

Environmental Management at the KUBOTA Group

In line with its Brand Statement "For Earth, For Life," the KUBOTA Group contributes to the preservation of the global environment through business activities that are concerned about the environment. As the basic direction of corporate environmental management, we have established three objectives, namely to "Stop climate change," "Work towards a recycling-based society" and "Control chemical substances." To achieve these objectives, we focus on "Reducing the environmental impacts of production activities" and "Improving the environmental performance of our products."

History of Environmental Conservation Initiatives at the KUBOTA Group



Preservation of the Global Environment to Realize "For Earth, For Life"

Basic Direction of Corporate Environmental Management

Improve Environmental Performance of Products

Internal certification system for Eco-Products and list of certified products

- Super Eco-Products**
Industry-first environmentally friendly products of superior quality
- Eco-Products**
Products with high environmental-friendliness that have fulfilled KUBOTA's internal requirements

- Diesel engines with clean exhaust
- Low-noise construction machinery
- Tractors with excellent energy-saving performance
- Earthquake-resistant ductile iron pipes with longer lifetime

Environmental Management System

Work Towards a Recycling-Based Society
Zero emissions
Reduction in industrial waste
Diversification of recyclable product items
Improvement in usage ratio of recycled materials, etc.

Stop climate change
Energy conservation
Conversion from usage of fossil fuels
Expanded usage of natural energy
Reduction in product weight
Reduction in product energy consumption during use, etc.

Control Chemical Substances
Reduction in use of chemical substances
Development and usage of substitute materials
Promotion of detoxification
Conservation of the global environment (pollution prevention), etc.

Sustainable Society

Environmental Communication

Reduction of Environmental Impacts from Production Activities

Waste reduction

Year	Waste discharge (kilotons)	Waste discharge per unit of sales (compared to FY2009 level)
FY2009	94	100
FY2013	90	90.4

CO₂ reduction

Year	CO ₂ emissions (kilotons CO ₂ e)	CO ₂ emissions per unit of sales (compared to FY1991 level at KUBOTA production sites)
FY1991	544	100
FY2013	356	69

Reduction in release and transfer volume of PRTR-regulated substances

Year	Release and transfer volume (tons)	Release and transfer volume per unit of sales (compared to FY2009 level)
FY2009	794	100
FY2013	559	66.8

Environmental Management Basic Policy

The KUBOTA Group Environmental Charter

- The KUBOTA Group aspires to create a society where sustainable development is possible on a global scale.
- The KUBOTA Group contributes to the conservation of global and local environments through its environmentally friendly operations, products, and technologies.

The KUBOTA Group Environmental Action Guidelines (Summary of Guidelines)

- 1 Environmental Conservation Efforts in All Business Activities
- 2 Global Environmental Conservation
- 3 Environmental Protection to Create a Symbiotic Relationship with Local Societies
- 4 Our Voluntary and Organized Efforts in Environmental Conservation

Access our website for further information about the KUBOTA Group Environmental Action Guidelines:

<http://www.kubota-global.net/environment/charter.html>

As an "Eco-First Company"

In May 2010, KUBOTA made the "Eco-First Commitment" pledge to the Japanese Environment Minister to carry out environmental preservation measures on a Group-wide basis, and was officially approved as an "Eco-First Company." The pledge was made with regard to the following four points, which are being implemented together with our "Medium-Term Environmental Conservation Plan."

- Stop climate change
- Work towards a recycling-based society
- Control chemical substances
- Conserve biodiversity



Eco-First Mark

Access our website for further information about Eco-First Company: <http://www.kubota-global.net/environment/ecofirst.html>

The environmental information in this document (KUBOTA REPORT 2013-Business and CSR Activities), in combination with that given on the website <http://www.kubota-global.net/csr/report/r2013.html>, has received the third-party assurance from KPMG AZSA Sustainability Co., Ltd. Indices covered by this assurance are indicated by the "P" symbol.

Medium-Term Environmental Conservation Plan and Targets/Results for FY2013

In accordance with the Basic Direction of Corporate Environmental Management, the KUBOTA Group has promoted the Medium-Term Environmental Conservation Plan (FY2010-FY2013). In FY2013, the final year of the plan, we were unable to achieve targets set for reducing CO₂ emissions and achieving zero waste emissions, leaving issues to address in the future.

Issues	Actions	Management Indicators ¹	Scope	Base FY	Targets FY2013	Results FY2013 ²	Self-evaluation ³	Achievement Status (reasons for success or failure)	Detail Page
Stopping climate change	Reduce CO ₂	CO ₂ emissions per unit of sales	Global	2009	-10%	-5.2%	✗	The KUBOTA Group did not achieve targets due to an increase in the number of overseas sites and an increase in the CO ₂ emission coefficient for electricity in Japan.	49
	Reduce CO ₂ during distribution	CO ₂ emissions per unit of sales	Japan	2009	-10%	-0.1%	✗		
Working towards a recycling-based society	Reduce waste	Waste discharge per unit of sales	Global	2009	-8%	-9.6%	⊙	The Group achieved targets owing to improvements in logistics efficiency, such as higher load factors.	WEB 50-⑥
	Conserve water resources	Ratio of business sites that have achieved zero emissions	Global production	—	70%	41.0%	✗		
Controlling chemical substances	Reduce PRTR-designated substances ³	Water consumption per unit of sales	Global	2009	-4%	-16.2%	⊙	The Group achieved targets by conserving water and reusing wastewater.	49
	Reduce chemical substances in products	Release & transfer per unit of sales	Production in Japan	2009	-8%	-33.2%	⊙	The Group achieved targets by using alternatives such as non-PRTR substances.	50
		Ratio of models with reduced RoHS-designated substances	Global	—	40%	36%	✗	The Group did not achieve targets because there are still parts that contain lead which are difficult to replace	WEB 50-⑧

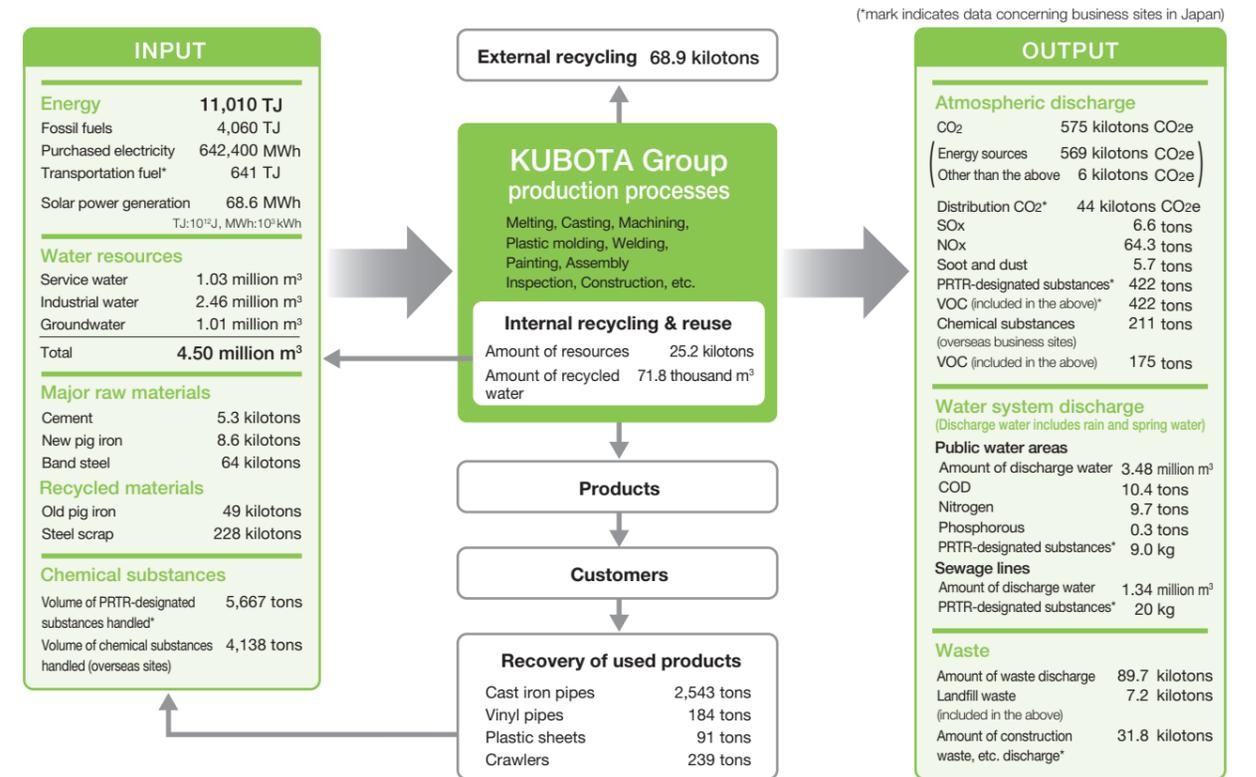
¹ The figures per unit of sales represent the intensity of environmental loads per unit of consolidated net sales.

² Self-evaluation rating symbols: ⊙ Target exceeded (by at least 20%) ○ Target reached ✗ Target not reached

³ Due to the revision of the PRTR law, the designated substances have been reviewed in 2010.

Overview of the KUBOTA Group's Environmental Loads

This is an overall summary of the KUBOTA Group's environmental loads that are associated with its diverse domestic and international business activities. (FY2013 results, global data) The KUBOTA Group has assessed and analyzed the environmental loads and is working on load reduction efforts.



The method of calculation for each indicator is posted on the website

<http://www.kubota-global.net/csr/report/pdf/2013/kankyo-web.pdf> under "Calculation Standards of Environmental Performance Indicators."

Setting Targets for FY2016 in Medium-Term Environmental Conservation Plan

The KUBOTA Group has created new medium-term targets for environmental conservation through FY2016. The Group systematically advances environmental conservation activities at the production and product development stages.

Issues	Actions	Management Indicators ²	Management Indicators	Base FY	Targets FY2016
Stopping climate change	Reduce CO ₂	CO ₂ emissions per unit of production ³		2009	-14%
	Energy conservation	Energy use per unit of production		2009	-14%
Working towards a recycling-based society	Reduce waste	Waste discharge per unit of production	Japan	2009	-14%
			Overseas	—	99.5% or above
Controlling chemical substances	Conserve water resources	Water consumption per unit of production	Japan	2009	-21%
			Overseas	—	90.0% or above
Improve environmental performance of products	Reduction of VOCs ¹	VOC emissions per unit of production		2009	-21%
	Expand line of Eco-Products	Sales ratio of Eco-Products ⁵		—	40%

¹ VOCs comprise the six VOCs that are most prevalent in emissions from the KUBOTA Group, namely xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene.

² The figures per unit of production represent the intensity of the environmental load per unit of production money amount. The exchange rate of the base fiscal year is used when translating the production value of overseas sites into yen.

³ CO₂ emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electricity of the base fiscal year in our calculation of CO₂ emissions from energy sources.

⁴ Resource recycling ratio (%) = (Sales volume of valuable resources + External recycling volume) / (Sales volume of valuable resources + External recycling volume + Landfill disposal) × 100. Heat recovery is included in external recycling volume.

⁵ Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

Stopping Climate Change

Targets for FY2013

CO₂ emissions per unit of sales: Reduce by 10% from the FY2009 level

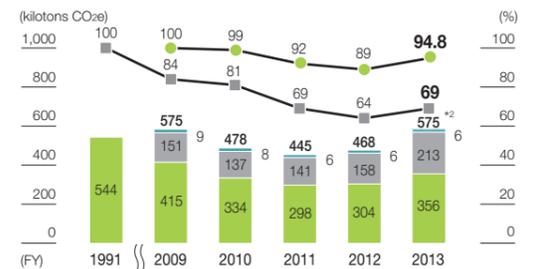
Results for FY2013

5.2% reduction in CO₂ emissions per unit of sales (compared to FY2009 level)

31% reduction in CO₂ emissions per unit of sales (compared to FY1991 level at KUBOTA production sites)

In FY2013, CO₂ emissions per unit of sales were reduced 5.2% compared to the FY2009 level. However, our target was not achieved on account of an increase in the CO₂ emissions coefficient for electricity due to the halt of operations at nuclear power plants in Japan. That said, CO₂ emissions per unit of sales at KUBOTA production sites were reduced 31% compared to the FY1991 level.

Trends in CO₂ emissions and emissions per unit of sales



■ CO₂ emissions from non-energy sources
■ CO₂ emissions (KUBOTA non-production sites, Group companies)
■ CO₂ emissions (KUBOTA production sites)
● CO₂ emissions per unit of sales (Group-wide) (compared to FY2009)¹
■ CO₂ emissions per unit of sales from KUBOTA production sites (compared to FY1991)¹
*1 Emissions per unit of sales = CO₂ emissions / sales
(—●— : Consolidated net sales, —■— : Non-consolidated net sales)
*2 CO₂ emissions (575 kilotons) include portions of CO₂ that were not released into the atmosphere but absorbed as carbon into products such as iron pipes (26 kilotons of CO₂).



Xu Bin
Production Engineering Division
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.

The company has reduced CO₂ emissions per unit of sales by 27% compared to the FY2009 level, thanks to a variety of efforts including turning off air conditioners and lighting when they are not needed, checking for air leaks from air compressors and controlling them to match conditions on production lines, and monitoring electricity usage in real time. We will continue to eliminate wasteful use of energy.

Working towards a Recycling-based Society

Targets for FY2013

Waste discharge per unit of sales: Reduce by 8% from the FY2009 level
Water consumption per unit of sales: Reduce by 4% from the FY2009 level

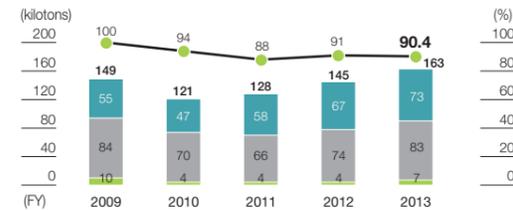
Results for FY2013

9.6% reduction in waste discharge per unit of sales (compared to FY2009 level)

16.2% reduction in water consumption per unit of sales (compared to FY2009 level)

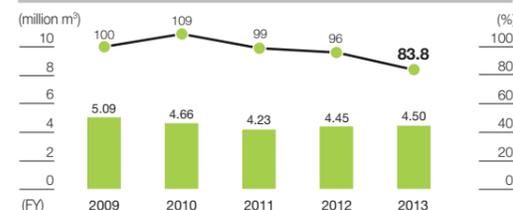
We attained our target for FY2013 by reducing waste discharge per unit of sales 9.6% compared to FY2009 level, due to the separation of waste, in-house recycling and extraction of valuable resources from waste. We also achieved our target for water consumption per unit of sales with a reduction of 16.2%, thanks to initiatives to conserve water and reuse wastewater.

Trends in waste, etc. discharge (including valuable resources) and waste discharge per unit of sales



■ Volume of valuable resources
■ Resource recycling and volume reduction ■ Landfill disposal¹
● Discharge per unit of sales (compared to FY2009)²
*1. Landfill disposal = Direct landfill disposal + Final landfill disposal following intermediate treatment
*2. Discharge per unit of sales = Waste discharge / Consolidated net sales
Waste discharge volume = Resource recycling and volume reduction + Landfill disposal
* Volume of valuable resources for FY2012 was revised to improve accuracy.

Trends in total water consumption and consumption per unit of sales



■ Total water consumption ● Water consumption per unit of sales (compared to FY2009)³
* Water consumption per unit of sales = Water consumption / Consolidated net sales



From left: **Masanori Ono, Shuji Kitano, Kenji Oshikawa**
Environmental Management Division
Sakai Plant, KUBOTA Corporation

At the Sakai Plant, waste is meticulously separated according to type at a modernized industrial waste handling facility. In 2012, we introduced a waste measurement system to visualize the type and amount of waste being discharged from each division. Our newly installed plastic compressor turns about 1.4 tonnes of transparent film into a valuable resource each month. "Team Sakai" will continue efforts to reduce waste going forward.



Plastic compressor

Controlling Chemical Substances

Targets for FY2013

Release and transfer of PRTR-designated substances per unit of sales: Reduce by 8% from the FY2009 level

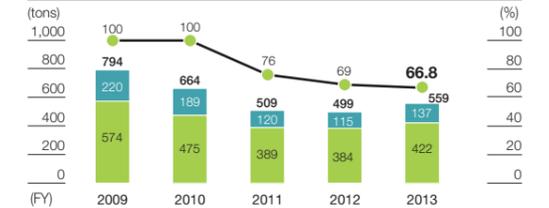
Results for FY2013

33.2% reduction in release and transfer per unit of sales of PRTR-designated substances (compared to FY2009)

We achieved our target for FY2013 with a 33.2% reduction in the release and transfer per unit of sales of PRTR-designated substances compared to the FY2009 level. Our focus going forward is to reduce the six volatile organic compounds (VOCs)* that are the most common in our handling volumes and atmospheric emissions.

*The six VOCs are: xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene

Trends in release and transfer of PRTR-designated substances¹, release and transfer per unit of sales

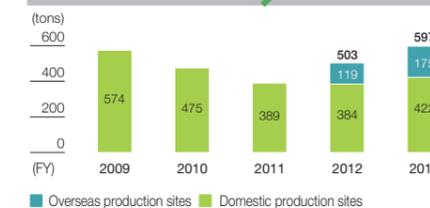


■ Transfer ■ Release ● Release and transfer per unit of sales (compared to FY2009)²

*1. Total amount of declarable substances that are handled at an annual volume of 1 ton or more (0.5 ton or more for Specific Class I designations) at each site (Group production sites in Japan)

*2. Release and transfer per unit of sales = Total release and transfer / Consolidated net sales

Trend in VOC emissions



From left: **Satayanarit Sukboon, Wisan Ubua, Patcharin Ngenbaion**
Parts Production Department,
Environmental Management Division
SIAM KUBOTA Corporation

Customers in Thailand have strict requirements for coating quality, so we treat and clean products with thinner before painting. We were able to switch to non-VOC cleansers without loss of coating quality, which resulted in an annual reduction of 240 kilograms in thinner used. We will continue efforts to reduce VOCs.

Improving Environmental Performance of Products

Based on the Eco-Products Certification System, an in-house certification of the environmental friendliness of products, the Group certified six Eco-Products in FY2013. We will continue to focus on reducing environmental impacts throughout the life cycle of its products.

Internal certification system for Eco-Products

Products that have achieved outstanding environmental friendliness by being the first of their kind, receiving high external evaluations, etc.

Products with high environmental-friendliness that have fulfilled KUBOTA's internal requirements

Evaluation items

- Stop climate change**: 1. Energy saving (CO₂ reduction) Reducing energy consumption during production, construction and use, etc.
- Work towards a recycling-based society**: 2. Resources saving Reducing weight, volume and use of rare metals, etc.
- Control chemical substances**: 3. Recycling Using recycled plastics and rare metals, etc.
- Other**: 4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.
- 5. Information disclosure Notes about energy-saving operations, recycling and disposal, etc.

Super Eco-Products

- Energy conservation**: Rice sorting equipment "Senbetsu-ou" (KG-S50X) Improvements to the rice sorting method have led to a 41% reduction in energy consumption during usage compared with previous models in FY2008.
- Energy conservation**: Can and PET bottle vending machine with heat pump launched in FY2013 (30 items, R1234yf refrigerant, six other models) The industry-first development of a heat pump circuit for low-GWP* refrigerant has led to 36-48% reductions in the annual consumption of electricity compared with previous models in FY2010. *GWP = Global Warming Potential
- Reducing energy used during installation**: Compact waste water treatment tanks (KZ-5, KZ-7, KZ-10) Due to their more compact size, energy used during excavation for installation was reduced by 27% compared with previous models in FY2009. (comparison of tanks for 5 persons)

Eco-Products

- Energy conservation**: Riding rice transplanter Weistar Racwel EP8D
- Reducing energy used during installation**: "Raqmican" Joint (flat-type, step-type)
- No chrome plating**: Butterfly valve for water supply (BU-A, BU-B)

Example of an Eco-Product label

Reduced fuel consumption by X% (vs. KUBOTA XX model, FY'XX)

Compliance with Environmental Laws

To ensure compliance with environmental laws, the KUBOTA Group has set and thoroughly manages its own control values at each of its bases for exhaust gas, wastewater, noise, vibration and other variables that are stricter than the relevant laws and regulations.

In 2012, however, exhaust gas and wastewater emissions at a Group company in China exceeded regulated values. The Company is implementing improvement measures to prevent a reoccurrence and to protect the surrounding environment.

Third-Party Assurance on Environmental Reports

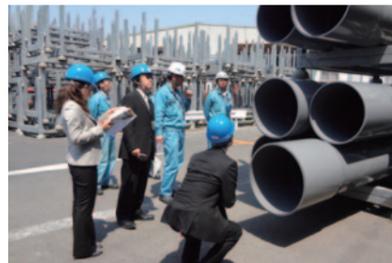
Since FY2005, the KUBOTA Group has received the third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The  symbol is used to indicate information assured by the third party. Based on the third-party assurance in this fiscal year, its environmental report was accorded the environmental report assurance and registration mark¹ of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)². This mark indicates that the reliability of environmental data presented in the KUBOTA REPORT 2013 – Business and CSR Activities satisfies the requirements for the environmental report assurance and registration marking specified by J-SUS.

¹ The mark appears on the back cover of this report.

²  <http://www.j-sus.org/english.html>

KUBOTA REPORT 2013 is published in three languages (Japanese, English and Chinese) in both printed and online versions. The environmental information in all of the six versions has received the third-party assurance.

Factory visit



Tochigi Plant, Kubota-C.I. Co., Ltd.



Independent Assurance Report

To the Representative Director, Chairman, President and CEO of Kubota Corporation

Purpose and Scope
We were engaged by Kubota Corporation (the "Company") to provide limited assurance on its KUBOTA REPORT 2013 – Business & CSR Activities in the Company's website (the "website Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- the environmental performance indicators and environmental accounting indicators marked with "J" (the "Indicators") for the period from April 1, 2012 to March 31, 2013 included in the website Report are prepared, in all material respects, in accordance with the Company's reporting criteria; and
- all the material environmental information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the website Report.

The content of the website Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria
The Company applies its own reporting criteria as described in the website Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material environmental information, we used the 'Environmental Reporting Assurance and Registration Criteria' of J-SUS.

Procedures Performed
We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS.

The limited assurance engagement on the website Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the website Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the website Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visit to the Company's domestic factory selected on the basis of a risk analysis.
- Assessment of whether or not all the material environmental information defined by J-SUS is included in the website Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- the Indicators in the website Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the website Report; and
- all the material environmental information defined by J-SUS is not included in the website Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
September 5, 2013

Action Report

Activities with Local Communities to Conserve Biodiversity

The KUBOTA Group engages in activities with local communities to conserve biodiversity, which include the participation of families in the release of young fish in rivers and streams.



SIAM KUBOTA Corporation
Employees and their families release young fish into a river



P.T. Kubota Indonesia
Greening of surrounding areas



KUBOTA Engine (Thailand) Co., Ltd.
Greening of surrounding areas

Third-Party Comments

Comments on the KUBOTA REPORT 2013 - Business and CSR Activities

The Kubota Global Identity

In October 2012, KUBOTA declared the Kubota Global Identity as its corporate philosophy. The Top Message by President Yasuo Masumoto strongly conveys the meaning of this new corporate philosophy. I believe that for KUBOTA to fulfill its role in society, it must follow a path toward business growth while contributing to society. For this reason, I have great hopes that the infusion of the spirit of the Kubota Global Identity throughout the KUBOTA Group will lead to further growth and benefits for society globally.

Imbuing Management and CSR Strategies with the Corporate Philosophy

A new corporate philosophy warrants new management strategies. The Special Feature of this year's report discusses the Company's initiatives in the three fields of food, water and the environment within the context of helping solve problems in Asian countries. Each one of the initiatives is outstanding and I look forward to KUBOTA continuing their development. To achieve further progress on these initiatives, I think it is also important for KUBOTA to view them from the strategic standpoints of business management and CSR. In my opinion, the next stage of growth will be linked to a strategic CSR approach, whereby a comparison of business contributions and social benefits is drawn and decisions are consciously made to increase the weighting of social benefits within the realm of possibility. Around the world, initiatives that benefit the base of the pyramid (BoP) are gaining attention. I think an important issue is how companies will address solving the world's problems, from the BoP perspective and others.

Promoting Regional Revitalization and Reconstruction

This report contains a detailed explanation of KUBOTA's efforts during the fiscal year under review to help with the revitalization and reconstruction of

regions affected by the Great East Japan Earthquake. The report has given me an excellent understanding of the important contributions KUBOTA is making. I wish to express my heartfelt appreciation to KUBOTA for doing these extremely important activities. While continuing to help the region, I think it is necessary to create a system where many companies cooperate together in providing assistance, since there is only so much one company can do on its own.

Environmental Management Efforts

KUBOTA also proactively engages in environmental management. Compared with level in the base fiscal year, it has improved the level of CO₂ emissions, waste discharge volume, and the release and transfer of PRTR-designated substances, both in terms of gross volume and per unit of sales. However, KUBOTA was unable to achieve its CO₂ reduction target for stopping climate change, owing in part to an increase in the CO₂ emissions coefficient for electricity in Japan, and an increase in the number of overseas sites. The increase in the CO₂ emissions coefficient for electricity in Japan was an unanticipated event when the targets were initially set. I therefore think it would be prudent for KUBOTA to reconsider its targets in light of current conditions, such as by resetting its targets altogether, or by using the emissions coefficient at the time it originally set the targets. Furthermore, improving environmental management at overseas sites is an extremely important issue for KUBOTA as it expands globally.



Professor Katsuhiko Kokubu,
Graduate School of Business
Administration, Kobe University

In response to the above comments

Kunio Suwa, Executive Officer-General Manager of CSR Planning & Coordination Headquarters, KUBOTA Corporation



We have received comments from Professor Kokubu since 2009. KUBOTA would like to thank him for providing his opinion again this fiscal year.

The KUBOTA Group contributes to solving problems related to food, water and the environment, all of which are essential to the survival of the human race. Based on this idea that its business is in itself a part of CSR, KUBOTA will continue to strive for excellence in operations. As Professor Kokubu pointed out, the KUBOTA Group will redouble efforts to respond to the ever-changing demands and expectations of society by rethinking the nature of its businesses as it expands globally.

To this end, all employees of the KUBOTA Group around the world need to share the vision of the Kubota Global Identity. As each employee thinks about how they can contribute through their roles and responsibilities at work, the Group will strive to generate synergies with society on an ongoing basis.