

Kubota Group CSR Procurement Guidelines

Requests to Our Business Partners

Established in Dec. 2010

Revised in Dec. 2016

Kubota Corporation

Introduction

In the midst of accelerating globalization and in response to the signs of the changing global environment, Kubota Group revised the conventional corporate philosophy and established new principles in “Kubota Global Identity,” in 2012, in which our mission is specified as follows:

[Food, water and the environment are indispensable for human beings. The KUBOTA Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.]

The above statement has been officially adopted. In order to put this idea into practice, we will promote our CSR management in a way where we would ensure the satisfaction of our stakeholders (the persons concerned) surrounding Kubota Group, ensure the good balance among the three values (economical value, social value, and environmental value), and thus improve the value of the entire Group.

In promotion of the CSR management activities, our customers are more and more interested in not only the quality, prices, and performances of the products manufactured by Kubota Group but also the entire business process where these products and services are being created. Therefore, we realize that it is necessary for us to share the same recognition regarding CSR management with our business partners who are playing important roles for our business, and to promote mutual cooperation in implementing the CSR management activities, and thus hereby request your continued support and understanding in this regard.

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I. Kubota Group Mission

[Food, water and the environment are indispensable for human beings. The KUBOTA Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.]

II. The Purpose of Kubota Group CSR Procurement Guidelines

The purpose of these guidelines is to enable Kubota Group and its business partners to cooperate in promoting the CSR management activities by listing the matters where Kubota Group would like to request its business partners to work upon from the perspective of CSR (Corporate Social Responsibility).

III. Scope of these Guidelines

These guidelines shall be applied to Kubota Group's business partners relevant for the Kubota Group's procurement, supplying goods and services required by the Group (including outsourced operations, contract work, facility procurement, consigned tasks involving programs and drawings, etc.).

IV. Kubota Group CSR Procurement Guidelines

1. Winning Customer Satisfaction

You are requested to seek to win customer satisfaction and confidence by working to ensure product safety and high quality, and by offering products, technologies, and services that meet customer needs and capture their imagination.

*** The word, "Customer(s)" hereafter refers to [1] those who use Kubota Group's products, technologies, or services, and [2] Kubota Group.**

(1) Product Safety and Superior Quality

* Strive to offer products, technologies, and services that are safe and of superior quality to win customer satisfaction and confidence. To attain this goal, it is necessary, as a matter of course, to meet legal regulations, specifications and standards. Moreover--in each of your processes from development to manufacturing, sales, and service--the relevant department shall seek to assume the responsibility of ensuring safety and superior quality in the products and services.

* If a safety issue has arisen, try to act swiftly and report the issue accurately and appropriately to each responsible department and then proactively work to correct the issue and eliminate them from reoccurring.

(2) Responding to Customer Requests and Complaints

- * Upon reception of requests or complaints from customers, place yourself in their situation and respond promptly and accurately.
- * Work on customer requests and complaints to improve quality and avoid future customer dissatisfaction, and also make appropriate disclosures of necessary information regarding serious quality problems.

(3) Appropriate Advertising and Labeling

Appropriately inform customers about the features and other aspects of your products. In advertising and labeling products, avoid expressions and labels that may create misunderstandings about product performance, quality, and price.

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

You are requested to conduct your corporate activities while observing the letter and spirit of legal regulations applicable to the relevant countries or regions, in accordance with socially accepted ethical principles and good conscience.

(1) Legal Compliance and Observance of Corporate Ethics Are Basic Conditions for Corporate Activities

Aware that strict compliance with laws and corporate ethics is the foundation for conducting business activities, and, in all aspects of our corporate activities, act in accordance with governing laws and corporate ethical principles, as well as carry out operations honestly and in good faith.

(2) Observance of Laws of Individual Countries and Regions as well as International Rules

- * Review and observe the laws and regulations of all relevant countries and regions thoroughly and conduct business operations in accordance with the laws.
- * In international transactions, comply with treaties, agreements, and other international rules.

(3) Early Detection and Prevention of Misconduct

- * Report concerns that arise regarding possible violations of laws and corporate ethics promptly to the appropriate management personnel or contact and seek advice through in-house reporting channels.
- * Take special care to protect the privacy of the employees reporting these matters to ensure that they will not be retaliated against.

(4) Compliance with Fair Trade Laws and Regulations

Respect “fair and free competition.” Comply with the provisions of Anti-Monopoly Laws and other related laws and regulations, and do not engage in unfair transaction practices.

(5) Fairness and Transparency in Transactions

- * Build fair and transparent relationships with your many business partners based on trust and open transaction practices.
- * Encourage your business partners to promote their efforts in legal compliance and fulfillment of social responsibility.
- * Do not take advantage of your position as buyers to request unethical financial compensation or special treatment from your suppliers.

(6) Compliance with Internal Rules

Various internal rules shall be complied with in order to perform business operations honestly and in good faith.

(7) Prohibition of Activities Contrary to the Proper Interest of the Company

Do not use your individual positions as management or staff to engage in actions to make personal gains from activities that are against Company policies and not in the best interests of the Company.

(8) Preservation of Company Assets

- * Do not use Company assets--including land, buildings, machinery and equipment, and office supplies, etc.--for other than business purposes.
- * Also, do not make use of information assets, including PCs, software contained in PCs, and information systems, etc., for other than business purposes.

(9) Respect for and Usage of Intellectual Property

- * Have respect for the intellectual property rights of others--including patents, utility model rights, design rights, trademarks, copyrights, and know-how--and do not use them improperly.
- * Appropriately manage and preserve your own intellectual property rights and do not allow third parties to use them improperly.
- * Use your intellectual property rights effectively.

(10) Management of Confidential Information

- * Manage confidential information, including information pertaining to business operations, technologies, management, personal information, and other matters (any and all business information not externally disclosed) properly in accordance with laws and internal Company rules.
- * Even after termination of employment, do not take out, use, or disclose confidential information, whether retained electronically or otherwise, without permission from the appropriate Company management personnel.
- * When gathering information, obtain it through the proper methods from persons who have the appropriate authority to disclose it.

(11) Security of Electronic Information

Adopt comprehensive information security measures to prevent the leakage of electronic information, theft of information by others, and falsification, by promoting proper management in accordance with laws and internal Company rules.

3. Respecting Human Rights

You are requested to base your activities on the Universal Declaration of Human Rights, to respect dignity and human rights of all people, and not to violate human rights. Moreover, you are requested to respect the privacy of individuals and to protect personal information.

(* Universal Declaration of Human Rights is a declaration calling for commitment to the “common standard of achievement for all peoples and all nations” for respecting and ensuring human rights and freedom, and was adopted at the United Nations General Assembly in 1948.)

(1) Respecting Human Rights

- * Support the Universal Declaration of Human Rights, and respect the human rights of all people.
- * Do not discriminate or violate human rights on the basis of nationality, race, age, gender, or for any other reason whatsoever.
- * Do not permit forced labor or child labor, and also request your business partners for compliance in this regard.
- * Promote prohibition of use of the conflict minerals used by the anti-social militant forces as their financial sources; and if any uses of these minerals are detected, promptly take proper actions toward discontinuation of the uses.

*The conflict minerals are tantalum, tin, tungsten, gold and other derivatives originating in the Democratic Republic of the Congo and adjoining countries, and financing the anti-social militant forces that repeatedly abuse the human rights in that region.

(2) Prohibition of Sexual Harassment and Similar Issues

Do not allow infringements of human rights, including sexual harassment, power harassment, or mistreatment. Try to regard one another as important partners and seek to build rich and rewarding personal relationships.

(3) Protection of Personal Information

Be aware of the importance of privacy and personal information related to our customers, management, employees, and others. Comply with relevant laws and Company rules to handle information properly, and seek to prevent the loss, leakage, or other misuse of personal information.

4. Building up a Safe and Vibrant Work Environment

You are requested to maintain a safe and healthy work environment and to make efforts for improvement of workplace conditions. You are also requested to respect the diversity, creativity, and audacity of your employees, and to promote a vibrant work environment.

(1) In-depth Supervision of Safety, Sanitation, and Health

- * Endeavor to engage in activities and initiatives to ensure the safety of your equipment and work methods and to eliminate potential dangerous or harmful factors from the workplace, with the objective of safeguarding the health and safety of workers.
- * In addition, conduct work activities in a safe manner by observing the laws, standards and internal rules in each of the places you work. In particular, the management of the Company regards safety, sanitation, and health as its primary responsibility, and works to make safety, sanitation, and health the basic foundation for the conduct of its operations, while endeavoring to make relevant improvements in machinery and equipment as well as create a pleasant work environment.

(2) Building up a Vibrant Work Environment

- * Make efforts to create a positive and vibrant workplace.
- * Strive to promote proper communication among workers, and take good care of mutual physical and mental health.
- * Respect the diversity and creativity of employees, while accepting the challenge of coping with constant change.

5. Conserving the Global and Local Environment

You are requested to aim to create a society where sustainable development is possible on a global scale, and to conduct business operations that can contribute to conservation of the global and local environments.

(For more details, please refer to “Kubota Group Green Procurement Guidelines.”)

(1) Environmental Conservation Efforts in All Business Activities

- * Promote environmental conservation measures in all stages of corporate activities, including procurement, product development, production, sales, physical distribution, and service.
- * Strive to ensure your suppliers to understand the importance of environmental conservation efforts and to cooperate in this regard.

(2) Global Environmental Conservation

- * Promote global environmental conservation measures for stopping climate change, creating a recycling-based society, and controlling chemical substances.
- * Promote global environmental conservation by providing technologies and products contributing to solving environmental problems.
- * Strive to ensure that your corporate activities are friendly to the natural environment and biodiversity.

(3) Environmental Protection to Create a Symbiotic Relationship with Local Societies

- * Make efforts in the reduction of environmental risks and promote business activities with proper consideration for the protection of local environments, including pollution prevention.
- * Endeavor to actively participate in environmental beautification/education activities in local communities.

(4) Voluntary and Organized Efforts in Environmental Conservation

- * By introducing the environmental management system and establishing voluntary targets and action plans, work on our daily business operations.
- * Endeavor to enhance environmental awareness through active environmental education/enlightenment activities.
- * Endeavor to actively provide the stakeholders with environment-related information.
- * Endeavor to collect stakeholders' opinions broadly through environmental communication, and seek to reflect the findings in environmental activities.

6. Achieving Symbiosis with International and Local Societies

You are requested to respect the culture and customs of all countries and regions and to seek to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

(1) Respect of Culture and Customs of All Countries and Regions

Deeply understand the history and social conditions of all relevant countries and regions, and respect their culture and customs.

(2) Compliance with Export and Import Laws and Regulations

Observe the provisions of all relevant laws and regulations, as well as internal rules, in exporting and importing goods, technologies, etc., with the aim of supporting international peace and safety.

(3) Elimination of Relationships with Antisocial Elements

Take a strong stance against antisocial elements and groups that threaten the order and safety of society, and cooperate with the police and other relevant organizations to ensure thorough elimination of any relationships of such elements and groups. Never respond to improper requests made by these antisocial elements.

(4) Proper Relationships with Political Groups and Government Organizations

- * Comply with all relevant laws and regulations and do not engage in such activities as giving illegal political contributions or offering bribes.
When making political contributions and gifts, observe relevant laws and internal rules.
- * Also, never offer bribes to any foreign public officials.

(5) Rules for Entertainment, Gifts, and Donations

Do not exceed the limits for offering entertainment, gifts, or donations to your business associates that are commonly accepted in society and in accordance with the Company's internal rules. Specifically, do not offer entertainment, gifts, or donations for the purpose of obtaining unfair advantages.

(6) Contributing to Society

Endeavor to proactively offer support for social, educational, and cultural activities, communicate and associate with local communities, participate in beautification projects, and engage in other various volunteer activities.

(7) Firm Commitment to Safe Driving

Obey traffic laws and regulations and rules and thoroughly reinforce safe driving.

7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

You are requested to make appropriate and timely disclosure of corporate information and fulfill your responsibilities for transparency and accountability in corporate activities.

(1) Appropriate and Timely Disclosure of Corporate Information

- * Properly disclose corporate information, in accordance with related legal provisions, on the management of the Company, its business operations, and other matters in a timely manner and according to appropriate methods.
- * Promote active communication with a broad range of stakeholders, including not only shareholders and investors, but also consumers, employees, and local communities, etc., and fulfill our responsibilities for transparency and accountability in corporate activities.

(2) Proper Accounting Treatment

Properly follow all relevant laws, accounting standards, and internal rules in accounting for sales, expenses, and other financial statement items.

(3) Emphasis on Internal Audits

Place importance onto internal audits for financial reports and business activities in order to enhance the operational quality.

(4) Prohibition of Insider Trading

Do not engage in trading the shares of the Company or its associated companies based on material, non-public information that might give rise to suspicions regarding "insider trading." This includes information related to increases or reductions in capital, mergers and acquisitions, or alliances. Moreover, do not divulge such material, non-public information to third parties, including members of your families..