion of release and transfer amounts in FY2009 by substance



### Results of PRTR reporting for FY2009 (for substances for which the annual handling quantity equaled one ton or more (0.5 ton for specific class 1 designations) for each business site in Japan)

Number specified in Cabinet Order	Chemical substance	Releases			Transfers		(kg/year)
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	
1	Water-soluble zinc compounds	0.0	40	0.0	0.0	18	0.0
9	Bis (2-ethylhexyl) adipate	0.0	0.0	0.0	0.0	0.0	327
30	Bisphenol A type epoxy resin (liquid)	0.0	0.0	0.0	0.0	0.0	771
40	Ethylbenzene	101,890	0.0	0.0	0.0	0.0	10,018
43	Ethylene glycol	0.0	0.0	0.0	0.0	0.0	168
60	Cadmium and its compounds	0.0	0.0	0.0	0.0	0.0	9,584
63	Xylene	249,897	0.0	0.0	0.0	0.0	29,638
68	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	30	15,630
69	Chromium (VI) compounds	0.0	0.0	0.0	0.0	0.0	378
100	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
144	Dichloropentafluoropropane	0.0	0.0	0.0	0.0	0.0	4,650
176	Organotin compounds	5.9	0.0	0.0	0.0	0.0	5.0
177	Styrene	27,707	0.0	0.0	0.0	0.0	0.0
224	1, 3, 5-trimethylbenzene	1,713	0.0	0.0	0.0	0.0	285
227	Toluene	195,984	0.0	0.0	0.0	0.0	25,189
230	Lead and its compounds	17	0.0	0.0	0.0	0.0	46,687
231	Nickel	0.0	0.0	0.0	0.0	0.0	598
232	Nickel compounds	0.0	0.0	0.0	0.0	0.0	516
266	Phenol	0.0	0.0	0.0	0.0	0.0	0.0
270	Di-n-butyl phthalate	0.0	0.0	0.0	0.0	0.0	48
283	Hydrogen fluoride and its water-soluble salts	0.0	0.0	0.0	0.0	0.0	1,625
304	Boron and its compounds	0.0	0.0	0.0	0.0	0.0	1,353
311	Manganese and its compounds	6.4	0.0	0.0	0.0	0.0	46,671
346	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>		<b>577,220</b>	<b>40</b>	<b>0.0</b>	<b>0.0</b>	<b>48</b>	<b>194,141</b>

■ Volatile Organic Compounds (VOC)

### Groundwater monitoring

No contamination was detected as a result of groundwater measurements conducted on the premises of the business sites that used organic chlorine-based compounds in the past.

Business site	Substance	Measured groundwater value	Environmental standard value
Tsukuba Plant	Trichloroethylene	None detected (Less than 0.001 mg/L)	0.03 mg/L or less
Utsunomiya Plant	Trichloroethylene	None detected (Less than 0.001 mg/L)	0.03 mg/L or less



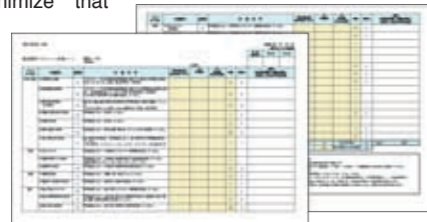
# Environmentally-Friendly Products

To offer environmentally-friendly products to our customers, the KUBOTA Group is promoting measures to reduce environmental impacts at the R&D stage.

## Development of environmentally-friendly products

### Conducting product environmental assessment for designing environmentally-friendly products

In our effort to design environmentally-friendly products, we make it a rule to conduct an environmental assessment on products at the R&D stage to measure the environmental impact through the lifecycle of the products and to minimize that impact.



Product environmental assessment form

### Primary areas covered by the product environmental assessment (in part)

<b>Materials</b>	Reduction of substances of environmental concern in materials and components; reduction in mass, volume, and the number of components; increase in the use of recycled materials; reduction in the use of rare materials
<b>Production</b>	Energy conservation; waste reduction
<b>Physical distribution</b>	Enhancement of ease of transportation; reduction of packing materials
<b>Construction</b>	Energy conservation at construction sites; resource conservation; reduction of environmental impact
<b>Operation of equipment</b>	Energy conservation; reduction of noise and vibration; improvements to durability
<b>Waste disposal, recovery, reuse</b>	Recycling; proper waste disposal
<b>Information disclosure</b>	Disclosure of materials and components; instructions for maintenance and disposal

Product group	Content and cases of involvement at the R&D stage
Tractors	Compliance with exhaust emission regulations; improvements in fuel-efficiency; reduction in the use of substances of environmental concern in painting and coating materials
Combine harvesters	Compliance with exhaust emission regulations; reduction of mass per horsepower
Rice transplanters	Reduction in the weight of new models; reduction in the use of substances of environmental concern in painting and coating materials
Agriculture-related product	Development of products that require less fertilizer and agricultural chemicals; reduction in the use of substances of environmental concern in painting and coating materials
Agricultural facilities	Reduction in the weight of sowing machines (by 15% over KUBOTA's equivalent models); reduction in the use of substances of environmental concern in painting and coating materials
Construction machinery	Compliance with exhaust emission regulations; reduction of noise emitted by vehicles; improvements to fuel-efficiency by employment of an automatic idle elimination system
Engines	Compliance with exhaust emission regulations; reduction of fuel consumption, noise, and vibration; development of biodiesel-compatible engines
Ductile iron pipes	Reduction of VOC emissions by applying non-solvent coating to the inside of pipes in place of solvent coating
Valves	Enhancement of durability of sheets; reduction of weight to increase ease of installation; reduction in use of alloys containing lead
Drainage pipes	Reduction of materials used for installation of drainage system products; improvement of work environment during drainage pipe installation; reduction of drainage noise
Service water and sewerage-related	Improvement of energy efficiency of sewage treatment equipment; reduction of weight of machines that dewater sludge
Recycling-related	Reduction in energy consumption by enhancing performance of shredders
Pumps	Reduction in energy consumption at customers' sites by enhancing performance of volute pumps
Membrane business-related	Development of energy-saving membrane devices and energy-generating units; removal of lead from PVC parts for submerged membrane units/components
Septic tanks	Reduction in electricity consumption by septic tanks for home use (by 50% and 30% over KUBOTA's existing models for use by five and seven people respectively)
Plastic pipes	Development of more durable products (PE pipes and joints); development of biomass plastic products
Cast steel	Reduction in energy consumption and CO <sub>2</sub> emissions at customers' sites by adopting higher-performance reaction pipes
Rolls	Improvement of resource- and energy-saving efficiency at customers' sites by adopting longer-life rolls for sheet-rolling mills
New material	Reduction in fuel and water consumption at the production process; control of waste generation at the production process; prevention of water pollution
Steel pipes	Reduction of construction work time (to reduce CO <sub>2</sub> emissions and fuel consumption); reduction of waste soil during construction work
Electrical equipment	Enhancement of the energy-saving efficiency of platform scales; reduction of substances of environmental concern in painting and coating materials
Vending machines	Enhancement of energy-saving efficiency of canned beverage vending machines (reduction of electricity consumption by 40% over the 2005 level)
Air-conditioning equipment	Reduction of fan noise; reduction of substances of environmental concern; efficient use of waste heat

### Ratio of models with reduced RoHS-designated substances

The ratio of KUBOTA models with reduced RoHS-designated substances\* is 24.1% in FY2009 as against the target of 25%.

\*The ratio of the value of shipped products that contain RoHS substances (lead, hexavalent chromium, mercury, cadmium, PBB and PBDE) equal to or less than the threshold limits (except the application falling under the exemptions in RoHS and ELV Directives) against the total value of shipped products (excluding plants, facilities, work and services) manufactured in Japan during FY2009.

# Conservation of Biodiversity

The KUBOTA Group has launched various initiatives for the protection of the natural environment to ensure that our corporate activities will pose no threat to regional biodiversity.

## Protecting the natural environment

### Creating a biotope as part of our greening efforts

A biotope refers to a location that provides a living place for wildlife and is an English loan word from the German *Biotop* which in turn is derived from the Ancient Greek *bios* ("life") and *topos* ("place"). KUBOTA's Keiyo Plant in Funabashi has been working for the protection of the natural environment by promoting tree-planting,

creating a biotope, and building promenades. The plant's "Funabashi-no-mori (Funabashi forest)" biotope has a "tombo (dragonfly)" pond where we can enjoy the sight of dragonflies from spring to autumn and pairs of *karugamo* ducks swimming side by side.



Keiyo Plant: "Tombo" pond



A red dragonfly laying eggs in the tombo pond. This species has recently been rapidly decreasing.



A pair of karugamo ducks

## Voice.

Frontline We are committed to protecting the beautiful natural environment of the region to preserve biodiversity.



Toshiyuki Miyazaki  
Keiyo Plant

I am responsible for environmental conservation at the KUBOTA Keiyo Plant that manufactures ductile iron pipes for waterworks and sewerage systems. As a volunteer, I also cooperate in research on endangered dragonfly species and have become increasingly aware of the threat posed to the species in lowland areas and those indigenous to isolated islands. While the importance of biodiversity preservation has only recently begun to attract more attention, it has been already ten years or so since we created a biotope in the premises of Keiyo Plant, where nineteen different dragonfly species can be observed today. We have learned that biodiversity preservation is not about collecting rare species from different parts of a country and protecting them; instead, it means restoring and preserving the beautiful natural environment of the region.



False bindweed, a species that has mostly disappeared from the Tokyo Bay area because of reclamation.

### List of information available on KUBOTA's website

<http://www.kubota.co.jp/english/c-data/csr/2009.html>

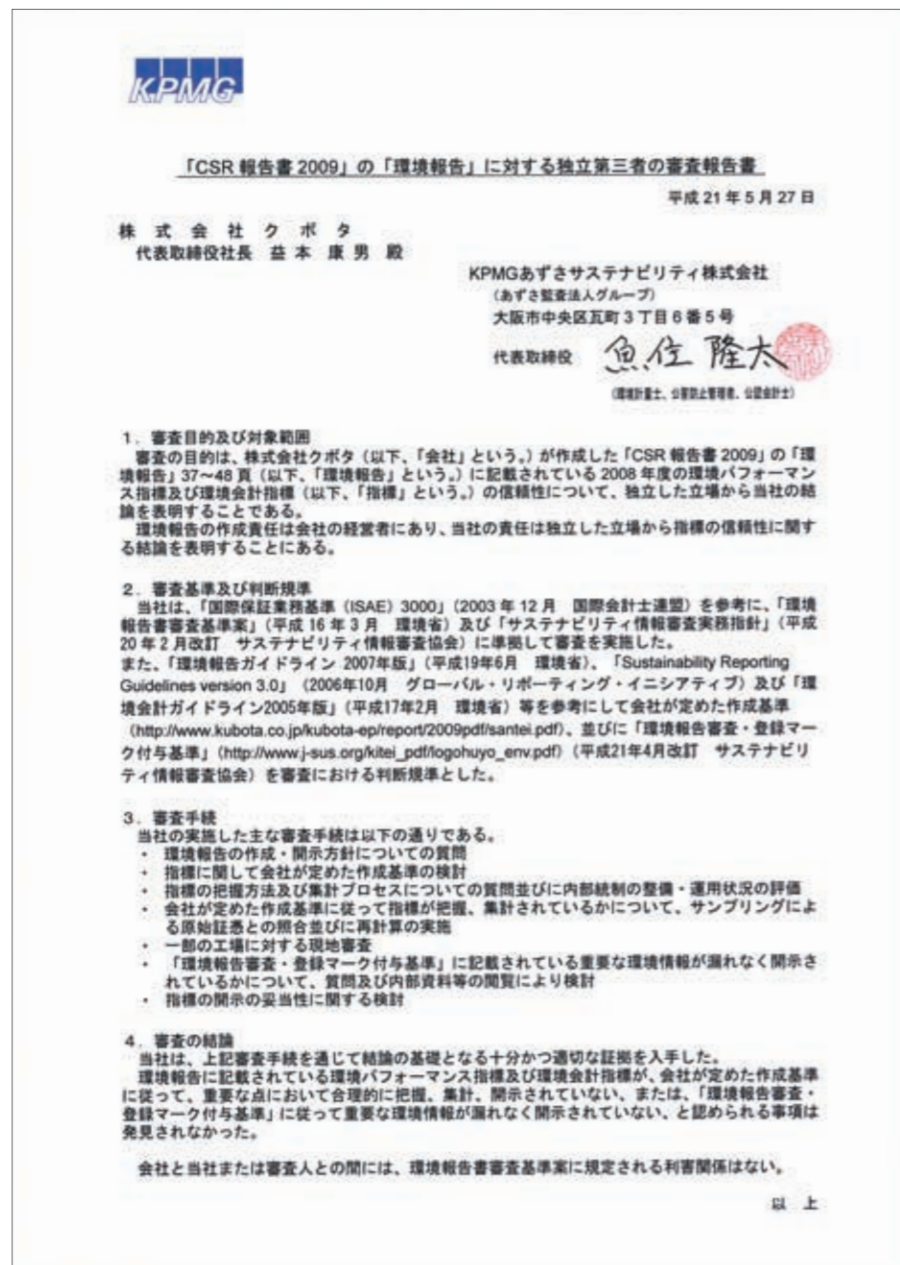
The following information is shown on our website to supplement the KUBOTA CSR Report 2009.

Information provided in this report	Page	Supplementary information shown in the website
Major environmental indicators	40	<ul style="list-style-type: none"> <li>Trends in Major Environmental Indicators</li> <li>Data on Production Plants</li> </ul>
Environmental Management	41-42	<ul style="list-style-type: none"> <li>Environmental Management Promotion System</li> <li>Environmental Risk Management</li> <li>Environmental Education</li> <li>Environmental Accounting</li> <li>ISO14001 Certification</li> </ul>
Stopping Global Warming	43-44	<ul style="list-style-type: none"> <li>Conversion Coefficient</li> </ul>
Independent Review on the Environmental Report	49	<ul style="list-style-type: none"> <li>Calculation Standards of Environmental Performance Indicators</li> </ul>

## Independent Review on the Environmental Report

Since FY2005, our Environmental Report has been subject to an independent review by a third party to increase the credibility of its environmental information. As a result of that review, the KUBOTA CSR Report 2009 was allowed to use the environmental reporting assurance and registration mark of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS) (<http://www.j-sus.org/>)\*. This mark indicates that the environmental information contained in the Environmental Report of the KUBOTA CSR Report 2009 meets the applicable provision of the code of the Japanese Association of Assurance Organizations for Sustainability Information for accuracy and completeness.

\* The mark is shown on the back cover of this report.



### On-site inspections



Unsunomiya Plant



Tochigi Plant of KUBOTA Air Conditioner Co., Ltd.

For more details on the "Calculation Standards of Environmental Performance Indicators," visit our website at: <http://www.kubota.co.jp/english/c-data/csr/2009.html>

## Comments on the CSR Report

### Social responsibility through corporate activities

The basis for CSR lies in the way corporate activities are carried out so as to contribute to the development of society. In this sense, KUBOTA deserves high recognition for its global efforts toward the development of agriculture which constitutes the very basis of our society. Domestically, KUBOTA is implementing the KUBOTA e-Project for improving self-sufficiency in food, which is one of the pressing issues facing Japan today. KUBOTA's commitment in this area is highly commendable in terms of materiality, and we look forward to further developments.

### Setting of CSR targets and efforts for improvements

There are some noteworthy improvements in the CSR Report 2009: it introduces medium-term corporate social responsibility targets as well as specific medium-term targets for CO<sub>2</sub> emissions reduction. While the medium-term social targets in KUBOTA's CSR activities are presented in qualitative terms, I hope that these targets will be pursued in a manner that the progress toward the envisioned outcome will be visible. In the environmental sector, an increase in environmental impact is reported, but I trust that KUBOTA will overcome the existing problems by taking a systematic approach under the Medium-Term Environmental Conservation Plan which the company is committed to promoting group-wide.

### Listening directly to stakeholders

This year's report is also characterized by its focus on the stakeholder dialogue and employees' voices. Listening to its stakeholders is very important for CSR activities. In this light, I believe it is very important for KUBOTA to continue to pursue this. In the field of agriculture, seeking opinions and incorporating those opinions into corporate activities is especially important. I hope KUBOTA will listen to its various stakeholders and continue its efforts to explore what is most needed for CSR.



Dr. Katsuhiko Kokubu

Professor, Graduate School of Business Administration  
Kobe University

### Acting globally

KUBOTA is carrying out its CSR activities globally, as is shown, in part, in this report. I propose that KUBOTA should place yet greater emphasis on its global CSR activities. Especially, social contributions in Asia can lead to global development and therefore take on great significance for companies promoting CSR activities. With its proven track record in this area, it is my sincere hope that KUBOTA will be a model for other Japanese companies involved in CSR activities in Asia.



Kunio Suwa

General Manager of CSR Planning & Coordination Headquarters  
Executive Officer

### In response to the above comments

This year we invited Professor Katsuhiko Kokubu of the Graduate School of Business Administration, Kobe University, to comment on our CSR Report. We are sincerely grateful for receiving his insight regarding our CSR targets and their improvements to our corporate activities. We will continue to promote CSR management based on his valuable advice.

Professor Kokubu spoke with the president of KUBOTA Corporation in the KUBOTA CSR Report 2008, in which he stated that at the core of KUBOTA's CSR activities there should be a business model that is designed to improve matters relating to people's lives. In response to this remark, we will further enhance the KUBOTA e-Project that was launched last year as part of the KUBOTA Group's social contribution activities.

We will continue to contribute to the development of our society and preservation of the global environment by promoting CSR management group-wide.

# Kubota

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