

# Compliance-Centered Management

To ensure the fulfillment of the corporate social responsibility

## Kubota's policy of the Compliance-Centered Management

Kubota are developing the corporate management based on the spirit of legal compliance and pursuit of ethical action, so as to achieve our original mission of contribution to society, through the excellent products and technologies, and also to realize our fair and sincere management.

### Organization and System for Promotion

#### Establishment of the organization for promotion

Kubota established the Compliance Auditing Department as a division in charge of promoting corporate ethics in June 1999, reflecting over the cases of violation of Anti-Monopoly Law and that of Commercial Code, in order to prevent the recurrence of the similar incidents. After that, Kubota has retained outside experts as advisers to develop the system which ensures observance of laws and corporate ethics. Moreover, we established the Corporate Compliance Headquarters in June 2001 (There are three advisers now.)

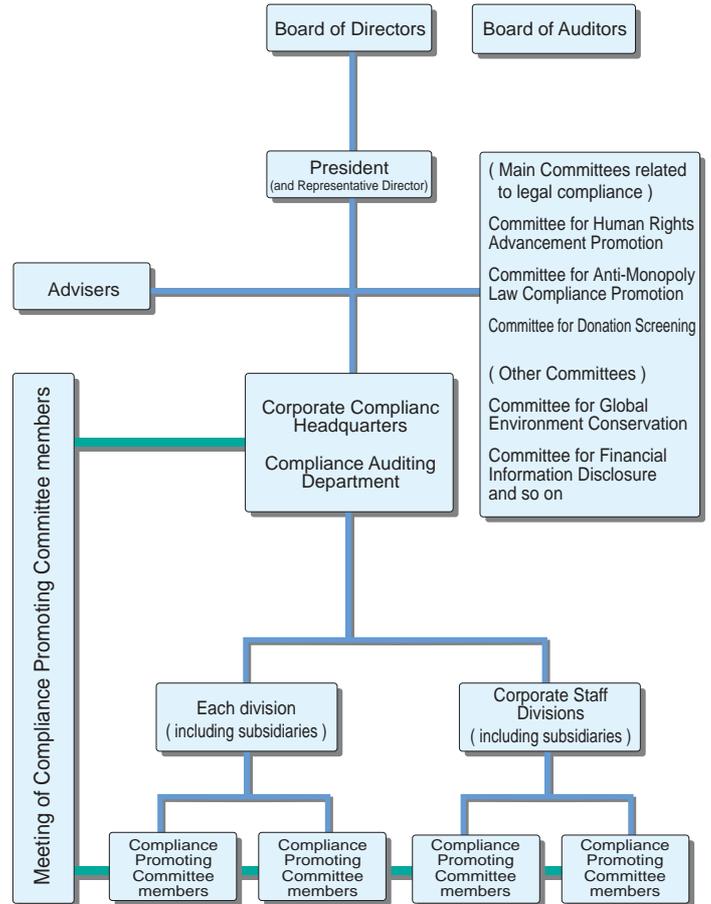
#### Structure of Corporate Compliance Headquarters

Three departments of Compliance Auditing Dept., Legal Dept. and Human Rights Advancement Dept. work together under the supervise of the Director in charge and General Manager of Corporate Compliance Headquarters.

#### Compliance Promoting Committee Members

Sixty-four members have been selected and registered as the members of the committee from the manager-class personnel in each plant and department. The regular meetings has been holding twice a year, so as to encourage the members to understand compliance-related matters deeply and also they have exchanged opinions with regard to important themes such as anti-monopoly law, human rights issues, risk management and so on.

### The organization of compliance promotion (as of June 2004)



A Compliance Promoting Committee meeting in which the members gathered from all over the country



## Main Contents of Activities

### Kubota Charter of Business Conduct and Kubota Code of Compliance Standards

We established and distributed “Kubota Charter of Business Conduct and Kubota Code of Compliance Standards” to all of our employees in 1999. Moreover, we created the Kubota Group Charter of Business Conduct in 2002 and delivered the cards on which it was written to employees of Group Companies.

### Kubota Hot Line

We have set up the “Kubota Hot Line” as a personal contact line for report and consultation from the employees at the same time of establishment of Kubota Group Charter of Business Conduct.

### Activities of compliance with the anti-monopoly law

We carry out the audit in respect of the compliance with the anti-monopoly law in all divisions every year, reconsidering the items of audit.

### Countermeasures against antisocial group

We hold the committee which judges donation and admission twice a year, and hold in-service training by advisers.

### Risk management measures

We cope with the prevention of serious risk in each division and establish the crisis management system regarding a various kind of risk.

### Education and training

We incorporate the compliance-related issues in various kinds of education and training program such as seminars for directors and training categorized by position.

### Information dissemination

We run awareness reports regarding the related matters and events on compliance issues in our in-house magazine every month and also use the intra-net portal sites for information dissemination and education.

### Survey of the sense of ethics

We surveyed our employees sense through the first questionnaire with regard to the level of establishment on corporate ethics, in Dec. 2003. This result would be reflected in our activities from now on.



The article “Let us ask Ms. Compliance” appears in our in-house magazine monthly.

## Kubota Charter of Business Conduct and Code of Compliance Standards

### I. Kubota Group Charter of Business Conduct

#### Basic principles as a corporation and an employee

#### 1. Compliance with laws and corporate conduct based on ethics

The Kubota Group will abide by the laws concerned and ensure our corporate conduct based on social ethics and common sense in order not to disturb the fair competition in the markets.

#### 2. Respect for fundamental human rights

The Kubota Group will respect the fundamental human rights in accordance with “The Universal Declaration of Human Rights”, and will not infringe on the human rights. And we will also closely pay attention to the respect for privacy and protection of individual information.

#### 3. Maintenance and Improvement of Safe Workplace Environment

The Kubota Group will exert its best efforts to make our employees be aware of safety and health concerns at the workplaces sufficiently through the execution of an occupational safety and health education and training as well as preventing an occupational accident, aiming at the maintenance and improvement of our safe and health workshop environment.

#### 4. Global environmental conservation

The Kubota Group will conduct, under the Kubota Global Environmental Charter, the corporate activities considering global environmental conservation, in order to help realize the society in which the sustainable development is possible in global scale, and in which corporations and citizens co-exist on a basis of mutual trust.

#### 5. Product Safety Enhancement

The Kubota Group recognize that enhancing and keeping the product safety is our duty and responsibility for society. We will strive to improve and keep safety of our products from the viewpoint of our customers.

#### 6. Co-existence with the international society

The Kubota Group will observe the international rules, respect the local cultures and customs, socialize with the local people, contribute to the development of local economy, and also strive to obtain the trust from the local societies.

### II. Kubota Code of Compliance Standards

#### Specific standards to realize the policy of Kubota Charter of Business Conduct

#### 1. Basic Compliance Standards

Eleven items for all employees such as “Compliance with laws and fair corporate activities” “respect for human rights” and so on.

#### 2. Compliance Standards by division

Eight standards by kind of jobs such as marketing, research and development, manufacturing department and so on.

Let us consider our action and behavior using the card of “Kubota Group Charter of Business Conduct”.

#### Compliance check to your action and behavior

1. Do your action and behavior not violate “Kubota Group Charter of Business Conduct”?
2. Do your action and behavior not violate laws and rules?
3. Would you not be ashamed of your action and behavior, if it would be informed by mass media?
4. Can you tell your action and behavior to anyone such as your family and friends?
5. Do you not overlook anyone's action and behavior which might violate compliance?