

# For Earth, For Life



## KUBOTA REPORT 2013

Business and CSR Activities



**KUBOTA Corporation**

# Over time, all at KUBOTA have inherited the founder's spirit

Two aspects of our founder Gonshiro Kubota's character provided the basis for the company that bears his name. The first was the pioneering spirit that led him to face the challenges involved in becoming the first to mass produce cast iron water pipes in Japan and that also made him devote his expertise and a great amount of effort into creating products that would assist in the development of society. The second was his intense passion for manufacturing that has successively been handed down over the more than 120 intervening years with the aim of Kubota making great advances to becoming a truly global company.

The founder of KUBOTA:  
Gonshiro Kubota  
(1870-1959)



Shipment point in Osaka for the Company's iron pipes, circa 1905  
Founder Gonshiro Kubota, wearing a business suit at the center of the front row

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**Cautionary Statements with Respect to Forward-Looking Statements**  
This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies; levels of capital expenditures, both in public and private sectors; foreign currency exchange rates; the occurrence of natural disasters; continued competitive pricing pressures in the marketplace; as well as the Company's ability to continue to gain acceptance of its products.

### Editorial note

Focusing on exemplary efforts made by the KUBOTA Group in addressing global issues through its business activities, this report is in the form of an easy-to-understand booklet that will keep all stakeholders informed.

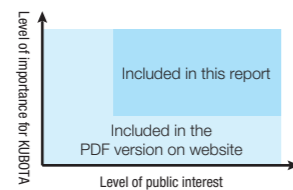
#### Relationship with the information provided on our website

In addition to this material, which covers issues of social concern, our official website provides a PDF version of this report to disclose more information including the detailed data not included in this report due to space limitation, as well as updated information.

#### Questionnaire concerning KUBOTA Report 2013

We would very much appreciate hearing your impressions and opinions and thank you in advance for your cooperation.

<http://www.kubota-global.net/csr/report/questionnaire.html>



### Information available on KUBOTA's website

Information on the activities of the KUBOTA Group is given both in this report and on the official website. For more detailed information not shown in this report, please visit our website.

<http://www.kubota-global.net/csr/report/r2013.html>

- Economic report:** Financial data (U.S. GAAP)..... P32 ①-④
- Social report:** Supplementary information..... P44 ①-②
- Environmental report:** Supplementary Information ..... P50 ①-⑱

### Boundary of the KUBOTA REPORT 2013

The KUBOTA REPORT 2013 covers the entire KUBOTA Group, in principle.

#### Economic Report:

The Economic Report contains data on the consolidated accounting based on U.S. accounting standards of generally accepted accounting principles in the United States (U.S. GAAP) for fiscal 2013, 157 consolidated subsidiaries and 19 affiliated companies 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 as well as 157 consolidated subsidiaries (62 domestic and 95 overseas companies).

### Period covered by this report

The content of this report focuses on activities during fiscal 2013 (April 2012 to March 2013, hereinafter FY2013). The Environmental Report presents domestic data from April 2012 to March 2013 and overseas data from January 2012 to December 2012. Some portions may include information on recent events.

### Referenced guidelines

Environmental Reporting Guidelines (Fiscal Year 2012 version),  
Ministry of the Environment (Government of Japan)  
Sustainability Reporting Guidelines Version 3.1, GRI

### Designed by CSR Promotion Dept.

Edited and published by Corporate Communication Dept.

# Plotting a new path to growth through social contributions unique to KUBOTA

At the beginning of FY2014, I declared that this would be a year of major change for KUBOTA in both its international and domestic operations. In FY2013, both revenues and profits grew. Why then, one might ask, is it necessary for KUBOTA to undergo these major changes? What is the end goal of all these changes? I answer these questions below while lightly touching on current conditions at KUBOTA.



Representative Director, Chairman, President & CEO Yasuo Masumoto

## Results for FY2013

### We are at the starting line of future growth.

In FY2013, KUBOTA returned to a growth path as revenues expanded in Japan and overseas, owing to a rebound in demand in Japan, strong growth in demand for agricultural machinery in Asia, and higher demand for tractors and construction machinery in North America. Consolidated revenues totaled ¥1,167.6 billion, slightly topping the previous peak set in FY2008 and finally recovering to a level last seen prior to the financial crisis five years ago. Marking this figure as our new starting line, we are embarking on a trek toward full-fledged growth.

In FY2014, we expect strong performance overall in both domestic and overseas operations. Nevertheless, we are not content to watch the year pass by frivolously. We will engage in business activities with the objective of creating a corporate structure able to achieve growth in excess of market expansion over the medium term.

In our pursuit of contributing to society and remaining a sustainable corporation, we aim to foster a corporate culture where our employees are able to take an optimal course of action based on a firm grasp of current business conditions without being blinded by previous success. This, I believe, is my mission.

## Aiming for Constant Corporate Growth

We have set two basic business policies for FY2014: “attain major growth by developing growth driver businesses,” and “reform business operations to that of a global corporation.”

### Aiming to Attain Major Growth

KUBOTA contributes to the advancement of society through its businesses in food, water and the environment. These business fields are becoming increasingly important to the human race on a global scale, and KUBOTA aims to outperform market growth in these fields. To achieve this aim, KUBOTA will enhance development of core growth themes, or growth driver businesses.

One of these growth driver businesses is **the large-scale agricultural machinery business for dry-field farming, an area in which we will ramp up operations.** KUBOTA's agricultural machinery business has grown around the rice farming market, which requires compact and lightweight machinery. However, KUBOTA believes it must enter the global market for dry-field farming, which covers an area that is seven times larger than land used for growing rice. Dry-field farming is the primary mode of agriculture in regions KUBOTA has yet to enter, such as Africa, Russia and South America. Management has determined that KUBOTA needs to enter the large-scale dry-field agricultural machinery business in order to help solve global food problems and sustain growth over the long term at KUBOTA.

Another growth driver business is **the overseas water and environment business, in which we plan to accelerate business development in mainly Asian countries.** The KUBOTA Group aims to speed up development of the water and environment business in Asia by stimulating growth at its existing subsidiaries in China that produces and sells water treatment systems and pumps, and by promoting business via Asian subsidiaries of a water treatment engineering company acquired in 2012.

### Aiming to Reform Business Operations

The Company's overseas sales ratio reached 54% in FY2013 as a result of ongoing efforts to augment its overseas production bases and sales network. Expansion of our overseas operations is key to future growth because growth driver businesses are in overseas markets. Our current business operations, however, are still focused on domestic businesses, a structure that we have yet to move away from. We aim to reform business operations from a multi-angled viewpoint to find the best path forward to becoming a genuine global corporation.

To attain this goal, we are implementing several measures. Our first measure is **to strengthen marketing and R&D activities in tune with local needs.**

KUBOTA has to make inroads into existing markets overseas such as the dry-field farming market and water and environment market where there are already competitors, in order to fulfill its objectives of contributing

to society and further expanding overseas operations. KUBOTA must also introduce products and services at prices that are fair for each region and of a quality that matches local needs. To realize these goals, we aim to strengthen marketing and R&D activities in tune with local needs.

Our second measure is **to expand our overseas sales network**. In fast-growing Asian markets, we aim to expand operations faster than the pace of average market growth, and we need to expand our sales network further in order to do so. KUBOTA turned a local affiliate into a subsidiary in the Philippines in 2011, and established an agricultural machinery sales company in Indonesia in 2012. The Company plans to expand its sales network further in preparation for business growth in China, Southeast Asia and South Asia. In regions where we do not have a presence, such as Africa, Russia and South America, we plan to start developing sales channels within five or ten years from now.

Our third measure is **global promotion of our ways and capabilities of manufacturing, in other words, spreading “Made by KUBOTA” methods or technologies globally**. KUBOTA is taking steps to expand overseas production with the aim of forming a production structure able to flexibly adapt to changes in market conditions. Since each region often requires different specifications for products, the first priority of this measure is to enable product development that fulfills local requirements. At the same time, having strong cost competitiveness is considerably more important in overseas markets than in Japan. I believe a key challenge for us will be to address these needs while upholding the trustworthiness of the “Made by KUBOTA” products. We believe that the high performance, durability and finely tuned specifications of our products are valued as quality of KUBOTA’s products by our customers. We intend to improve the capability of each manufacturing plant and enhance collaboration among plants to enable addressing local needs including cost competitiveness and flexible response to fluctuating business conditions with reliable technology.

The fourth measure is **to strengthen global management and corporate governance**. In accordance with expansion of overseas operations, it is becoming increasingly important for us to execute local decision-making so that local managers, who are

knowledgeable of the local situation, can make appropriate and prompt decisions. To this end, we will strive to recruit and develop human resources through appointment to positions of management responsibility, delegating authority and updating our personnel system.

Meanwhile, it is also becoming increasingly important to strengthen corporate governance as the number of business mergers and acquisitions (M&A) increases. We will proactively tackle this issue by improving our framework and systems while leveraging IT to adopt uniform management and proper sharing of management resources.

#### **KUBOTA will create business opportunities in Japan by enhancing its proposal capabilities and responding to changing needs.**

Sales have increased for two consecutive fiscal years at the Company’s domestic operations, and this recovery in sales and profits in Japan has underpinned consolidated earnings. However, if we limit ourselves to our current business fields, there is scant hope of sustainable growth in sales and profits over the long term. KUBOTA will overhaul low-margin businesses and transform its business structure to one that focuses on developing new markets.

In the agricultural field, KUBOTA engages in business that contributes comprehensively to agriculture through proposals for improving agricultural efficiency and by introducing new ways of farming. In this context, we have already launched initiatives such as the promotion of rice farming that skips the raising of seedlings.

In the water and environment field, KUBOTA will work to further expand existing businesses in the public sector, such as equipment sales and plant construction, while aiming to create new business opportunities in the private sector by improving its readiness in the field of ongoing facility operation and maintenance, which is increasingly being subcontracted.

#### **Contributing to Society as a Corporation**

#### **Around the world, we work hard at giving people reason to believe that KUBOTA is a promising company**



Engaging in the business fields of food, water and the environment, KUBOTA is proud to be a company with considerable potential to contribute to the welfare of society. That said, I believe there is still a lot more that KUBOTA can do, because there are so many roles that KUBOTA can fulfill for society while striving for further growth through business expansion. Not satisfied with the current state of operations, we ask ourselves if there is a better way we can address the needs of society. Desiring a corporate culture wherein all of our employees around the world ask themselves this very question, we formulated the Kubota Global Identity as the Group’s corporate philosophy in October 2012. I believe our responsibility to society is to contribute to society through our business activities and always do in good faith what is expected of us by society.

Another important issue for us is how to preserve the natural beauty of the environment for the next generation, amid significant changes in the global environment caused by rapid economic growth in emerging countries. As a company with operations that relate to environmental conservation, KUBOTA is always cognizant of how its products and services help the global environment, and

strives to reduce the environmental impact of its manufacturing activities. The Company takes environmental considerations seriously, starting with initiatives to reduce CO<sub>2</sub> emissions and waste volume as well as manage chemical substances, and also deploying its own wastewater treatment technologies when constructing a new production base overseas, so as to not adversely impact the local environment. KUBOTA has set up its own Eco Products Certification System for evaluating the environmental friendliness of its products, and makes concerted efforts to develop products that are easy on the environment.

We intend to help protect the beauty of the global environment and enrich people’s lives. With “For Earth, For Life” as our slogan, we are moving forward in the fields of food, water and the environment as a company that contributes to society. Through business growth and social contributions, KUBOTA will endeavor to be a promising company that everyone trusts, and a company that meets the expectations of its stakeholders. We ask for your understanding and support as we strive toward these aspirations.

Following the spirit and values established by the Company's founder more than 120 years ago, KUBOTA Corporation is committed to tackling food, water and environmental issues on a global scale.

The first successful domestic production of cast iron pipes for water supply was accomplished in Japan in 1897. At that time, a significant number of lives were being lost in Japan as a result of water-borne diseases such as cholera. Founder Gonshiro Kubota established KUBOTA to protect people from such diseases and in the process contributed greatly to the modern water supply system. In that spirit, the manufacturing of iron pipes is now a cornerstone of business activity at the KUBOTA Corporation.

Amid serious food shortages after the Second World War, the Company directed its efforts toward agricultural mechanization as a means to increase food production and succeeded in commercializing cultivators in 1947. Inheriting the spirit of a company founded with a commitment to resolving social issues, KUBOTA continues to develop its business activities in step with the needs of society.

KUBOTA enacted the Kubota Global Identity as a universal corporate principles in order to promote business activities throughout the group based on the spirit and values passed down since the establishment of the Company.

The Kubota Global Identity recognizes that food, water and the environment are a singular theme, and the program's "Mission" section states clearly that the goal of the Company is to contribute to the resolution of problems in these areas on a global scale.



► **Spirits**

- Work for the development of society by drawing on all of 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.

► **Brand Statement**

**For Earth, For Life**  
**Kubota**

► **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.

# Somewhere, today. A nearby presence throughout people's lives.

Mobilizing the collective strength of KUBOTA's business activities and contributing to solutions in the areas of food, water and the environment.



**1 Tractors:**  
used mainly in agricultural operations, including tillage, leveling and transportation.



**2 Rice transplanters:**  
used to transplant rice seedlings to the rice paddies. Rice transplanters make a significant labor-saving contribution.



**3 Combine harvesters:**  
simultaneous harvesting and threshing of crops such as rice, wheat and pulses



**4 Mini power tillers:**  
used mainly in agricultural operations, including smaller farms.



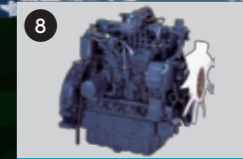
**5 Riding mowers:**  
used for cutting lawns in parks, office areas and private residences.



**6 Utility vehicles:**  
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.



**7 Construction machinery (mini backhoes):**  
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.



**8 Engines (installed in equipment 1-7):**  
used as power sources for industrial equipment, including tractors and construction machinery.



**9 Iron pipes:**  
used in infrastructure, including water and sewage lines, as well as gas piping.



**10 Earthquake resistant reservoirs:**  
used to ensure the supply of drinking water when water services are halted due to an earthquake or other disaster.



**11 Valves:**  
used in water and sewerage lines to control the flow of fluids or gases.



**12 Pumps:**  
used to pump water in water and sewerage lines, as well as in storm water drainage.



**13 Plastic pipes:**  
used in infrastructure, including water and sewerage lines, as well as gas piping.



**14 Ceramic film:**  
used in the purification process for sources of water, including river water, to create clean drinking water.



**15 Submerged membranes:**  
used to purify waste water, including industrial and domestic sewage.



**16 Waste water treatment tanks:**  
used to treat sewage in areas where there are no sewerage lines.



**17 Sewage sludge incinerators:**  
plants used to incinerate or melt sludge produced during sewage treatment



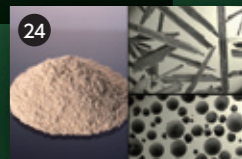
**18 Spiral welded steel pipes:**  
used in foundation construction, including for buildings and bridges in addition to harbor and river projects.



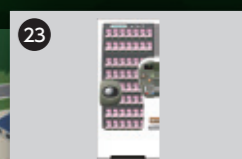
**19 Rolls:**  
used in the rolling process, mainly at steel plants.



**20 Cast steel:**  
used at plants in the petrochemical industry for ethylene purification and other operations.



**24 TXAX (brake pad material):**  
used as a friction material, mainly in brake pads.



**23 Vending machines:**  
used for the automatic sales of products, including drinks and cigarettes.



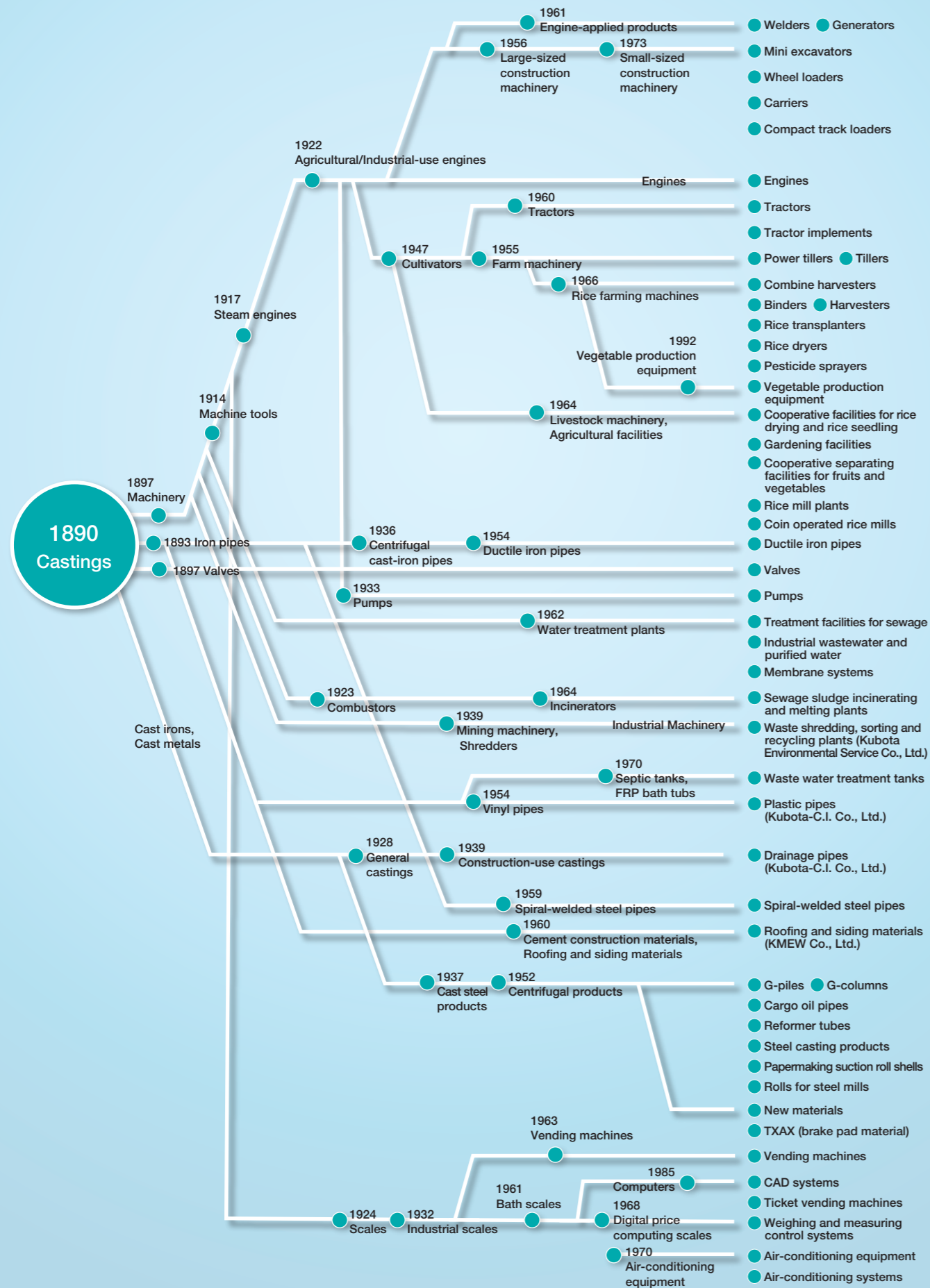
**22 Air-conditioning:**  
used mainly in the centralized air-conditioning of office buildings and plants.



**21 Truck scales:**  
used to measure load capacity for trucks and other equipment.

## History of KUBOTA's Products

KUBOTA started with production and marketing of cast metal products. Ever since its foundation, it has provided a large variety of products that contribute to people's lives and society, including iron pipes for waterworks, engines for agricultural and industrial purposes, and machine tools. All of its business organizations and products have been developed under the basic idea that "Society keeps corporations going forward."



## KUBOTA's Global Development History

Dating back to the early 1900s, KUBOTA Corporation has a long history of overseas business development. The Company has been contributing to the development of Asian countries with exports of water pipes prior to World War II and exports of pumps and farming machinery thereafter. The Company shifted its overseas business development into high gear, beginning with farming machinery from the 1970s onward and then the water and environment business in the early 2000s, and is currently accelerating the globalization of each of its businesses.

### Establishment (1890)-1945 Eyeing the World across the Seas

In 1893, not long after its establishment, the Company produces the first cast iron water pipes made in Japan. Having been exported to such countries as Indonesia in 1917 and the Netherlands in the 1930s, the technology is also highly regarded across the world.

### 1946-1971 From the Postwar Recovery Period to Making Global Inroads

In 1960, KUBOTA exports irrigation pumps and power tillers to Burma (currently Myanmar). In Cambodia, KUBOTA becomes the first Japanese company to undertake water supply construction work. Also engaging in water supply construction work in other countries, including Laos, Afghanistan and Taiwan, KUBOTA is highly active in overseas business.

### 2000-2011 Sudden Acceleration in Globalization

KUBOTA commences local full-scale production of tractors and combine harvesters in North America and Thailand and builds overseas sales bases for submerged membranes, construction machinery and pumps. The Company accelerates the localization of its businesses, including the production and sale of cast steel in the Middle East, and makes significant advances in globalization.

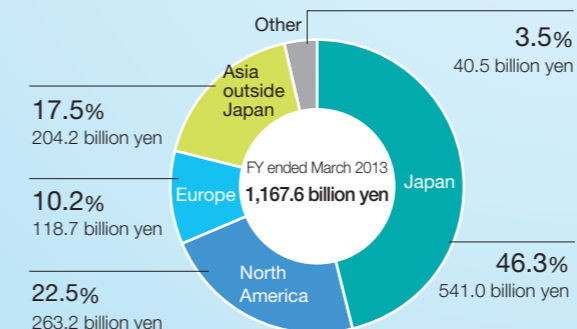
### 1972-1999 Full-Scale Overseas Business Development

KUBOTA greatly expands its overseas activities, including tractor and cast steel businesses in North America, farming and construction machinery businesses in Europe, and the overseas production of vending machines. Entry into overseas markets begins in earnest, including through localization with product exports, construction work and other efforts.

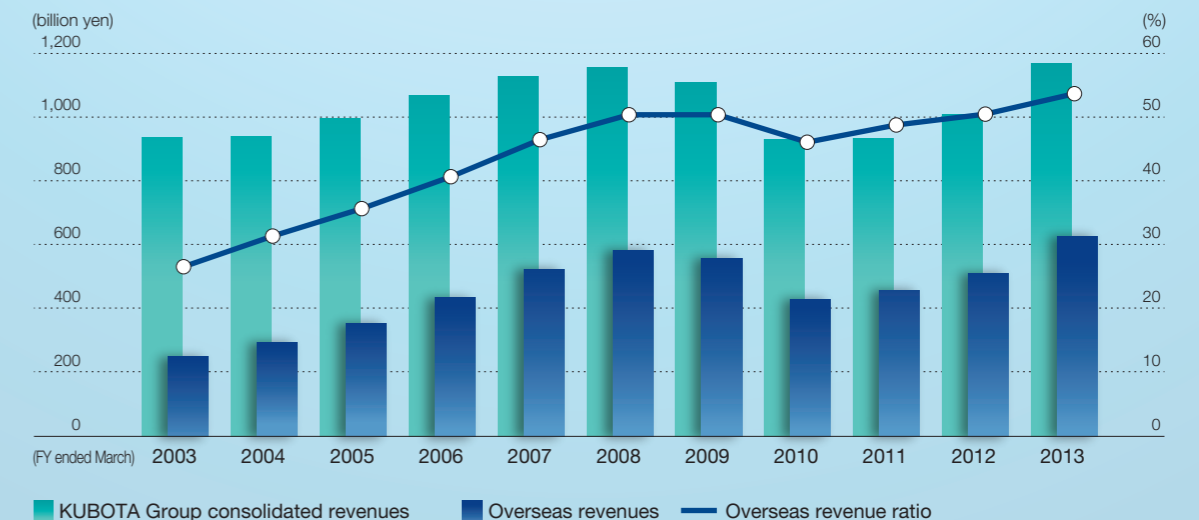
### 2012-Present Aiming to Become a Truly Global Company

Through M&A, KUBOTA is making full-scale entries into the world's dry-field farming markets and strengthening its water and environmental businesses in Asia. In addition, the Company is promoting the building of a global, optimized local production system by making further advances in consistent local production from the securing of castings and engine parts.

Revenues composition ratio by region



KUBOTA is fully developing its business in large dry-field farming machinery



## Corporate Data (As of March 31, 2013)

Corporate Name	KUBOTA Corporation
Head Office	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan
Established	1890
Capital	¥84,070 million
Total number of shares issued	1,256,419,180
Number of shareholders	39,917
Revenues (Consolidated)	¥1,167,628 million
Number of employees (Consolidated)	31,436



Head office

## Directors, Audit & Supervisory Board Members and Executive Officers (As of June 21, 2013)

### Directors



(Front row, from left)

Representative Director, Chairman, President & CEO	Representative Director and Executive Vice President
<b>Yasuo Masumoto</b>	<b>Tetsuji Tomita</b>

(Back row, from left)

Director and Senior Managing Executive Officer	Director and Senior Managing Executive Officer	Outside Director	Outside Director	Director and Senior Managing Executive Officer	Director and Managing Executive Officer
<b>Toshihiro Kubo</b>	<b>Satoru Sakamoto</b>	<b>Yuzuru Mizuno*</b>	<b>Junichi Sato*</b>	<b>Masatoshi Kimata</b>	<b>Shigeru Kimura</b>

### Executive Officers

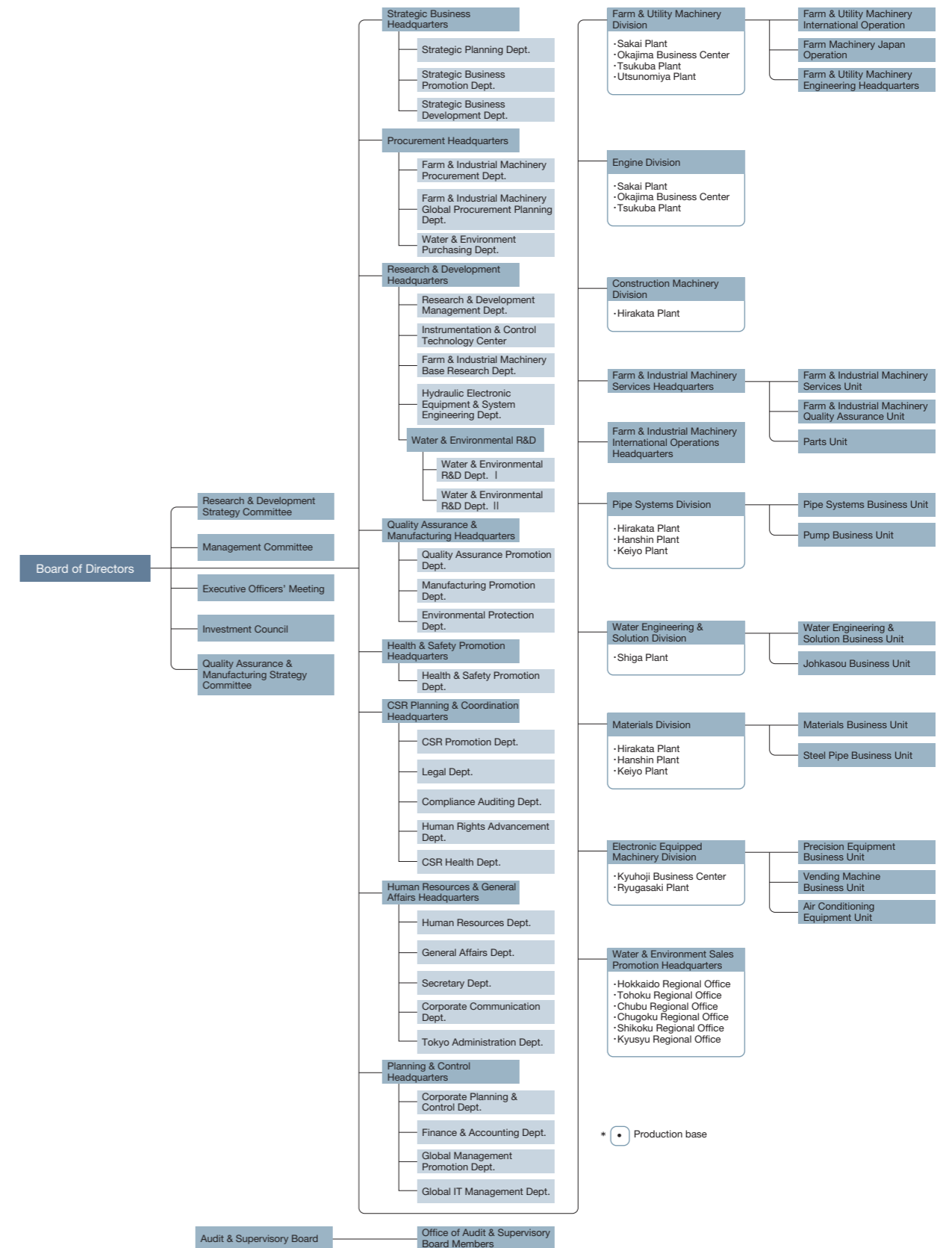
Senior Managing Executive Officers	Executive Officers		
<b>Nobuyuki Toshikuni</b>	<b>Taichi Ito</b>	<b>Yoshiyuki Fujita</b>	<b>Kazuhiro Kimura</b>
Managing Executive Officers	<b>Hiroshi Matsuki</b>	<b>Kaoru Hamada</b>	<b>Dai Watanabe</b>
<b>Kenshiro Ogawa</b>	<b>Kunio Suwa</b>	<b>Takashi Uei</b>	<b>Haruyuki Yoshida</b>
<b>Satoshi Iida</b>	<b>Toshihiko Kurosawa</b>	<b>Hironobu Kubota</b>	
<b>Yujiro Kimura</b>	<b>Hiroshi Kawakami</b>	<b>Junji Ogawa</b>	
<b>Shinji Sasaki</b>	<b>Satoshi Machida</b>	<b>Yasuo Nakata</b>	
<b>Yuichi Kitao</b>	<b>Masaharu Tabata</b>	<b>Masato Yoshikawa</b>	

### Audit & Supervisory Board Members

Audit & Supervisory Board Members
<b>Hirokazu Nara</b>
<b>Hiroshi Shiaku</b>
Outside Audit & Supervisory Board Members
<b>Masaharu Kawachi*</b>
<b>Akira Negishi*</b>
<b>Ryoji Sato*</b>

## Organization (As of June 21, 2013)

A drastic organizational realignment was conducted in April 2012. To facilitate management and rapid decision-making as well as to focus on a flatter, simple organizational structure, we decided to eliminate the consolidated division system in favor of a business division system after carrying out consolidation under the president's direct supervision. Corporate staff divisions (indirectly managed departments) integrated into headquarters are working to enhance the business support and Group governance functions.





# Global Network

Possessing strengths in world-class quality, the KUBOTA Group is accelerating the development of its overseas business activities, including expanding its production, sales and procurement bases.

## Plants, offices and main affiliates in Japan

- **Head offices**  
**Head Office** (Osaka)  
**Hanshin Office** (Amagasaki, Hyogo Prefecture)  
**Tokyo Head Office** (Tokyo)
- **Regional offices & Branch offices**  
**Hokkaido Regional Office** (Sapporo)  
**Tohoku Regional Office** (Sendai)  
**Chubu Regional Office** (Nagoya)  
**Chugoku Regional Office** (Hiroshima)  
**Shikoku Regional Office** (Takamatsu)  
**Kyusyu Regional Office** (Fukuoka)  
**Yokohama Branch** (Yokohama)
- **Sales Offices**  
**Wakayama Sales Office** (Wakayama)  
**Kumamoto Sales Office** (Kumamoto)  
**Okinawa Sales Office** (Naha)
- **Factories, plants and business centers**  
**Sakai Plant** (Sakai, Osaka Prefecture) Agricultural machinery and engines  
**Hirakata Plant** (Hirakata, Osaka Prefecture) Construction machinery, valves, pumps and steel castings  
**Tsukuba Plant** (Tsukubamirai, Ibaraki Prefecture) Agricultural machinery and engines  
**Ryugasaki Plant** (Ryugasaki, Ibaraki Prefecture) Vending machines  
**Utsunomiya Plant** (Utsunomiya, Tochigi Prefecture) Agricultural machinery  
**Keiyo Plant** (Funabashi/Ichikawa, Chiba Prefecture) Ductile iron pipes and spiral welded steel pipes  
**Shiga Plant** (Konan, Shiga Prefecture) Septic tanks  
**Hanshin Plant** (Amagasaki, Hyogo Prefecture) Ductile iron pipes and mill rolls  
**Kyuhoji Business Center** (Yao, Osaka Prefecture) Electronic equipped machinery  
**Okajima Business Center** (Osaka) Engines and iron castings
- **Main affiliates**  
**16 domestic agricultural machinery sales companies including Hokkaido KUBOTA Corporation** (As of August, 2013) Sales of agricultural machinery  
**Kubota Farm & Industrial Machinery Service Ltd.** (Sakai, Osaka Prefecture) Integrated agricultural machinery service  
**Kubota Agri Japan Corporation** (Osaka) Technical and sales guidance on agricultural machinery  
**Kubota Credit Co., Ltd.** (Osaka) Retail financing of merchandise  
**KUBOTA Precision Machinery Co., Ltd.** (Sakai, Osaka) Manufacture and sale of hydraulic equipment and other precision machinery components  
**KUBOTA Construction Machinery Japan Corporation** (Amagasaki, Hyogo Prefecture) Sales of construction machinery  
**Kubota-C.I. Co., Ltd.** (Osaka) Manufacturing and sales of pipes and couplings in PVC and other polymers  
**Nippon Plastic Industry Co., Ltd.** (Komaki, Aichi Prefecture) Manufacturing and sales of vinyl pipes and various types of sheets  
**Kubota Environmental Service Co., Ltd** (Tokyo) Operation, maintenance, design, construction, remodeling and repair of water and waste treatment facilities, along with sales of pharmaceutical and other supplies; analysis of water quality, air, waste, etc.  
**KUBOTA KASUI Corporation** (Tokyo) Environmental engineering related to treatment of industrial wastewater and waste gases, repair and remodeling work, maintenance management, chemical and other sales  
**Kubota Air Conditioner, Ltd.** (Tokyo) Manufacturing and sales of various types of air-conditioning equipment  
**Kubota Construction Co., Ltd.** (Osaka) Service water and sewage, civil engineering and construction contracting  
**KMEW Co., Ltd.** (Osaka) Manufacturing and sales of roofing and siding materials

## North America

## Europe

## Asia & Oceania

- Main overseas affiliates
- Production sites
- Overseas offices

## The KUBOTA Group's overseas business sites and main overseas affiliates

- ### North America
- 1 **Kubota Tractor Corporation**  
California, U.S.A.  
Sales of tractors, construction machinery, mowers and UVs\*
  - 2 **Kubota Credit Corporation U.S.A.**  
California, U.S.A.  
Retail financing of sales contracts
  - 3 **Kubota Manufacturing of America Corporation**  
Georgia, U.S.A.  
Development and manufacturing of small-sized tractors, mowers, UVs\* and tractor implements
  - 4 **Kubota Industrial Equipment Corporation**  
Georgia, U.S.A.  
Development and manufacturing of tractors and implements
  - 5 **Kubota Engine America Corporation**  
Illinois, U.S.A.  
Sales of engines and generators
  - 6 **Kubota Insurance Corporation**  
California, U.S.A.  
Underwriting non-life insurance
  - 7 **Kubota Tractor Acceptance Corporation**  
California, U.S.A.  
Business of insurance agencies in the United States
  - 8 **Kubota Membrane U.S.A. Corporation**  
Washington, U.S.A.  
Sales of submerged membranes
  - 9 **Kubota Canada Ltd.**  
Ontario, CANADA  
Sales of tractors, construction machinery, engines, mowers and UVs\*
  - 10 **Kubota Materials Canada Corporation**  
Ontario, CANADA  
Manufacturing and sales of steel casting products, TXAX (brake pad materials)

- ### Europe
- 11 **Kubota Europe S.A.S.**  
Argenteuil, FRANCE  
Sales of tractors, construction machinery, engines, mowers and UVs\*
  - 12 **Kubota (Deutschland) GmbH**  
Rodgau/Nieder-Roden, GERMANY  
Sales of tractors, engines, mowers and UVs\*
  - 13 **Kubota Baumaschinen GmbH**  
Zweibrücken Rheinland-Pfalz, GERMANY  
Manufacturing and sales of construction machinery
  - 14 **Kubota (U.K.) Ltd.**  
Oxfordshire, U.K.  
Sales of tractors, construction machinery, engines, mowers and UVs\*
  - 15 **Kubota Membrane Europe Ltd.**  
London, U.K.  
Sales of submerged membranes
  - 16 **Kubota España S.A.**  
Madrid, SPAIN  
Sales of tractors, mowers and UVs\*
  - 17 **Kverneland AS**  
Kverneland, NORWAY  
Manufacturing and sales of tractor implements

- ### Asia & Oceania
- 18 **Kubota Korea Co., Ltd.**  
Seoul, KOREA  
Sales of tractors, combine harvesters, rice transplanters and construction machinery
  - 19 **Kubota China Holdings Co., Ltd.**  
Shanghai, CHINA  
Regional headquarters in China
  - 20 **Kubota China Financial Leasing Ltd.**  
Shanghai, CHINA  
Financial leasing business for Kubota's main products including construction and agricultural machinery
  - 21 **Kubota Agricultural Machinery (SUZHOU) Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing and sales of combine harvesters and other agricultural machinery
  - 22 **Kubota Construction Machinery (WUXI) Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing of construction machinery
  - 23 **Kubota Engine (SHANGHAI) Co., Ltd.**  
Shanghai, CHINA  
Sales of engines
  - 24 **Kubota Engine (WUXI) Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing of vertical type diesel engines
  - 25 **Kubota Construction Machinery (SHANGHAI) Co., Ltd.**  
Shanghai, CHINA  
Sales of construction machinery
  - 26 **Kubota Guozhen Environmental Engineering (ANHUI) Co., Ltd.**  
Anhui, CHINA  
Plant engineering of membrane bioreactors, and manufacturing and sales of membrane units, for the water treatment market
  - 27 **KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd.**  
Anhui, CHINA  
Manufacturing and sales of pumps
  - 28 **Kubota Environmental Engineering (SHANGHAI) Co., Ltd.**  
Shanghai, CHINA  
Plant engineering and sales of equipment for the water treatment market
  - 29 **Jiangsu Biaoxin Kubota Industrial Co., Ltd.**  
Jiangsu, CHINA  
Manufacturing and sales of steel casting products
  - 30 **Shin Taiwan Agricultural Machinery Co., Ltd.**  
Kaohsiung City, TAIWAN  
Sales of tractors, agricultural machinery, construction machinery and agriculture-related products
  - 31 **Kubota Rice Industry (H.K.) Co., Ltd.**  
Hong Kong, CHINA  
Rice sales business in Hong Kong
  - 32 **Kubota Philippines, Inc.**  
Quezon City, PHILIPPINES  
Sales of tractors, combine harvesters, rice transplanters, engines, power tillers, etc.

- 33 **SIAM KUBOTA Corporation Co., Ltd.**  
Pathumthani, THAILAND  
Manufacturing and sales of tractors, combine harvesters, horizontal diesel engines and power tillers, and sales of construction machinery
- 34 **SIAM KUBOTA Metal Technology Co., Ltd**  
Chachoengsao, THAILAND  
Manufacturing of casting components for engines and tractors
- 35 **KUBOTA Engine (Thailand) Co., Ltd.**  
Chachoengsao, THAILAND  
Manufacturing of vertical type diesel engines
- 36 **Siam Kubota Leasing Co., Ltd.**  
Pathumthani, THAILAND  
Retail financing for tractors and combine harvesters
- 37 **Kubota Procurement & Trading (Thailand) Co., Ltd.**  
Chanthaburi, THAILAND  
Procurement and supply of parts for KUBOTA Group production bases
- 38 **Kubota Vietnam Co., Ltd.**  
Binh Duong Province, VIETNAM  
Manufacturing and sales of tractors, combine harvesters and rice transplanters
- 39 **Sime Kubota Sdn. Bhd.**  
Selangor Darul Ehsan, MALAYSIA  
Sales of tractors and engines
- 40 **P. T. Kubota Indonesia**  
Semarang, INDONESIA  
Manufacturing and sales of small diesel engines
- 41 **PT. Kubota Machinery Indonesia**  
Jakarta, INDONESIA  
Sales of tractors, combine harvesters and rice translators

- 42 **P. T. Metec Semarang**  
Jawa Tengah, INDONESIA  
Consignment manufacturing of vending machines and vending machine parts
- 43 **Kubota Agricultural Machinery India Pvt., Ltd.**  
Chennai, INDIA  
Sales of tractors, combine harvesters and rice transplanters
- 44 **Kubota Saudi Arabia Company, LLC**  
Dammam, SAUDI ARABIA  
Manufacturing and sales of steel casting products
- 45 **Kubota Tractor Australia Pty. Ltd.**  
Victoria, AUSTRALIA  
Sales of tractors, construction machinery, engines, mowers and UVs\*

- A **Beijing Office**  
Beijing, CHINA
- B **Hanoi Office**  
Hanoi, VIETNAM
- C **Myanmar Office**  
Yangon, MYANMAR
- D **Jakarta Office**  
Jakarta, INDONESIA
- E **Malaysia Branch**  
Jaya, Selangor, MALAYSIA
- F **Singapore Branch**  
Singapore, SINGAPORE
- G **Dubai Branch**  
Dubai, UNITED ARAB EMIRATES

\*UVs: Utility Vehicles

# KUBOTA Helps Fast-growing Asian Countries Resolve Issues Related to Food, Water and the Environment

KUBOTA's businesses are intimately related to food, water and the environment, fields that will only increase in importance as essential aspects of human existence.

Based on the Kubota Global Identity, our corporate principles, we take on the challenge of solving world problems related to the fields of food, water and the environment through the provision of over a thousand different products and services. Our lineup of offerings mainly comprises: agricultural equipment that enhances food production by improving the efficiency of agriculture; equipment, facilities and engineering technologies for the stable supply of safe water; technologies for treating and reducing the volume of wastewater and waste; and materials, equipment and construction machinery that support the modernization of urban and living environments.

Over the past few years, rapid economic development in Asian countries has led to a host of intertwining problems, including populations being concentrated in major cities, a lack of modern infrastructure in cities, environmental destruction, food shortages, growing water shortages and declining rural populations.

Leveraging its technologies and comprehensive expertise cultivated over a 120-year history, KUBOTA helps resolve problems in countries in Asia and around the world, thereby contributing to their sustained development.

■ KUBOTA excels at making contributions in these fields:

## “Food”

Contributing to the abundant and stable production of food by streamlining of agriculture.

- Alleviation of agricultural labor shortages
- Mechanization of agriculture
- Localization of agricultural machinery production

## “Water”

Contributing to supply and to restore reliable water by enhancing water infrastructures.

- Maintenance of water supply and sewerage systems
- Preservation of environmental hygiene
- Prevention of water pollution

## “Environment”

Contributing to create a comfortable living environment and to preserve the global environment by enhancing social infrastructure.

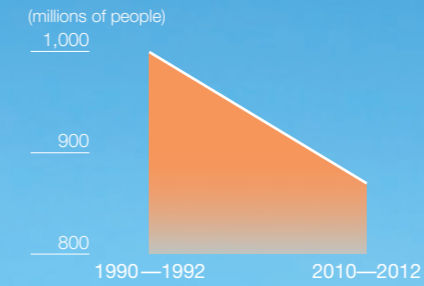
- Waste liquid and wastewater treatment systems
- Flue gas treatment systems
- Upgrading urban and living environments



### Contributing to the Alleviation of Rural Labor Shortages and Mechanization of Agriculture through Localization

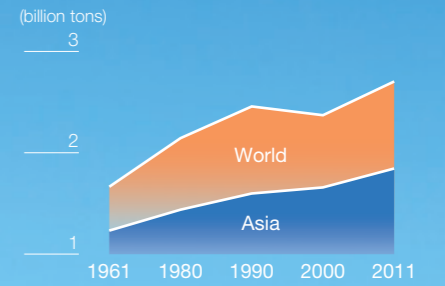
KUBOTA has played a key role in the mechanization of agriculture in Asian countries, which account for 90% of global rice production, through its rice farming machinery and technologies developed in Japan. By promoting the spread of agricultural machinery, we have contributed greatly to labor-saving and labor-reduction innovations in agriculture. With the “Made by KUBOTA” brand widely trusted for genuine quality and durability, we have responded to local needs by improving and modifying our products and backing them up with finely-tuned services. In Thailand and China, KUBOTA has deepened its roots in regional communities by advancing the local production of agricultural machinery.

Number of Undernourished Persons



Source: Food and Agriculture Organization (FAO) of the United Nations

Asian and World Cereal Supply



Source: Food and Agriculture Organization (FAO) of the United Nations

Around the world, there are still 870 million people on the brink of starvation. Every year, Asia has played an increasing role in the production of staple foods, and the region now produces half of the world's grains.



#### China

KUBOTA introduced its first combine harvester in 1998, its first rice transplanter in 2007, and commenced full-fledged development of the tractors business in China in 2012. We have contributed to the stable supply of food and the elimination of rural labor shortages caused by rapid economic development and urbanization in China, by promoting the spread of highly efficient Japanese-made machinery for rice farming and dry-field crop farming. In addition to the high functionality and durability of our products, we have built a responsive service structure for repairs and maintenance that has garnered the strong trust of our customers.



#### Thailand

In Thailand, one of the world's leading producers and exporters of rice, rural labor shortages have become a serious problem due to the development of the automobile industry and other industries. KUBOTA had been exporting power tillers from Japan to Thailand, and through a joint venture with a local company, KUBOTA began manufacturing diesel engines for agricultural machinery in Thailand. Since then, we have won broad support in Thailand for playing a role in the mechanization of agriculture with our tractors and combine harvesters. We are now setting up a local, integrated production structure for tractors, combine harvesters, engines and hydraulic equipment. Our operations in Thailand are coming to the forefront as a base for supplying products to the world.

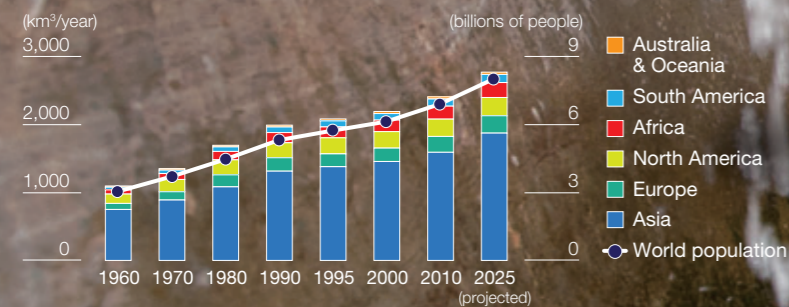


# KUBOTA and Food

### Helping to Improve Water Quality and Ensure Safe and Secure Sources of Drinking Water

120 years ago, KUBOTA was the first company in Japan to produce cast iron water pipes. Our water-related operations have roots that can be traced back to our foundation as a company, and we have advanced in lockstep with the history of waterworks in Japan. UNESCO projects that the quantity of water intake in Asia will account for about 60% of the world total by 2025. With this in mind, KUBOTA aims to play a central role in modernizing water infrastructure in Asia, from water intake and purification to water supply and wastewater treatment, through a combination of its products (cast iron pipes, plastic pipes, pumps, valves, submerged membranes, etc.), water treatment technologies and engineering technologies.

World population and water consumption volume



Source: Ministry of the Environment's "Environmental Whitepaper 2012"

Demand for water is expected to increase around the world. Consumption of water is growing especially strongly in Asia, raising the importance of having safe and secure water supplies.



Bangladesh Cambodia

KUBOTA is involved in projects to expand the water supply infrastructure of Bangladesh's second-largest city, Chittagong, increasing water supply coverage from 48% to 72%, in addition to modernizing and expanding the waterworks of three cities in Cambodia to improve water supply coverage from the current 30%.



Vietnam Myanmar

In Vietnam, there is strong demand for wastewater treatment tanks, including those for treating industrial wastewater. In response, KUBOTA has installed over 300 wastewater treatment tanks, many of them in hospitals. In Myanmar, often called the "last frontier of Asia," we anticipate strong demand for wastewater treatment tanks.



Thailand China

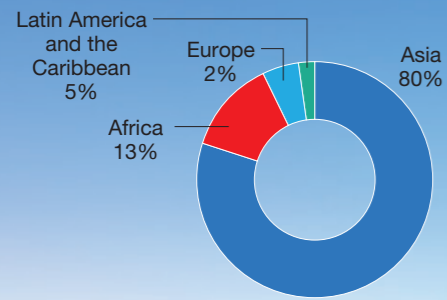
KUBOTA's submerged membranes are used in the treatment of sewage and industrial wastewater. Since delivering its first submerged membrane to the United Kingdom in 1998, KUBOTA has built up its reputation and supplied them to customers in Europe, North America and the Middle East. We now aim to accelerate business development in Asia. At our production bases recently constructed in Thailand and China, we have installed wastewater recycling systems using our own membrane filtration technologies so that operations are not affected by local environmental conditions.

# KUBOTA and Water

## Helping to Create Comfortable Living Environments and Preserve the Global Environment

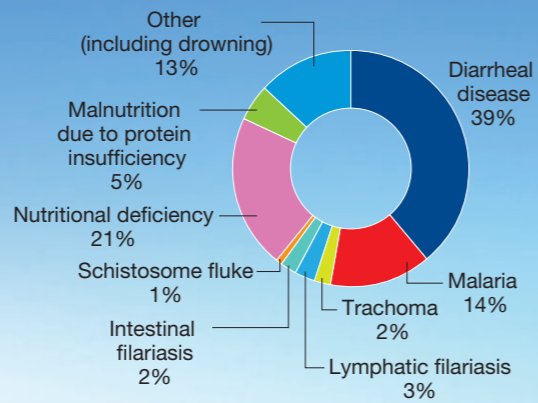
Leveraging its advanced water treatment technology, KUBOTA fully entered the environmental facility field in the mid-1960s when environmental pollution was a serious problem in Japan. In the mid-1970s, KUBOTA developed proprietary technologies for removing phosphorus and nitrogen, which inhibit eutrophication in lakes and inland seas. KUBOTA has developed recycling treatment systems that efficiently process sewage treatment sludge and livestock manure via methane fermentation equipment to create byproducts such as biogas, nitrogen, phosphorus and other resources that can be used in the treatment of waste liquids emitted during distilled liquor and palm oil production processes. KUBOTA also has operations in construction machinery, air handling units and vending machines that contribute to the creation of comfortable urban and living environments.

Proportion of population with insufficient sewage facilities (2.4 billion people)



Source: United Nation's "World Water Development Report 2003"

Diseases arising from poor water, public sanitation and cleanliness (2002)



Source: The Atlas of Water (Second Edition)

In Asia, the modernization of sewage and other water treatment systems is an important social issue going forward as population growth and urbanization accelerates. In the world today, many lives are lost due to a lack of access to clean water supplies. Environmental preservation is our mission for the future.



Malaysia

Environmental pollution has become a problem in Malaysia due to waste liquids released during the production process for palm oil, a key export. KUBOTA has received orders for its first waste liquid treatment facility and biogas recovery facility in Malaysia. Through these facilities, we will contribute to environmental preservation by helping solve the problem of environmental pollution while effectively utilizing energy.



Our six bases in Asia

In the fields of water and the environment in Asian countries, KUBOTA aims to accelerate business development and enhance its global contribution by placing its environmental engineering business, which includes industrial wastewater treatment, waste gas treatment and soil remediation operations, under the control of KUBOTA KASUI Corporation, which has bases in Taiwan, Vietnam, Indonesia and three other countries in Asia, in addition to related operations in Japan.



Japan

In Japan, KUBOTA plays a role in the creation of comfortable and convenient communities by selling industrial air handling systems used in large buildings, hotels, factories, airports, hospitals and universities, as well as vending machines with excellent environmental performance characteristics.



China

In China, demand has been growing for construction machinery against a backdrop of brisk urban development and residential development. With the number one share of the world market for small-size construction machinery, KUBOTA has been proactively responding to demand for modern urban and residential environments by localizing production of its small-size construction machinery in China.

# KUBOTA and the Environment

## Basic Policy for CSR\* Management

All KUBOTA Group employees share the KUBOTA corporate principles of Kubota Global Identity and will contribute to our stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, they are aiming for the ongoing synergistic development of the KUBOTA Group and society.

\*Corporate Social Responsibility



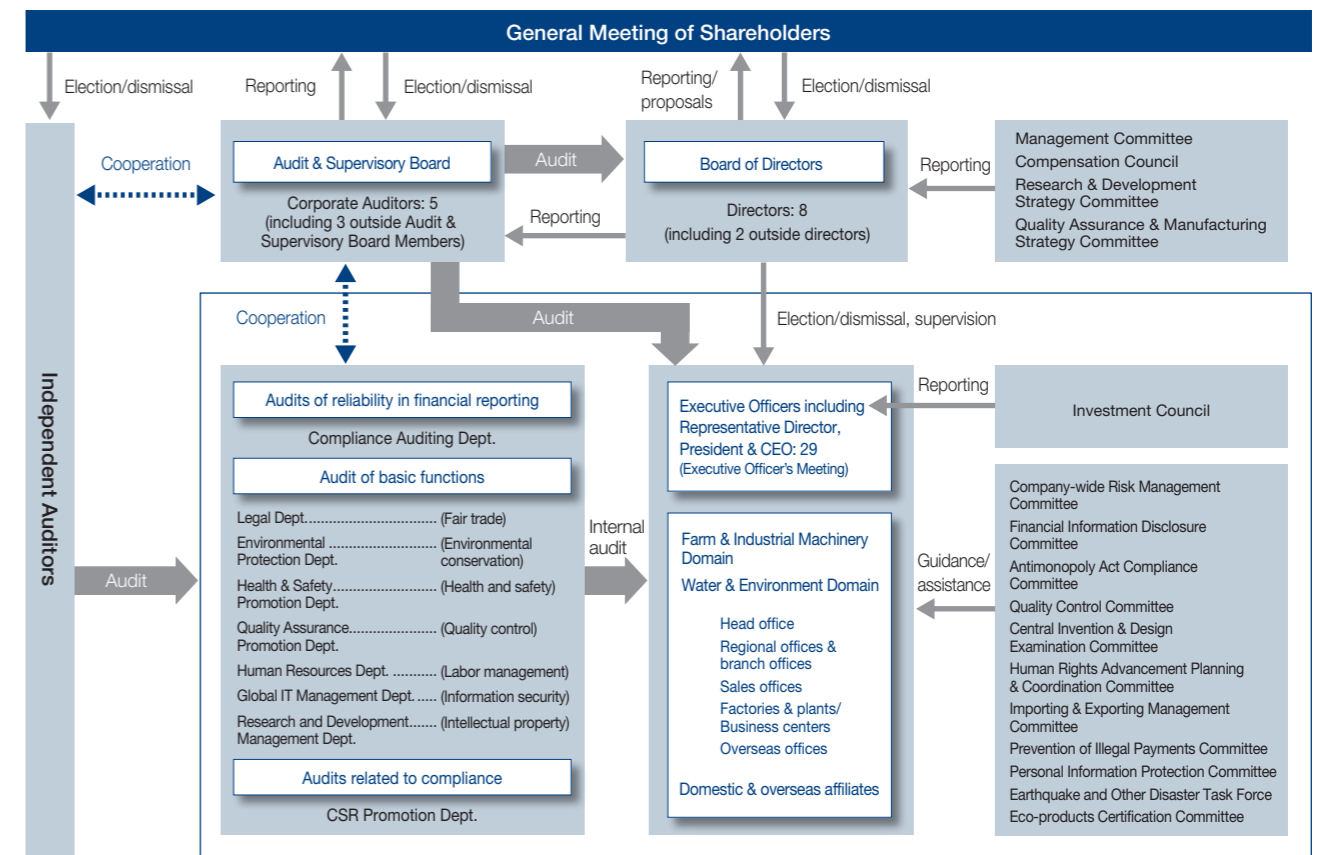
For more details on the Kubota Global Identity and the KUBOTA Group Charter for Action & Code of Conduct please visit our website. <http://www.kubota-global.net/csr/index.html>

## Corporate Governance

### Corporate governance structure

In order to speed up its response to management conditions and achieve enhanced transparency in management, etc., KUBOTA Corporation has adopted the following corporate governance structure.

Corporate governance structure (as of July 1, 2013)



### Board of Directors

The Board of Directors makes strategic decisions and oversees the execution of duties by Directors and Executive Officers. It is made up of eight Directors (two of whom are Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions relating to management planning, financial planning, investment, business restructuring and other important management issues.

### Executive Officers' Meeting

KUBOTA Corporation has adopted the executive officer system. The Executive Officers' Meeting consists of the Representative Director, President & CEO (referred to below as "the President") and the Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of their execution of duties.

### Audit & Supervisory Board

KUBOTA Corporation is a company with Audit & Supervisory Board. The Audit & Supervisory Board consists of five Corporate Auditors (of whom three are outside Audit & Supervisory Board Members). In addition to regular meetings held on a quarterly or more frequent basis, the Audit & Supervisory Board Members also meet as and when required to discuss and make decisions with regard to auditing policy, audit reports and other matters.

### Management Committee and Investment Council

The Management Committee meets to deliberate important management matters such as investments and loans, and mid-term management plans before they are discussed by the Board of Directors. Two of the full-time corporate auditors participate in the committee as observers. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as on special matters. The council does not include the President, and one of the full-time corporate auditors participates in it as an observer.

## Internal Control System

The KUBOTA Group's internal control system is based on the recognition that risk management forms an essential part of business activities. In naturally ensuring compliance with relevant laws and regulations, the Company works to make operational-level enhancements, such as the standardization of established practices, by making steady, ongoing improvements in its business activities so that if there are any deficiencies, they are corrected immediately.



Risk management item	Risk to be avoided	Number of audited items (total) *1		
		KUBOTA Corp.	Affiliates	
Internal control over financial reporting	Financial reporting	• Risk on reliability in financial reporting	4,012	3,161
Internal control concerning basic corporate functions	Fair trade	• Collusive bidding and price cartels • Unfair trading with sales companies, etc. • Violation of the Subcontractors Law	*2	
	Environmental conservation	• Violations of law • Environmental accidents • Past environmental debt	1,782	7,429
	Health and safety	• Serious accidents • Occupational illnesses • Administrative punishments and lawsuits	1,456	1,574
	Quality control	• Quality problems that may damage the KUBOTA brand and other matters	680	409
	Labor management	• Related to breach of obligation on attention to safety of employees • Related to improper management of working conditions • Related to improper management of employees under irregular employment, and contract and temporary workers • Related to occurrence of overseas labor problems	1,489	4,446
	Information security	• Computer virus infection • Information leaks • Information system failure	892	705
	Intellectual property	• Infringing intellectual property of other companies	422	152
Internal control concerning compliance	Compliance with equipment-related statutes	• Violations of law related to owned assets and facilities such as the Building Standard Law, Fire Defense Law and Industrial Safety and Health Act	261	120
	Earthquake and other disaster control	• Serious loss of management, such as human crises, damage to facilities and IT systems, caused by earthquake, etc.	24	78
	Compliance with the Construction Business Law	• Violation of the Construction Business Law	178	559
	Human rights promotion	• Cases of abusing human rights • Litigation due to improper handling of a case	114	210
	Safe operation control	• Violation of traffic rules, and accidents caused by such violation • Further damage due to improper handling at time of accident	53	123
	Prevention of illegal payments	• Relations with antisocial forces • Violation of the Political Fund Control Act • Inappropriate payments to foreign officials, etc.	394	176
	Confidential information management	• Leakage of confidential information such as development and marketing plans for new products	1,020	372
	Personal information protection	• Leakage and loss of personal information on customers, employees, etc. • Improper use of personal information	279	165
	Import and export control	• Violation of import and export-related laws including the Customs Act, Foreign Exchange and Foreign Trade Control Law, Basel Law and chemical-related laws	434	150
	Compliance with logistics-related laws	• Violation of the logistics-related laws including the Road Traffic Act • Violation of the drivers' hours rules including the Labor Standards Act	310	87

\*1 The number of audited items (total) is the sum of the number of items audited in each of the divisions subject to audit in FY2013.  
\*2 Based on the actual situation of each business, particularly thorough risk management is conducted with regard to fair trade, such as the carrying out of double audits at the division and Company-wide levels.

## Operation of the Internal Control System

Amid the increasing speed of global business development, we are very much aware that risk management activities based on internal control mechanisms are a management foundation for business survival and work to make improvements, including at our overseas affiliates.

\* Details of activities with regard to other risks are posted in part on the Social Report pages.

### Fair trade

KUBOTA holds training sessions related to the Antimonopoly Act on an ongoing basis, including at its overseas affiliates, and works to prevent any reduction in awareness of the Company's past violations. In addition, with regard to dubious acts, KUBOTA conducts a consultation with a lawyer or the Fair Trade Commission and is adamant about preventing any recurrence of illegal behavior.

With regard to the Subcontract Law, KUBOTA proactively holds basic training workshops and practical consultations in addition to expanding and upgrading its risk management system.

### Information management (information security, confidential information management, protection of personal information)

Preventing information leaks and the infection of computers by viruses by the ongoing installation of overseas-standard anti-virus software, the Company enhances security by means of audits. In addition, KUBOTA reinforces its system recovery measures in readiness for any disaster by the maintenance of recovery procedures and the implementation of disaster recovery (DR) measures. The Company also works to establish rules to cover the use of new services, including social networking services (SNS), and information devices such as smartphones.

Please visit our website for information on our policy regarding the protection of personal information

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

### The KUBOTA Hotline (Internal reporting system)

As a mechanism to support its risk control activities, the KUBOTA Group operates an internal reporting system, which also contracts with outside lawyers who serve as consultants. This system aims to prevent or quickly detect and correct any illegal and unethical acts, as well as to develop an open corporate culture.

### Import/export control

In Japan, the Company checks operations of import/export control by conducting audits and provides instruction about this matter by giving specific guidance, not only at its internal sections but also at Group companies. At its overseas affiliates, the Company examines the export situation and export management system (regulations, personnel, etc.) at each company by the use of checklists and provides guidance on any improvements. The Company promotes management system upgrades, particularly at companies that have newly commenced exports.

### Prevention of illegal payments

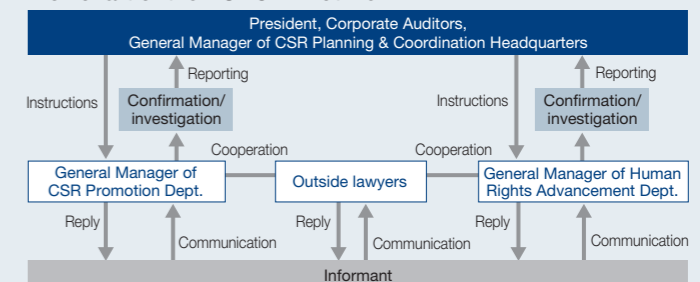
The Company verifies that the mechanisms are in place for the early prevention of illegal payments by such means as annual audits and conducts double checks to ensure that there were indeed no such payments.

In response to the increasing number of companies that have been charged with the payment of bribes to foreign officials in the course of their overseas business operations, the Company is stepping up its efforts to prevent illegal payments overseas.

### Examples of strengthened measures overseas

- Naturally in respect of payments to racketeers and gangster organizations as well as the payment of bribes to foreign officials, the Company has clearly defined the prohibition in the Code of Conduct for all its employees, including those at overseas positions. The Company provides regular, detailed reminders of those standards.
- The Company replaced the Donations Auditing Committee, which was traditionally primarily responsible for preventing payments to anti-social groups, with the enhanced Prevention of Illegal Payments Committee, which also covers the payment of bribes to foreign officials.
- The Company has held training sessions for senior executives, managers and persons in charge. Additionally, the Company holds briefings and provides education for all responsible officials individually who are newly taking up posts at overseas positions.
- In the case of high-risk countries, the Company focuses on prevention by, for example, maintaining exchanges of information with people on the spot.

### Flowchart of the KUBOTA Hotline



Financial Highlights (FY2013)

For the year ended March 31, 2013, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased ¥159.6 billion [15.8%], to ¥1,167.6 billion from the prior year.

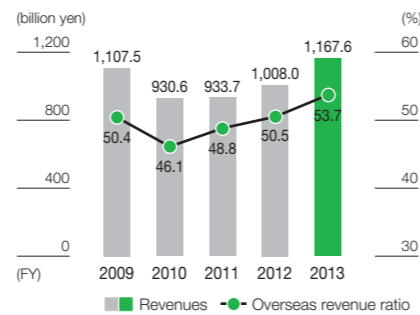
In the domestic market, revenues increased ¥42.3 billion [8.5%], to ¥541.0 billion from the prior year. Domestic revenues in Farm & Industrial Machinery increased due to steady sales of farm equipment and robust growth in sales of construction machinery and engines. Revenues in Water & Environment also increased owing to sales growth of products related to public works. In addition, revenues in Other increased slightly.

In the overseas market, revenues increased ¥117.3 billion [23.0%], to ¥626.6 billion from the prior year. Overseas revenues in Farm & Industrial Machinery significantly expanded in North America, Europe and Asia outside Japan, and revenues in Water & Environment and Other rose. The ratio of overseas revenues to consolidated revenues was 53.7%, 3.2 percentage points higher than at the prior year-end.

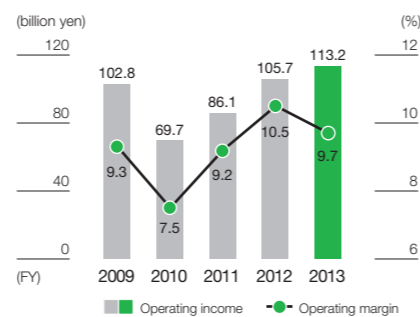
Operating income increased ¥7.5 billion [7.1%] from the prior year, to ¥113.2 billion. The increase in revenues in Farm & Industrial Machinery and Water & Environment and the declines in material costs exceeded the impact of increases in other costs, such as higher pension cost.

Income before income taxes and equity in net income of affiliated companies was ¥120.5 billion, ¥19.5 billion [19.3%] higher than in the prior year, because of gains in operating income and considerable improvement in other income, including the foreign exchange gain (loss)-net account. Income taxes were ¥40.7 billion, and equity in net income of affiliated companies was ¥1.4 billion. Accordingly, net income increased ¥15.1 billion [22.9%], to ¥81.1 billion. After deducting ¥7.5 billion of net income attributable to noncontrolling interests, net income attributable to Kubota Corporation was ¥73.7 billion, ¥12.1 billion [19.7%] higher than in the prior year.

Revenues and overseas revenue ratio



Operating income and operating margin



(FY)	2009	2010	2011	2012	2013
<b>Year ended March 31:</b>					
Revenue	¥1,107.5	¥930.6	¥933.7	¥1,008.0	¥1,167.6
Operating income	102.8	69.7	86.1	105.7	113.2
Income before income taxes	83.3	73.5	91.3	100.9	120.5
Net income attributable to KUBOTA Corp.	48.1	42.3	54.8	61.6	73.7
Capital investments	33.3	26.0	24.0	31.1	48.7
Depreciation	31.2	29.2	27.0	23.9	29.3
R&D expenses	26.3	25.2	25.0	27.9	31.2
Net cash provided by (used in) operating activities	(22.6)	119.1	81.9	79.9	51.0
Free cash flow <sup>1)</sup>	(55.5)	92.5	54.5	52.9	4.3
<b>As of March 31:</b>					
Total assets	¥1,385.8	¥1,409.0	¥1,356.9	¥1,487.7	¥1,743.7
Shareholders' equity	578.3	626.4	634.9	653.3	758.5
Interest-bearing debt	401.1	403.1	354.0	361.2	460.5
<b>Per share data (Yen):</b>					
Earnings per share (EPS) <sup>2)</sup>	¥ 37.68	¥ 33.28	¥ 43.11	¥ 48.75	¥ 58.67
Book-value per share (BPS) <sup>3)</sup>	454.60	492.51	499.24	520.14	603.95
<b>Principal financial data (%):</b>					
Operating margin	9.3	7.5	9.2	10.5	9.7
Return on assets (ROA) <sup>4)</sup>	5.8	5.3	6.6	7.1	7.5
Return on equity (ROE) <sup>5)</sup>	7.8	7.0	8.7	9.6	10.4
Shareholders' equity to total assets	41.7	44.5	46.8	43.9	43.5
Debt equity ratio (times) <sup>6)</sup>	0.69	0.64	0.56	0.55	0.61

<sup>1)</sup> Free cash flow = Net cash provided by (used in) operating activities - Purchases of fixed assets

<sup>2)</sup> Earnings per share (EPS) = Net income attributable to KUBOTA Corp. ÷ Weighted average number of common shares outstanding

<sup>3)</sup> Book-value per share (BPS) = Shareholders' equity ÷ Number of common shares outstanding as of each balance sheet date

<sup>4)</sup> Return on assets (ROA) = Income before income taxes ÷ Total assets (average of beginning and end of fiscal year)

<sup>5)</sup> Return on equity (ROE) = Net income attributable to KUBOTA Corp. ÷ Shareholders' equity (average of beginning and end of fiscal year)

<sup>6)</sup> Debt equity ratio = Interest-bearing debt ÷ Shareholders' equity

Operating Results by Segment (FY2013)

Reclassification of Segments

The Company realigned its organization on April 1, 2012. Following this realignment, the segments that had previously been classified as "Farm & Industrial Machinery," "Water & Environment Systems," "Social Infrastructure," and "Other" were reclassified into "Farm & Industrial Machinery," "Water & Environment," and "Other."

Farm & Industrial Machinery

72.9%  
(percentage of total revenues)

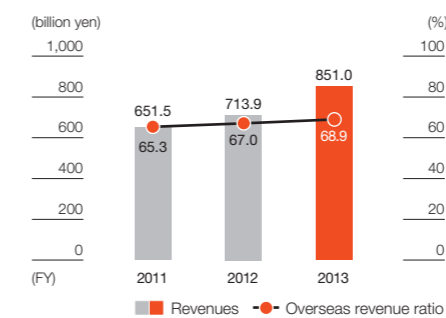
Farm & Industrial Machinery comprises farm equipment, engines, and construction machinery.

Revenues in this segment increased 19.2% from the prior year, to ¥851.0 billion, and accounted for 72.9% of consolidated revenues.

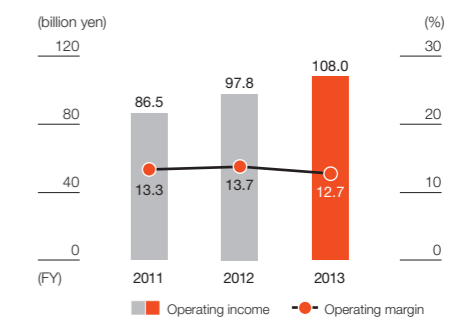
Domestic revenues increased 12.3%, to ¥264.3 billion. Domestic sales of farm equipment increased, because sales in the Tohoku area rose owing to the rebound from stagnation in the prior year, and sales in other areas also increased steadily due to higher rice prices and the government subsidies for farmers. Sales of construction machinery and engines substantially increased due to the demand for reconstruction work following the Great East Japan Earthquake.

Overseas revenues increased 22.6%, to ¥586.7 billion. In North America, sales of tractors increased substantially due to growth in demand owing to the market recovery. Sales of construction machinery increased significantly owing to the growth in replacement demand from rental companies, and sales of engines also expanded steadily. Revenues in Europe increased sharply due to the effect of the tractor implement business acquisition in the prior fiscal year and higher sales of engines, while sales of tractors and construction machinery decreased owing to the economic downturn and the negative impact of the yen appreciation. In Asia outside Japan, sales of farm equipment rose significantly, mainly in Thailand and China.

Revenues and overseas revenue ratio



Operating income and operating margin



Water & Environment

24.1%  
(percentage of total revenues)

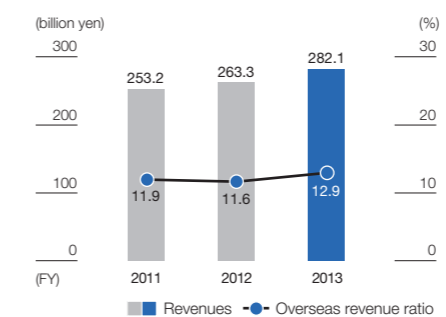
Water & Environment comprises pipe-related products (ductile iron pipes, plastic pipes, valves, pumps, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, spiral welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products).

Revenues in this segment increased 7.1%, to ¥282.1 billion from the prior year, and accounted for 24.1% of

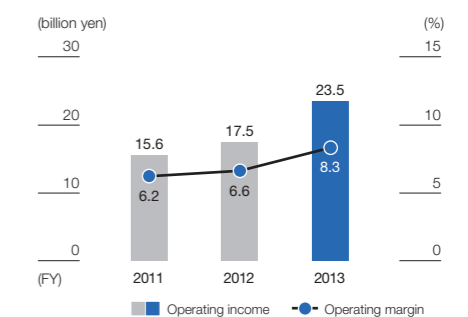
consolidated revenues.

Domestic revenues increased 5.6%, to ¥245.6 billion. Revenues in environment-related products rose significantly owing to higher sales of water and sewage treatment equipment and plants. In addition, revenues in pipe-related products and social infrastructure-related products also increased. Overseas revenues rose 19.2%, to ¥36.5 billion owing to increased sales in ductile iron pipes and valves.

Revenues and overseas revenue ratio



Operating income and operating margin



Other 3.0%

(percentage of total revenues)

Other comprises construction, services, and other business.

Revenues in this segment increased 12.4%, to ¥34.6 billion from the prior year, and accounted for 3.0% of consolidated revenues. Revenues generated from construction and other business also increased.



## Business Topics

### Strategy for Robust Growth: Expanding Business Fields through M&A

#### Farm & Industrial Machinery

##### Kverneland AS now a 100% subsidiary

In May 2012, KUBOTA turned Kverneland AS, a manufacturer of tractor implements in Norway, into a wholly owned subsidiary. KUBOTA plans to make inroads by using Kverneland's sales network to introduce its large-size and dry field farming machinery, as its first step into the global market for dry field farming, which is said to be seven times larger than the market for rice farming.



Product synergy with Kverneland AS



Ceremony for establishment of KUBOTA KASUI Corporation

#### Water & Environment

##### Establishment of KUBOTA KASUI Corporation

KUBOTA made the water treatment engineering company Fujikasui Engineering Co., Ltd. a consolidated subsidiary and re-launched operations in December 2012 as KUBOTA KASUI Corporation. Through this measure, our aim is to expand the scope of operations in water and the environment and speed up business development in Asia.

### Creating a structure able to quickly respond to demand in each region: promoting localization

#### Pushing forward with an integrated production system for agricultural machinery in Thailand

In October 2012, Kubota Engine (Thailand) Co., Ltd. began to mass-produce diesel engines. We aim to build a global supply structure and strengthen cost competitiveness through an integrated production system, from casting components to processing and final assembly.

KUBOTA Precision Machinery (Thailand) Co., Ltd., the production subsidiary of KUBOTA Precision Machinery Co., Ltd. that makes hydraulic equipment for agricultural machinery, has established a new factory featuring an integrated production system from processing through assembly. It is scheduled to begin mass production in January 2014.

In January 2013, KUBOTA Procurement & Trading (Thailand) Co., Ltd. was established to procure and supply parts. We aim to build a global procurement structure that will strengthen the cost competitiveness of our production bases in Thailand and around the world.



Groundbreaking ceremony for the new hydraulic equipment plant



Kubota Engine (Thailand) Co., Ltd.



Engine made in China



New tractor production plant



L3800HST TLB Type

#### Production of TXAX launched in Canada

Kubota Materials Canada Corporation, our manufacturing and marketing company in Canada, has begun production of TXAX, our product name for potassium titanate for friction materials used in brake pads and clutches for automobiles and other machinery. We expect demand for TXAX to expand in North America amid strengthening demand for environmentally friendly asbestos-free pads in new vehicles and as replacements in older vehicles. We plan to start mass production in 2013.



Kubota Materials Canada Corporation

### Strengthening our sales network to improve customer service

#### Dealer meeting held to commemorate 40th anniversary of North American sales company

In October 2012, Kubota Tractor Corporation, our North American sales company held a dealer meeting to commemorate its 40th anniversary in Dallas, Texas. Around 2,000 local dealers participated in the meeting, where new products were introduced and technological information was shared. We aim to enhance our services for customers by strengthening the sales network.



North American dealer meeting



Tractor sold in Indonesia

#### Strengthening our agricultural machinery business in Indonesia

KUBOTA has established a sales company for agricultural machinery in Indonesia, the third-largest producer of rice in the world. We expect the market for agricultural machinery to expand going forward amid strong economic growth in Indonesia. Accordingly, we plan to expand operations and sales of core agricultural machinery for rice paddies, such as tractors, combine harvesters, and rice transplanters.

### Leveraging our technologies to contribute to food, water and the environment overseas

#### Food: Revitalizing agriculture in Japan by exporting and promoting Japanese rice overseas

Kubota Rice Industry (H.K.) Co., Ltd. was established as a company that specializes in the import and milling of Japanese rice in Hong Kong and began full-fledged sales operations in 2012. To preserve freshness during shipments, brown rice is stored in a refrigerated warehouse and milled with our own facilities only after an order is received. By selling high-quality Japanese rice, we are fostering overseas demand for agricultural products made in Japan, which is a major issue facing the Japanese agricultural industry.



Refrigerated storage of unpolished rice

#### Water: Protecting water lifelines from earthquakes in the United States

KUBOTA has received an order from the Los Angeles Department of Water and Power for GENEX earthquake-resistant ductile iron pipes used in waterworks. KUBOTA's ductile iron pipes were chosen by Los Angeles for their superior quality, as evidenced by the zero damage they took in the Great Hanshin-Awaji Earthquake or the Great East Japan Earthquake. This also marks the first time Japanese-made water pipes designed to survive earthquakes will be laid in the United States.



Testing a pipe for earthquake resistance

#### Environment: Contributing to environmental preservation in Malaysia

In Malaysia, a global producer of palm oil, waste oil emitted from palm oil mills has become an environmental problem. KUBOTA has received orders from BBC Biogas Sdn. Bhd. in Malaysia to build a biogas recovery system (membrane methane fermentation technology) and an effluent treatment system (membrane bio reactor technology) for its palm oil mill. With this order, KUBOTA will step up efforts in the waste liquid treatment business for palm oil mills in Southeast Asia with the aim of contributing to the improvement of the environment and the promotion of renewable energy.



Signing ceremony in Malaysia

## Consolidated Balance Sheets

### Assets

		(In millions of yen)				
		March 31, 2013		March 31, 2012		Change
		Amount	%	Amount	%	Amount
Current assets	Cash and cash equivalents	110,535		100,559		9,976
	Notes and accounts receivable:					
	Trade notes	73,236		71,713		1,523
	Trade accounts	404,775		321,451		83,324
	Less: Allowance for doubtful notes and accounts receivable	(2,504)		(2,404)		(100)
	Total notes and accounts receivable, net	475,507		390,760		84,747
	Short-term finance receivables-net	130,694		108,160		22,534
	Inventories	231,488		202,070		29,418
	Other current assets	66,451		64,463		1,988
	<b>Total current assets</b>	<b>1,014,675</b>	<b>58.2</b>	<b>866,012</b>	<b>58.2</b>	<b>148,663</b>
Investments and long-term finance receivables	Investments in and loan receivables from affiliated companies	19,276		17,971		1,305
	Other investments	126,679		101,705		24,974
	Long-term finance receivables-net	249,135		204,272		44,863
	<b>Total investments and long-term finance receivables</b>	<b>395,090</b>	<b>22.7</b>	<b>323,948</b>	<b>21.8</b>	<b>71,142</b>
Property, plant and equipment	Land	90,870		89,529		1,341
	Buildings	237,639		226,598		11,041
	Machinery and equipment	386,052		361,433		24,619
	Construction in progress	16,291		8,079		8,212
	Total	730,852		685,639		45,213
	Accumulated depreciation	(475,326)		(460,572)		(14,754)
	<b>Net property, plant and equipment</b>	<b>255,526</b>	<b>14.6</b>	<b>225,067</b>	<b>15.1</b>	<b>30,459</b>
Other assets	Goodwill and intangible assets	28,902		26,904		1,998
	Long-term trade accounts receivable	32,009		31,409		600
	Other	18,122		15,204		2,918
	Less: Allowance for doubtful receivables	(654)		(875)		221
	<b>Total other assets</b>	<b>78,379</b>	<b>4.5</b>	<b>72,642</b>	<b>4.9</b>	<b>5,737</b>
<b>Total</b>		<b>1,743,670</b>	<b>100.0</b>	<b>1,487,669</b>	<b>100.0</b>	<b>256,001</b>

### Liabilities and equity

		(In millions of yen)				
		March 31, 2013		March 31, 2012		Change
		Amount	%	Amount	%	Amount
Current liabilities	Short-term borrowings	118,860		69,623		49,237
	Trade notes payable	20,926		16,905		4,021
	Trade accounts payable	222,101		199,072		23,029
	Advances received from customers	10,142		6,983		3,159
	Notes and accounts payable for capital expenditures	16,779		13,817		2,962
	Accrued payroll costs	32,840		30,830		2,010
	Accrued expenses	38,037		33,617		4,420
	Income taxes payable	17,385		16,449		936
	Other current liabilities	49,489		41,477		8,012
	Current portion of long-term debt	68,297		107,210		(38,913)
	<b>Total current liabilities</b>	<b>594,856</b>	<b>34.1</b>	<b>535,983</b>	<b>36.0</b>	<b>58,873</b>
Long-term liabilities	Long-term debt	273,360		184,402		88,958
	Accrued retirement and pension costs	28,752		41,882		(13,130)
	Other long-term liabilities	36,094		18,188		17,906
	<b>Total long-term liabilities</b>	<b>338,206</b>	<b>19.4</b>	<b>244,472</b>	<b>16.4</b>	<b>93,734</b>
Equity	Kubota Corporation shareholders' equity:					
	Common stock	84,070		84,070		—
	Capital surplus	88,866		88,834		32
	Legal reserve	19,539		19,539		—
	Retained earnings	595,145		560,710		34,435
	Accumulated other comprehensive loss	(28,889)		(80,542)		51,653
	Treasury stock	(216)		(19,328)		19,112
	<b>Total Kubota Corporation shareholders' equity</b>	<b>758,515</b>	<b>43.5</b>	<b>653,283</b>	<b>43.9</b>	<b>105,232</b>
	Noncontrolling interests	52,093	3.0	53,931	3.7	(1,838)
	<b>Total equity</b>	<b>810,608</b>	<b>46.5</b>	<b>707,214</b>	<b>47.6</b>	<b>103,394</b>
<b>Total</b>		<b>1,743,670</b>	<b>100.0</b>	<b>1,487,669</b>	<b>100.0</b>	<b>256,001</b>

## Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2013		Year ended March 31, 2012		Change	
	Amount	%	Amount	%	Amount	%
Revenues	1,167,628	100.0	1,008,019	100.0	159,609	15.8
Cost of revenues	848,149	72.6	735,836	73.0	112,313	15.3
Selling, general and administrative expenses	206,479	17.7	170,252	16.9	36,227	21.3
Other operating expenses (income)	(161)	(0.0)	(3,749)	(0.4)	3,588	—
<b>Operating income</b>	<b>113,161</b>	<b>9.7</b>	<b>105,680</b>	<b>10.5</b>	<b>7,481</b>	<b>7.1</b>
Other income (expenses):						
Interest and dividend income	3,614		3,760		(146)	
Interest expense	(1,280)		(1,892)		612	
Gain on sales of securities-net	160		105		55	
Valuation loss on other investments	(360)		(2,570)		2,210	
Foreign exchange gain (loss)-net	9,266		(7,609)		16,875	
Other, net	(4,098)		3,464		(7,562)	
Other income (expenses), net	7,302		(4,742)		12,044	
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>120,463</b>	<b>10.3</b>	<b>100,938</b>	<b>10.0</b>	<b>19,525</b>	<b>19.3</b>
Income taxes:						
Current	39,961		35,594		4,367	
Deferred	779		954		(175)	
Total income taxes	40,740		36,548		4,192	
Equity in net income of affiliated companies	1,426		1,629		(203)	
<b>Net income</b>	<b>81,149</b>	<b>6.9</b>	<b>66,019</b>	<b>6.5</b>	<b>15,130</b>	<b>22.9</b>
Less: Net income attributable to the noncontrolling interests	7,461		4,467		2,994	
<b>Net income attributable to Kubota Corporation</b>	<b>73,688</b>	<b>6.3</b>	<b>61,552</b>	<b>6.1</b>	<b>12,136</b>	<b>19.7</b>

## Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2012	Change
<b>Net income</b>	<b>81,149</b>	<b>66,019</b>	<b>15,130</b>
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	38,214	(13,359)	51,573
Unrealized gains on securities	16,200	3,220	12,980
Unrealized gains on derivatives	195	538	(343)
Pension liability adjustments	6,012	(8,361)	14,373
Total other comprehensive income (loss)	60,621	(17,962)	78,583
<b>Comprehensive income</b>	<b>141,770</b>	<b>48,057</b>	<b>93,713</b>
Less: Comprehensive income attributable to the noncontrolling interests	13,579	1,622	11,957
<b>Comprehensive income attributable to Kubota Corporation</b>	<b>128,191</b>	<b>46,435</b>	<b>81,756</b>

## Consolidated Statements of Changes in Equity

(In millions of yen)

	Shares of common stock outstanding (thousands)	Shareholders' Equity						Noncontrolling interests	Total
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive loss	Treasury stock		
<b>Balance, March 31, 2011</b>	<b>1,271,713</b>	<b>84,070</b>	<b>89,140</b>	<b>19,539</b>	<b>516,858</b>	<b>(65,381)</b>	<b>(9,341)</b>	<b>46,476</b>	<b>681,361</b>
Net income					61,552			4,467	66,019
Other comprehensive loss						(15,117)		(2,845)	(17,962)
Cash dividends paid to Kubota Corporation shareholders, ¥14 per common share					(17,700)				(17,700)
Cash dividends paid to the noncontrolling interests								(291)	(291)
Purchases and sales of treasury stock	(15,729)						(9,987)		(9,987)
Increase in noncontrolling interests related to contribution								73	73
Changes in ownership interests in subsidiaries				(306)		(44)		6,051	5,701
<b>Balance, March 31, 2012</b>	<b>1,255,984</b>	<b>84,070</b>	<b>88,834</b>	<b>19,539</b>	<b>560,710</b>	<b>(80,542)</b>	<b>(19,328)</b>	<b>53,931</b>	<b>707,214</b>
Net income					73,688			7,461	81,149
Other comprehensive loss						54,503		6,118	60,621
Cash dividends paid to Kubota Corporation shareholders, ¥16 per common share					(20,102)				(20,102)
Cash dividends paid to the noncontrolling interests								(402)	(402)
Purchases and sales of treasury stock	(67)						(40)		(40)
Retirement of treasury stock			(1)		(19,151)		19,152		—
Increase in noncontrolling interests related to contribution								301	301
Changes in ownership interests in subsidiaries				33		(2,850)		(15,316)	(18,133)
<b>Balance, March 31, 2013</b>	<b>1,255,917</b>	<b>84,070</b>	<b>88,866</b>	<b>19,539</b>	<b>595,145</b>	<b>(28,889)</b>	<b>(216)</b>	<b>52,093</b>	<b>810,608</b>

## Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2012	Change
<b>Operating activities:</b>			
Net income	81,149	66,019	
Depreciation and amortization	29,254	23,908	
Gain on sales of securities, net	(160)	(105)	
Valuation loss on other investments	360	2,570	
(Gain) loss from disposal of fixed asset-net	828	(6,693)	
Impairment loss on long-lived assets	296	1,531	
Equity in net income of affiliated companies	(1,426)	(1,629)	
Deferred income taxes	779	954	
Increase in notes and accounts receivable	(69,084)	(39,833)	
Increase in inventories	(11,243)	(16,176)	
Increase in other current assets	(772)	(8,355)	
Increase in trade notes and accounts payable	18,824	43,189	
Increase (decrease) in income taxes payable	(1,820)	11,670	
Increase in other current liabilities	9,699	11,519	
Decrease in accrued retirement and pension costs	(4,331)	(8,870)	
Other	(1,369)	197	
<b>Net cash provided by operating activities</b>	<b>50,984</b>	<b>79,896</b>	<b>(28,912)</b>
<b>Investing activities:</b>			
Purchases of fixed assets	(46,650)	(26,962)	
Proceeds from sales of property, plant and equipment	1,072	13,028	
Proceeds from sales and redemption of investments	418	187	
Acquisition of business, net of cash acquired	642	(17,211)	
Increase in finance receivables	(188,449)	(167,040)	
Collection of finance receivables	160,894	135,319	
Net (increase) decrease in short-term loan receivables from affiliated companies	1,680	(5,565)	
Net (increase) decrease in time deposit	2,219	(2,080)	
Other	(1,071)	395	
<b>Net cash used in investing activities</b>	<b>(69,245)</b>	<b>(69,929)</b>	<b>684</b>
<b>Financing activities:</b>			
Proceeds from issuance of long-term debt	148,582	104,816	
Repayments of long-term debt	(114,632)	(89,203)	
Net increase in short-term borrowings	26,001	9	
Cash dividends	(20,102)	(17,700)	
Purchases of treasury stock	(40)	(10,016)	
Purchases of noncontrolling interests	(18,062)	(924)	
Other	(92)	(246)	
<b>Net cash provided by (used in) financing activities</b>	<b>21,655</b>	<b>(13,264)</b>	<b>34,919</b>
Effect of exchange rate changes on cash and cash equivalents	6,582	(1,437)	8,019
Net increase (decrease) in cash and cash equivalents	9,976	(4,734)	
Cash and cash equivalents, beginning of year	100,559	105,293	
<b>Cash and cash equivalents, end of year</b>	<b>110,535</b>	<b>100,559</b>	<b>9,976</b>

## Notes

(In millions of yen)

Cash paid during the year for:			
Interest	5,642	4,732	910
Income taxes	37,876	20,515	17,361

## Consolidated Segment Information

### Reporting segments

Year ended March 31, 2013 (In millions of yen)

	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>Revenues:</b>					
External customers	850,953	282,078	34,597	—	1,167,628
Intersegment	59	5,461	22,030	(27,550)	—
<b>Total</b>	<b>851,012</b>	<b>287,539</b>	<b>56,627</b>	<b>(27,550)</b>	<b>1,167,628</b>
Operating income	107,967	23,533	2,464	(20,803)	113,161
Identifiable assets at March 31, 2013	1,244,886	258,869	75,790	164,125	1,743,670
Depreciation	20,123	6,214	737	2,179	29,253
Capital expenditures	37,222	7,658	744	3,102	48,726

Year ended March 31, 2012 (In millions of yen)

	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>Revenues:</b>					
External customers	713,943	263,286	30,790	—	1,008,019
Intersegment	69	4,839	18,010	(22,918)	—
<b>Total</b>	<b>714,012</b>	<b>268,125</b>	<b>48,800</b>	<b>(22,918)</b>	<b>1,008,019</b>
Operating income	97,776	17,480	2,450	(12,026)	105,680
Identifiable assets at March 31, 2012	1,039,280	246,272	49,530	152,587	1,487,669
Depreciation	14,582	6,574	705	2,000	23,861
Capital expenditures	20,077	6,076	1,071	3,888	31,112

### Revenues from external customers by product groups

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2012
Farm Equipment and Engines	744,319	619,989
Construction Machinery	106,634	93,954
<b>Farm &amp; Industrial Machinery</b>	<b>850,953</b>	<b>713,943</b>
Pipe-related Products	151,058	142,466
Environment-related Products	64,827	56,045
Social Infrastructure-related Products	66,193	64,775
<b>Water &amp; Environment</b>	<b>282,078</b>	<b>263,286</b>
<b>Other</b>	<b>34,597</b>	<b>30,790</b>
<b>Total</b>	<b>1,167,628</b>	<b>1,008,019</b>

### Geographic information

Information for revenues from external customers by destination

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2012
Japan	540,982	498,684
North America	263,246	219,929
Europe	118,744	88,715
Asia outside Japan	204,172	169,632
Other Areas	40,484	31,059
<b>Total</b>	<b>1,167,628</b>	<b>1,008,019</b>

Information for property, plant and equipment based on physical location

(In millions of yen)

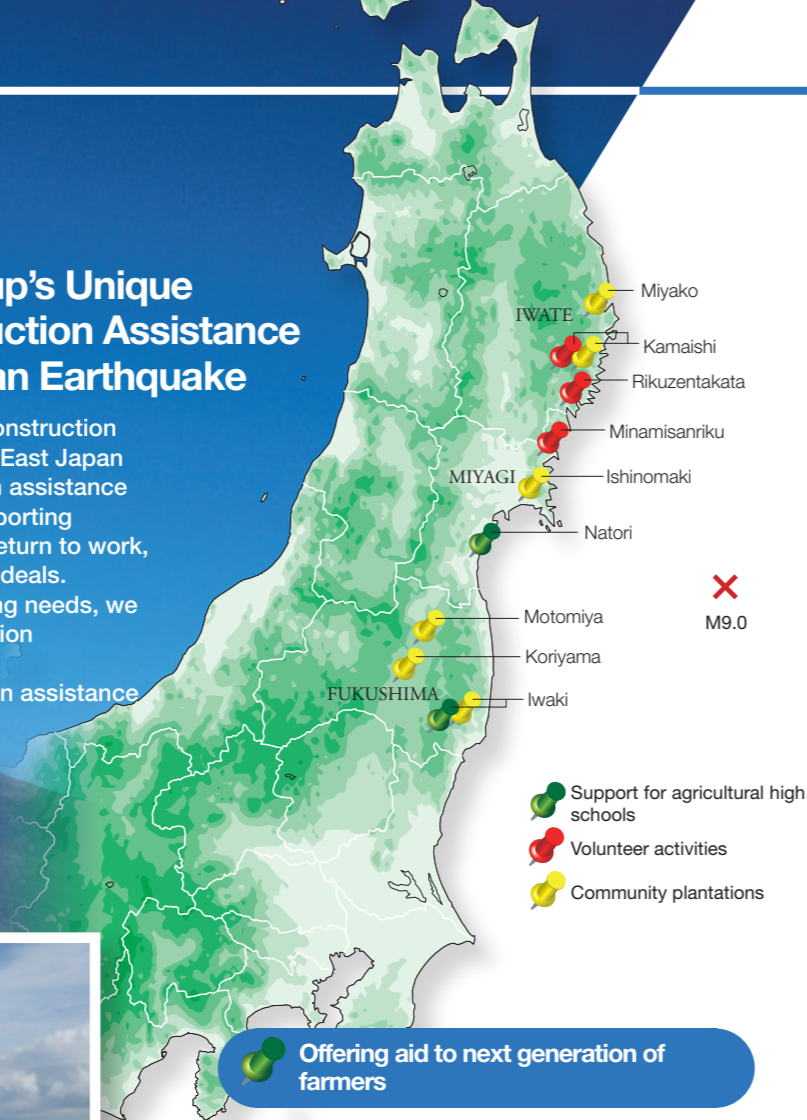
	March 31, 2013	March 31, 2012
Japan	178,680	176,987
North America	22,892	15,158
Europe	14,057	9,580
Asia outside Japan	36,005	20,087
Other Areas	3,892	3,255
<b>Total</b>	<b>255,526</b>	<b>225,067</b>

Please refer to the Form 20-F for the detailed financial information.

 <http://www.kubota-global.net/ir/financial/sec/index.html>

## Leveraging the KUBOTA Group's Unique Position to Provide Reconstruction Assistance Following the Great East Japan Earthquake

The KUBOTA Group has provided relief and reconstruction assistance on an ongoing basis since the Great East Japan Earthquake. We have focused on reconstruction assistance that leverages our unique position, such as supporting farmers in their efforts to restore farmland and return to work, and fostering communities that reflect agrarian ideals. Through support matched to constantly changing needs, we are committed to providing ongoing reconstruction assistance. (This page introduces some of the reconstruction assistance provided by the KUBOTA Group.)



### Offering aid to next generation of farmers

The KUBOTA Group held special classes on the direct sowing of iron-coated seeds, a new technique where rice seeds are sown mechanically without using seedlings, for students of Miyagi Prefectural Agricultural High School, which was severely damaged by the natural disaster. Additionally, KUBOTA collaborates with the high school to help farmers resume agricultural activities after their properties were also damaged by the natural disaster. KUBOTA and the Miyagi Prefectural Agricultural High School were recognized for their efforts on this front by being presented with the 4th Make a CHANGE Day Award\*.

\* An award sponsored by EXPO2005 Aichi Volunteer Center, an NPO



Students of the Miyagi Prefectural Agricultural High School assist with direct sowing and harvesting on farmlands affected by the disaster



### KUBOTA products deployed as reconstruction assistance

Water and environment-related products made by the KUBOTA Group are utilized in a vast array of situations for the rehabilitation, reconstruction and rebuilding of communities affected by the natural disaster, including the restoration of water pipes, laying of pipes for temporary housing, and restoration of water resources for agricultural use.



**Construction machinery**  
KUBOTA's construction machinery is being used for debris removal, tearing down uninhabitable houses and other work to restore disaster-stricken areas.



**Drain pump vehicles**  
Our drain pump vehicles are being deployed as needed for emergency water drainage and to combat flooding caused by heavy rainfall and spring tides.



**Steel pipes**  
Our steel pipes are being used as foundation piles in bridge foundations, harbors, rivers and building foundations.



**Plastic pipes**  
KUBOTA's plastic pipes are being laid in projects to restore water supply systems and bring water to temporary housing, as well as to carry water out of flooded districts.

### Ongoing support for volunteer activities

Many employees of the KUBOTA Group volunteered again in FY2013 to assist with reconstruction, training and education in regions affected by the earthquake. KUBOTA is in a unique position to provide assistance, such as by getting residents in temporary housing together and helping them create community gardens. New employees that volunteered were able to directly interact with people affected by the natural disaster and gain an understanding of actual conditions in disaster-stricken regions. These experiences provided them with an opportunity to learn more about themselves and grow as individuals, while providing insight on how they can contribute to reconstruction efforts.

For further information, see: <http://www.kubota.co.jp/message/index.html> (Japanese only)



New employees at work at Osabe Harbor in Rikuzentakata



### Desalination and decontamination of farmland

Fukushima Prefecture is a region with a large rural population, like Ibaraki Prefecture and Hokkaido. The KUBOTA Group has been a reliable source of assistance to farmers protecting their hometowns and way of life by helping them repair damaged agricultural machinery and using agricultural machinery to desalinate and decontaminate farmland.



Decontamination with tractor attached implement



### Creating connections with people through community gardens

Amid prolonged residencies in temporary housing, concerns have risen that residents will become isolated after living so long in unfamiliar regions and communities. The KUBOTA Group is cooperating with local governments, NPOs and other companies to plan and build community gardens for the purpose of creating a space for residents to have fun and get to know each other better.



A community garden opened in Koriyama



# Summary of Social Activities - Together with Society

## Summary of the Fiscal 2013 Social Report, Priority Issues for Fiscal 2014 and Medium-Term Targets

The KUBOTA Group aims to increase the satisfaction of various stakeholders and enhance its corporate value through implementing the PDCA cycle in each category.

◎ Target exceeded ○ Target reached △ Portion of target not reached × Target not reached

	Main focus of activity	Plan	Do	Check	Action	Page	Plan
		Priority issues for FY2013 (From April 2012 to March 2013)	Activities in FY2013 (From April 2012 to March 2013)	Self-evaluation	Priority issues for FY2014 (From April 2013 to March 2014)		Medium-term Targets
Customers and suppliers	Quality and Services to Improve Customer Satisfaction	<ul style="list-style-type: none"> <li>Conducting quality audits to check activities to prevent quality problems</li> <li>Continuing application of quality engineering to the whole Company</li> <li>Inspecting the content of education and continuing to provide the education</li> <li>Preparing for application to overseas suppliers (conducting surveys on actual conditions for the application)</li> <li>Improving internal operations based on comments from customers</li> <li>Enhancing coordination between services and parts to improve capacity to respond to inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Performed quality audits inside and outside Japan</li> <li>Continued to promote quality engineering Company-wide</li> <li>Updated education curriculum</li> <li>Surveyed conditions along supply chain, made database of supplier information via new globally optimized procurement system</li> <li>Restarted customer satisfaction survey of agricultural machinery buyers</li> <li>Redoubled efforts to share information on services and parts, newly integrated organization for customer service</li> </ul>	○	<ul style="list-style-type: none"> <li>Improving quality via quality audits</li> <li>Preventing quality problems by quality engineering and reinforcing checks at quality engineering and development stages</li> <li>Inspecting the content of education and continuing to provide education</li> <li>Managing supplier data (updating, etc.)</li> <li>Responding to conflict minerals issue</li> <li>Aiming to enhance customer satisfaction by working to improve activities and products while sharing issues related to customer satisfaction among relevant divisions from surveys and other means</li> </ul>	37 38	<ul style="list-style-type: none"> <li>Instilling quality assurance systems</li> <li>Strengthening activities to prevent quality problems</li> <li>Further improvements in quality control and product safety education</li> <li>Promotion of CSR procurement by sharing guidelines with suppliers of KUBOTA Group companies</li> <li>Improving operations by reflecting customer opinions</li> <li>Enhancing responsiveness to customer needs, including inspections and maintenance</li> </ul>
		Shareholders, etc.	Timely and Appropriate Release of Information	<ul style="list-style-type: none"> <li>Implementation of proactive IR activities to help shareholders and investors understand KUBOTA's businesses</li> <li>Further improvements in general meetings of shareholders</li> <li>Enhancing the website for each overseas region for continuous improvement of online communication</li> </ul>	<ul style="list-style-type: none"> <li>Aimed to foster understanding of business among shareholders and investors through timely and accurate information disclosure and proactive response to inquiries</li> <li>Conveyed results of business activities in an easy to understand format at the General Meeting of Shareholders (via displays of core products, videos projected onto large screens, etc.)</li> <li>Published information about business trends via new websites in France, the United Kingdom, Germany, India and Australia</li> </ul>	○	<ul style="list-style-type: none"> <li>Deepening understanding of our business among shareholders and investors via improved information disclosure and building relationships of trust with them</li> <li>Further improvements in general meetings of shareholders (Holding easy-to-understand General Meetings of Shareholders)</li> <li>Strengthening communications by enriching websites for each country</li> <li>Building collaborative structure with main overseas bases</li> </ul>
Employees	Creating a Safe Workplace for All Employees	<ul style="list-style-type: none"> <li>Promoting focused measures to ensure fundamental safety of equipment on an ongoing basis</li> <li>Continuing measures for compliance with the rules and developing safety activities directing attention to "operations that are difficult to control"</li> <li>Conducting risk assessments to enhance the sense of safety among all employees and risk prediction activities on an ongoing basis</li> </ul>	<ul style="list-style-type: none"> <li>Prevented contact accidents with forklifts and other equipment, promoted machinery and equipment safety</li> <li>Worked to lower risk of serious injuries and diseases for plant workers</li> <li>Serious accidents occurred in operations that are difficult to supervise</li> </ul>	△	<ul style="list-style-type: none"> <li>Fostering a safety-first culture among employees</li> <li>Eliminating hazards that lead to serious accidents and illnesses (steadily implement PDCA)</li> <li>Maintaining and improving healthy working environments</li> </ul>	39 40	<ul style="list-style-type: none"> <li>Promoting a safety-first culture among all employees of the KUBOTA Group while aiming for zero accidents that require time off from work</li> </ul>
	Creating a Physically and Mentally Healthy Work Environment	<ul style="list-style-type: none"> <li>Promoting specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" in addition to information sharing and consultation in labor-management committees</li> </ul>	<ul style="list-style-type: none"> <li>Shared information among labor-management committees</li> <li>Promoted specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" at business sites</li> </ul>	○	<ul style="list-style-type: none"> <li>Sharing information among labor-management committees</li> <li>Promoting specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group</li> <li>Launching second phase of "Health KUBOTA 21"</li> </ul>		<ul style="list-style-type: none"> <li>Aiming to create a vibrant work environment that enables everyone in the KUBOTA Group to live healthy and happily</li> </ul>
	Respecting Human Rights and Promoting Diversity	<ul style="list-style-type: none"> <li>Prevention of harassment, and maintenance and improvement of the capacity to resolve harassment in the KUBOTA Group in Japan</li> <li>Examining how to provide human rights education based on the results of a survey of the human rights situation in overseas affiliates</li> <li>Continuously promoting activities (K-Wing, etc.) for female employees, and examining measures to encourage male employees to participate in child rearing and to support the activities of foreign employees</li> </ul>	<ul style="list-style-type: none"> <li>Implemented training to prevent and resolve harassment in Japan, including at sales companies</li> <li>Surveyed status of human rights advancement training and contact points for consultation</li> <li>Held K-Wing meeting in May, planned and joined forums in which 50 external companies and 500 people participated</li> <li>Focused on helping employees detail their own career plans and clarified activities that would realize these plans</li> </ul>	○	<ul style="list-style-type: none"> <li>Prevention of harassment as well as maintenance and improvement of the capacity to resolve harassment in Japan</li> <li>Surveying the human rights situation at overseas bases and examining how to promote human rights</li> <li>Actively participating in external forums and providing opportunities to exchange opinions internally</li> <li>Supporting the activities of female managers with the increase of their positions</li> </ul>	41 42	<ul style="list-style-type: none"> <li>Attempting to disseminate educational activities in human rights on the part of the KUBOTA Group at home and abroad</li> <li>Continuing efforts to promote diversity management Examining measures to develop a corporate culture that brings out the potential of employees and motivates them regardless of gender, nationality, age, etc.</li> </ul>
	Maximizing our Human Resources with Appointments and Training to Support Global Business Development	<ul style="list-style-type: none"> <li>Expanding and improving the measures to recruit, train and utilize the human resources that can play active roles globally</li> <li>Promoting the establishment and application of the "KUBOTA Global Human Resource Management Basic Policy"</li> </ul>	<ul style="list-style-type: none"> <li>Augmented foreign language training and pre-departure training for overseas management positions</li> <li>Made and distributed materials for overseas production managers</li> <li>Built and launched a human resources data system for overseas managers</li> </ul>	○	<ul style="list-style-type: none"> <li>Expanding and improving measures to recruit, train and utilize the human resources that are needed for the globalization of operations and construction of a global management structure</li> </ul>		<ul style="list-style-type: none"> <li>Recruitment and training of human resources to "construct an energetic corporate climate that welcomes challenge and values creativity"</li> </ul>
Communities	Contributing to International and Local Societies	<ul style="list-style-type: none"> <li>Pursuit of continuous social contribution related to business activities</li> <li>Encouraging the implementation of KUBOTA e-Project overseas (Considering support in the agricultural field centering on Asia)</li> </ul>	<ul style="list-style-type: none"> <li>Continued to support the revitalization of communities in agricultural fields (reviving abandoned farmland, offering experiment classrooms for elementary school students, conducting public relations about locally produced goods)</li> <li>Continued to help with earthquake reconstruction (supporting communities with communal gardens at temporary housing, supporting education at agricultural high schools)</li> <li>Considered ways to support emerging countries</li> </ul>	○	<ul style="list-style-type: none"> <li>Examining ways of contributing to society that can be linked to business activities (create mutual benefits)</li> <li>Continuing efforts to support earthquake reconstruction</li> <li>Examining ideas for giving back to communities overseas</li> </ul>	43 44	<ul style="list-style-type: none"> <li>Updating action plans</li> <li>Promotion of global development (efforts to solve issues in emerging countries, etc.)</li> </ul>

KUBOTA's response to the asbestos issue

KUBOTA recognizes sincerely that asbestos-related diseases have occurred among local residents and employees in the vicinity of the former Kanzaki Plant. From the standpoint of fulfilling its social responsibility as a company that handled asbestos in the past, KUBOTA needs to continue tackling this problem with sincerity in the future.

- ① As of March 31, 2013 relief payments had been made to 248 individuals pursuant to the internal policy of the "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant."
- ② KUBOTA employees, including those already retired, suffering from asbestos-related diseases comprised a total of 184 persons as of March 31, 2013, of whom 163 are deceased and 21 are undergoing treatment.
- ③ KUBOTA has provided financial support for clinical and basic research projects conducted by Hyogo College of Medicine.

## Our Expertise, Technologies and Services are at the Foundation of Our Customers' Trust



Positioned at the core of our business activities is the acquisition and refinement of expertise and technologies that support the quality of the Made by KUBOTA brand, backed up by a robust service structure. KUBOTA is concentrating on a variety of initiatives to enhance customer satisfaction even further.

## Quality and Services to Improve Customer Satisfaction

### Working to prevent quality problems

KUBOTA deploys quality engineering Company-wide as a problem-solving tool. In FY2013, we dispatched instructors to our bases to teach quality engineering in a personalized setting, and a large number of employees in technical positions learned about the concepts of quality engineering. We also worked diligently to prevent quality problems that often lurk in modifications and points of variation. As one such initiative, we began Design Review Based on Failure Modes (DRBFM), which is widely used in the automotive industry during the initial development phase.



A lecture about DRBFM

### Small-group activities

At KUBOTA, approximately 500 small groups at business sites in Japan work to improve quality. Once a year, KUBOTA holds an awards ceremony to recognize small-group activities that had a significant impact on quality improvements. The small group that is judged to have had the largest impact then tours business sites in Japan and overseas, giving presentations on its results.

At the International Convention on Quality Control Circles held in Malaysia in 2012, KUBOTA was the only Japanese company to win the 3 Star Award, the highest honor.

Going forward, we will promote small-group activities to improve quality at Group companies in Japan and abroad.

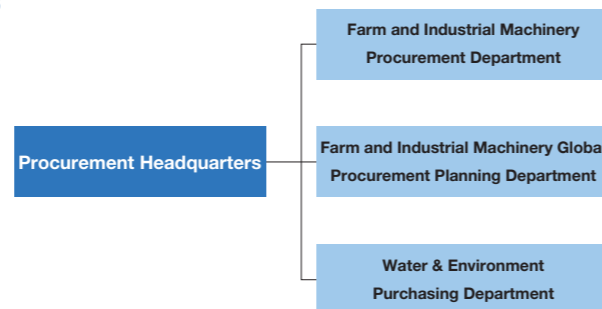


Award ceremony at International Convention on Quality Control Circles

### Establishment of Procurement Headquarters

KUBOTA implemented a major reorganization in April 2013 in order to unify management of procurement across business boundaries. The Company aims to achieve the best in procurement practices by enhancing the level of quality, cost and delivery management through the integration of procurement policies and synergistic effects across businesses.

KUBOTA plans to build a global procurement network, establishing more procurement centers to globalize procurement in tandem with business development.



### Product recall information

- Recall of tractors: 6 models, 3,772 units in total (Recall notification number: 3050 / Recall start date: November 9, 2012)
- Recall of combines: 9 models, 6,137 units in total (Recall notification number: 3122 / Recall start date: March 27, 2013)

For further information, see: <http://www.kubota.co.jp/important/index.html>. (Japanese only)

### National Skills Competition

KUBOTA entered the lathe and machinery assembly categories of the National Skills Competition, where young technicians under 23 years of age engage in competition that puts their vocational skills to the test. The employees KUBOTA selected to participate in the competition had to fabricate specified objects within a limited time. This required intense concentration and precision down to the 0.001mm level, both of which they gained by training hard every day. Technical skills are passed down to younger employees as they pit their manufacturing skills against competitors from other companies at this best-in-class national competition.



National Skills Competition

### Improving new employee (trainee) education

Under the policy of "no manufacturing without human resource development," KUBOTA is committed to the education of new employees who will engage in manufacturing at production sites. The current trainee system, which was launched in 1975, provides a residential training course for approximately one year at the two training centers in Sakai and Hirakata in Osaka Prefecture. The training curriculum is mainly composed of "technical and skill training," "practical training at production line" and "personality development training." Throughout the training period, the trainees learn the basics as members of society and as new employees. This system is highly appreciated by visitors of the training centers including high school teachers.

#### History of KUBOTA's education programs (for technical staff)

Since 1936	Youth school
Since 1951	Apprentice system
Since 1958	Intern system
Since 1975	Trainee system



Training center (practical lesson)

### Thorough improvement based on the "5-Gen" principle

Manufacturing at KUBOTA is based on the "5-Gen" principle [Gen-ba (Actual Site), Gen-butsumo (Actual Things), Gen-jitsu (Actual Facts), Gen-ri (Principles) and Gen-soku (Basic Rules)] to promote improvement activities. In 2002, KUBOTA launched a training school called "5-Gen Dojo" to develop human resources that can practice the "5-Gen" principle. Employees in

Japan and overseas attend the classes to inherit KUBOTA's Spirit for manufacturing. In 2013, Kousei Shimamura, an employee who leads the lessons about the "5-Gen" principle at the Dojo, was awarded the national Medal of Honor with Yellow Ribbon (outstanding service) for achieving excellence in his field of work and for his meritorious deeds.

### Voice

#### Unyielding will to create

In 1988, KUBOTA launched a new transmission production project. With the welding technology of that time not offering sufficient precision, however, the project ran into trouble producing quality components that were key to smooth transmission operations.

Setting out to solve this problem, we delved into technological development with an unyielding will, dedicating ourselves to achieving zero defective products, and went through the trial and error process countless times. We were not going to give up until we had succeeded. We ended up developing a welding method using electron beams that the world had never seen before. This development enabled the production of high-performance transmissions at lower cost, and it is still an essential welding technology for producing tractors today.

I am currently an instructor of the "5-Gen" principle at the "5-Gen Dojo." I think we are faced with a mounting challenge of training personnel at our growing number of overseas bases.



**Kousei Shimamura,**  
Recipient of the Medal of Honor with Yellow Ribbon in spring 2013  
Manufacturing Promotion Department, KUBOTA Corporation

## Creating a Rewarding and Vibrant Work Environment



KUBOTA undertakes a diverse range of initiatives with the aim of creating a safe, secure, healthy and vibrant work environment that is rewarding for employees. We have also established new training programs to support our rapidly globalizing business operations.

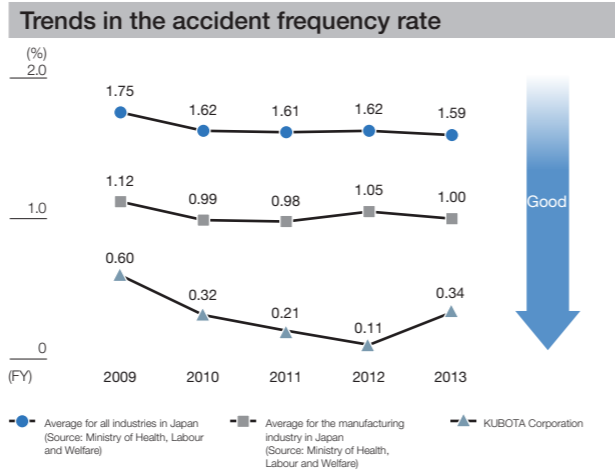
## Creating a Safe Workplace for All Employees

### KUBOTA's Basic Policies on Safety and Health

At KUBOTA, we consider health and safety to be the basis for performing our jobs at a high level as well as making the most of our lives. To prevent a repeat of the major accident that occurred in 2012 (including infrequent on-the-job fatalities), we went back to the drawing board to create a set of completely new safety measures that seek to eliminate such risks, especially in high-risk operations. In addition, we formulated the Fundamental Principles on Health and Safety in April 2013 to ensure that all KUBOTA Group employees make safety their highest priority in all activities.

#### KUBOTA's Basic Policies on Safety and Health

"In the KUBOTA Group, there is no work to be carried out without serious consideration for safety and health." To achieve this, we established the fundamental principle that all the people involved in the business shall behave based on the philosophy the 'Safety is our First Priority.'



### The 9th KUBOTA Group Long-term Industrial Accident Reduction Plan

FY2014 marks the first fiscal year of the KUBOTA Group's 9th Long-Term Industrial Accident Reduction Plan, which is specified every five years. To achieve the new plan's safety objective—"eliminate accidents resulting in lost work time"—we have established such priority actions as "strengthen employee development (KUBOTA Corporation Employee Safety Training)." Based on this, we will promote the creation of a safe and secure work environment that is free of accidents.

<Safety Objective> **Eliminate accidents resulting in lost work time**

#### <Priority Actions>

##### Offices and Plants

1. Reinforcement of human resources development (Creating human resources of KUBOTA targeted safety)
2. Removal and reduction of risky and harmful sources resulting in 'Significant accidents' and 'Significant diseases' (Spiral up with steady practice of PDCA)
3. Maintenance and improvement of healthy workplace environment
4. Addressing radiation risk
5. Promotion of mental health care
6. Promotion of maintenance and improvement of health measures
7. Promotion of measures for industrial traffic accidents

##### Construction Departments

1. Improve safety awareness and disseminate related technology
2. Expand coordinated health and safety management
3. Promote accident prevention measures
4. Ensure strict adherence to accident prevention measures
5. Conduct thorough health management



Safety training conducted overseas

### Workplace-focused health and safety activities

The KUBOTA Group promotes workplace-focused health and safety activities at its business locations both in Japan and overseas. To ensure that such activities continue to be implemented at a high level of quality, we repeatedly conduct safety training and drills for all relevant individuals, from front-line employees, workplace supervisors and managers to senior management.

## Creating a Physically and Mentally Healthy Work Environment

### Efforts to promote mental health

We implement various workplace mental health care measures at every KUBOTA business location. These measures include formulating the KUBOTA Wellness (Mental Health) Action Plan; making available our mental health handbook to and conducting training sessions for managers; and undertaking work stress examinations, self-care courses to detect stress and consultations by industrial health staff for all KUBOTA employees.



A training session for managers held at the Head Office (lecture conducted by Dr. Nobuaki Kagimoto, a psychiatrist employed at the Head Office on a part-time basis) Using explanations based on case studies of traditional and modern methods for treating depression, Dr. Kagimoto deepened the managers' understanding of mental health issues.

### Efforts to promote work-life balance

KUBOTA Corporation has formulated various ideas based on the Act on Advancement of Measures to Support Raising Next-Generation Children to enable employees to work in a manner that is in harmony with their private lives. Its efforts along these lines were officially recognized, leading to receipt of "Kurumin" mark (Next Generation Recognition Mark) in 2009 and 2011. We are currently applying for this certification in 2013.

- Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (the two-year period between April 1, 2013 and March 31, 2015)
  - Enhance the childbirth leave program for female employees
  - Continue the campaign to encourage male employees to use the childcare leave program
- Campaign to encourage male employees to use the childcare leave program
  - Undertake educational activities that includes displaying posters, distributing pamphlets and giving presents to those who use the program

#### Usage status of each program (FY2013)

Childcare-related	Childcare leave usage rate (female employees)	100%
	Shorter hours working system	113 persons
	Leave to care for sick children	221.5 days in total
Nursing care-related systems	Leave to attend school events	150.5 days
	Nursing care leave	2 persons
	Short-term nursing care leave	84.5 days

#### Status of male employees using the childcare leave program

FY2011	FY2012	FY2013
5 persons	3 persons	47 persons

### Launching the Return to Work Program

In recent years, KUBOTA Corporation has seen a rise in the number of employees who wish to continue working while raising children, looking after family members and meeting various other private obligations. Nevertheless, there are cases of employees who have resigned due to an inability to meet both work and family obligations. For these employees,

KUBOTA Corporation has launched the Return to Work Program as a system that offers opportunities to rejoin the Company to former employees who resigned because of such personal reasons as childbirth, childrearing, nursing or a spouse's job transfer.

### Voice Fostering a corporate culture that creates family time through childcare leave

Through the Company's campaign to encourage male employees to use the childcare leave program, I took one week's worth of childcare leave. I was able to make the most of my leave time, which included playing to my heart's content with my daughter, helping my wife with household chores and going out with the family. In addition, the time off has given me a renewed appreciation for my wife and the physical demands that looking after a two-year-old child places on her every day. The leave program has also provided me with a new sense of how fathers can share parental roles. The opportunity for managers such as myself to take childcare leave fulfills my desire to contribute to the creation of a corporate climate that emphasizes diversity. I truly appreciate everyone whose cooperation helped make this possible.



**Toshiyuki Beppu**  
Farm Equipment Business Promotion Department, KUBOTA Corporation

## Respecting Human Rights and Promoting Diversity

### Raising awareness of human rights

In line with the Code of Conduct of the KUBOTA Group shown below (excerpts), the Group makes efforts to raise awareness of human rights in Japan and overseas, respect international human rights guidelines, and ensure thorough compliance with relevant laws in the respective countries and regions.

- We support the Universal Declaration of Human Rights, and respect the human rights of all people.
- We do not discriminate or violate human rights on the basis of nationality, race, age, gender, or for any other reason whatsoever.
- We do not permit forced labor or child labor, and also request our business partners for compliance in this regard.

Having established the Human Rights Advancement Planning & Coordination Committee, we are implementing human rights training in Japan based on the action guidelines of the committee. As a consultation station for harassment, the KUBOTA Group operates the KUBOTA Hot Line internal reporting system, which includes outside lawyers, and a consultation system at the Group's domestic and overseas business locations. Seminars are held to improve the

counseling abilities of consultation system managers.

In addition, audits are undertaken to determine if surveys, including credit administration, are being conducted from the perspective of respecting human rights and privacy protection. The content of these surveys are reviewed on an annual basis.



Promoting human rights education

Number of employees who joined human rights training sessions during FY2013 (Unit: no. of individuals)

Target	Group training	Outside training	Total (total participants)
KUBOTA Corporation	12,525	366	12,891
Affiliates	7,842	230	8,072
Total	20,367	596	20,963

### K-Wing activities

As part of its activities in FY2013, Kubota Women's Initiative Diversity Network & Group (K-Wing), an organization that supports female employees, held a nationwide conference in May 2012. In addition, K-Wing actively participates in various external activities, including organizing and convening a forum for 500 participants representing 50 companies. Through the formation of this network, female employees from both inside and outside the Company can share common challenges, including creating detailed career plans for themselves. K-Wing has focused its energies on clarifying the actions required to achieve these aims. In FY2014, K-Wing will continue leveraging its internal and external network of female employees in an effort to further enable women to demonstrate their full abilities. The number of KUBOTA female managers is increasing each year, rising nearly threefold from 17 in 2008 to 49 in 2013.

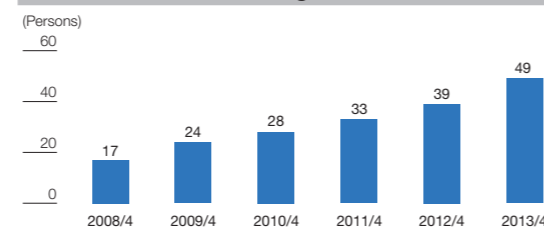
<Participating Forums>

- ① The 9th Women's Networking Forum in OSAKA 2012
- ② Young Women's Career Design Forum
- ③ The 8th Women's Networking Forum in Tokyo



A scene from the Women's Networking Forum

Number of female managers



### Creating workplaces for disabled persons

KUBOTA has founded two specific subsidiaries, Kubota Works Co., Ltd. and Kubota Sun-Vegetable Farm Co., Ltd., and operates them to create jobs and a work environment for disabled persons.

Kubota Sun-Vegetable Farm Co., Ltd. engages in hydroponic cultivation of safe and reliable vegetables with the aims of seeking to promote the independence of persons with disabilities and their coexistence with local communities, as well as using abandoned fields to support the stimulation of agriculture in Japan. The vegetables produced by the company

are not only used by the cafeterias at KUBOTA business sites in Japan and sold internally, but are also marketed in supermarkets in Osaka Prefecture.



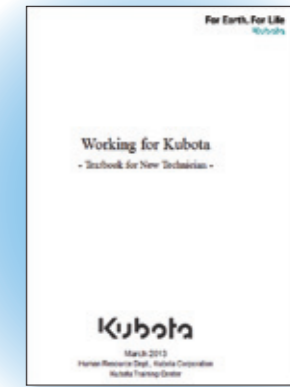
Kanan Farm of Kubota Sun-Vegetable Farm Co., Ltd.

## Maximizing our Human Resources with Appointments and Training to Support Global Business Development

### Strengthening the development of global human resources

KUBOTA aims to enrich its training curriculum in response to the globalization of its operations. In our training program, we have newly established classes given in English on negotiations, presentations and facilitation in order to improve their practical language ability.

Amid an increasing number of overseas production bases, the number of employees that work at production sites has increased as new members join the KUBOTA Group. With the goal of bolstering the manufacturing capabilities of the KUBOTA Group, we have created a textbook that covers basic facts about KUBOTA, our fundamental approach to manufacturing and other topics as a tool for transforming new hires into KUBOTA Group employees.

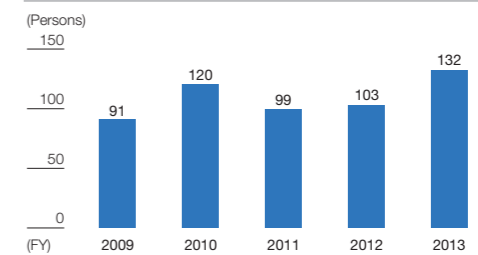


Cover of newly created textbook

### Foreign language training for new hires

Since 2008, all new hires have undergone one-month-long language training (homestays) and visited local production sites overseas in order to improve the language abilities of new employees and expose them to different cultures. A cumulative total of 550 employees have participated in this training program. Starting in FY2013, KUBOTA began dispatching employees overseas who had built up their core English skills in Japan, and set up a new education program for employees with foreign language skills that have progressed beyond a certain level. We will continue to educate our employees while improving the training program.

Number of new hires participating in foreign language training (people)



### Expanding the overseas trainee system

Since 1997, KUBOTA has dispatched a number of employees overseas each year for training purposes. We plan to send more employees overseas in FY2014 as a part of efforts to foster global human resources.



#### Growth into global human resources via the overseas trainee system

As a trainee on the engine division's gasoline engine team, I was dispatched to Chicago in the United States (Kubota Engine America Corporation) for one year. In North America, demand has been growing for gasoline engines that comply with exhaust gas regulations. At KUBOTA, these types of gasoline engines are positioned as an essential field for business growth. As a trainee, I was involved in activities that were outside my regular work responsibilities, such as gathering information on technology-related requirements for engines from the market and customers. Through this experience, I developed stronger relationships with local engineers and an appreciation of the importance of moving quickly to develop products that satisfy the needs of our customers. I hope to put to good use the knowledge and communication skills that I gained as a trainee in future global business development activities.



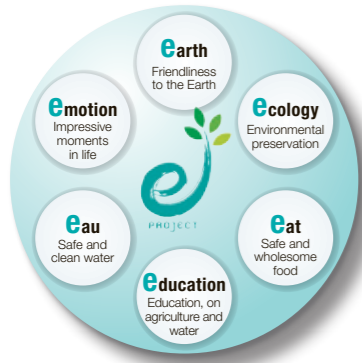
**Takahiro Tokunaga**  
Farm & Industrial Machinery International Operations Headquarters  
KUBOTA Corporation  
Dispatched to Kubota Engine America Corporation



## Contributing to International and Local Societies

### The KUBOTA e-Project

Six e-perspectives



In an effort to contribute to society in the areas of food, water and the environment, the KUBOTA Group commenced the KUBOTA e-Project in 2008. The KUBOTA Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth. Through this promise to everyone, we seek the understanding and cooperation of stakeholders as we contribute to the creation of a sustainable society.



Abandoned farmland being rejuvenated

#### Support for the restoration of abandoned farmland

We support efforts to restore abandoned farmland throughout Japan by offering agricultural machinery.

#### KUBOTA GENKI Agriculture Experience Workshop

This program aims to deepen understanding of agriculture and provide educational opportunities through rice growing agricultural experiences such as rice transplanting and harvesting as well as tasting the harvested rice.



Children watching an operation with a combine harvester

#### Developing regional brands and advertising farm fresh crops

We make every possible effort to expand opportunities to generate awareness of fresh and processed food products that are the pride of each region of Japan.

#### Introduction of the activities of visionary farmers

We introduce the activities of farmers with vision about agriculture that coexists harmoniously with the regional environment.



Local residents waiting for water to be drawn from a completed well

#### Improving global water environments

We make every possible effort to reduce the number of people who do not have access to safe water. To this end, we support the construction of wells in India being undertaken by the Japan Asian Association and Asian Friendship Society, both of which have been active in Asia for many years.



KUBOTA e-Day Volunteer Program

#### KUBOTA e-Day Volunteer Program

KUBOTA employees volunteer in community beautification and cleanup activities throughout the region.

#### “UCHIMIZU” solution for heat island

KUBOTA employees are creating opportunities to draw attention to global warming through “UCHIMIZU” activities around KUBOTA business locations, which involves lowering outside temperatures by sprinkling water on the pavement.



“UCHIMIZU” solution for heat island

#### KUBOTA “TERRA-KOYA” summer camp

We sponsor the KUBOTA “TERRA-KOYA” summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since 2011, we have been inviting children from disaster-affected areas to this summer camp as part of our efforts to assist reconstruction efforts following the Great East Japan Earthquake.



KUBOTA “TERRA-KOYA” summer camp

#### Kubota Sun-Vege Farm Co., Ltd.

Kubota Sun-Vege Farm Co., Ltd. engages in hydroponic cultivation of vegetables in order to create an environment that allows people with disabilities to work actively.

#### Water Cycle Education Program

This program provides opportunities to raise awareness among young people about water and environmental preservation.



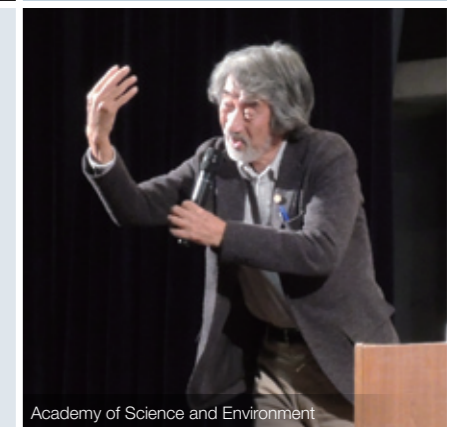
Mainichi Earth Future Prize

#### Academy of Science and Environment

KUBOTA sponsors the Academy of Science and Environment, a program that invites various specialist instructors to teach classes to junior and senior high school students who have an interest in science.

#### Mainichi Earth Future Prize

KUBOTA participates in the Mainichi Earth Future Prize, which honors individuals and organizations that work to solve problems both in Japan and overseas as well as supports grassroots activities in the areas of food, water and the environment.



Academy of Science and Environment



Players running a rugby clinic for local elementary school students

#### Coexisting positively with local residents through company sports activities

KUBOTA operates the corporate rugby team called Kubota Spears, which is based in Funabashi City, Chiba Prefecture. In addition to playing in Japan’s top rugby league, the Spears are working to become a beloved team throughout the area thanks to players’ involvement in exchange activities with local residents such as rugby coaching events and local cleanup activities. In the “One for All, All for One” spirit, the Spears will continue working to coexist positively with local residents.



A utility vehicle donated by KUBOTA

#### Providing assistance to regions affected by natural disasters

In an effort to play a useful role in areas of the United States struck by Hurricane Sandy in October 2012, the KUBOTA Group provided monetary donations and relief supplies along with donating utility vehicles to transport reconstruction materials. These efforts were coordinated via non-profit organizations providing aid to disaster victims in stricken areas of New York and New Jersey.

<Other regions where KUBOTA provided assistance>

- December 2012: The Philippines, Typhoon Bopha (monetary donations)
- April 2013: Sichuan, China, Lushan Earthquake (monetary donations)

### ■ Status of ISO9001 Certification (As of April 1, 2013)

In 1993, the Hirakata Plant became the first business site of the KUBOTA Group to obtain ISO9001 international quality assurance certification, which was quickly followed by other sites and affiliates within the Group. By promoting the quality management program based on ISO9001, KUBOTA is committed to earning customer trust and delivering satisfying, high-quality products.

#### Department Office

Department Office		Main product(s)	Date of certification	Certifying body		
Farm & industrial machinery	Engines, Tractors, Farm machinery, Construction machinery	Sakai (Including Okajima) Rinkai	Engines, tractors, farm equipment, and construction machinery	1994.06	LRQA	
		Tsukuba	Engines and tractors	1994.06	LRQA	
		Utsunomiya	Transplanters and harvesting equipment	1997.02	LRQA	
		Hirakata	Construction machinery	1996.04	LRQA	
Water & environment	Pipe system	Ductile iron pipe	Hanshin Keiyo	Ductile iron pipe, fittings, accessories and related products	1999.01	JCQA
		Valves	Hirakata	Valves and gates	1994.09	LRQA
		Industrial materials	Okajima	Casting products	1998.05	JICQA
		Pumps	Hirakata	Pumps, pump station, and sewage & water purification plants	1997.10	LRQA
	Water engineering & solution	Water and sewage engineering	Tokyo	Sewage & sludge treatment, water purification and waste water treatment	1997.10	LRQA
		Membrane systems	Hanshin Office	Membrane module and anaerobic MBR technology	1997.10	LRQA
		Johkasou	Shiga	Purified water tank made by plastic	2003.04	JUSE
	Materials	Materials (Steel castings, Roll, New material)	Hirakata Amagasaki	Rollers, tubes, piping, fittings, spools, columns, piles, sleeves, cylinders, and static castings, rolling mill roll and non-metal mineral product (titanic acid compounds)	1993.03	LRQA
		Steel pipe	Keiyo	Spiral welded steel pipe	1998.07	JICQA
	Electronic equipped machinery	Vending machinery	Ryugasaki	Vending machines for cigarette, paper packed and canned beverage	2008.09	DNV
		Precision equipment	Kyuhoji	Electronic weighing equipment and load cell	1994.08	DNV

#### Key to the abbreviation of certifying bodies

- LRQA** : Lloyd's Register Quality Assurance Ltd.
- JCQA** : Japan Chemical Quality Assurance Ltd.
- JICQA** : JIC Quality Assurance Ltd.
- JUSE** : Union of Japanese Scientists and Engineers
- DNV** : DNV Business Assurance Japan K.K.

#### Affiliates in Japan

Affiliated companies	Scope of certification	Date of certification	Certifying body
KUBOTA Precision Machinery Co., Ltd.	Design, development and manufacture of hydraulic valves, hydraulic cylinders for agricultural and construction machines. Manufacture of hydrostatic transmissions, hydraulic pumps for off road vehicles and agricultural machines, and hydraulic motor for construction machines.	2007.04	LRQA
KUBOTA-C.I. Co., Ltd.	Design, development, and manufacture, of vinyl pipes, polyethylene pipes, fittings and various kinds of attachments	1998.04	JUSE
Nihon Plastic Industry Co., Ltd.	<ul style="list-style-type: none"> <li>• Design, development, and manufacture of vinyl pipe and secondary processed products</li> <li>• Design, development, and manufacture of polyethylene and other plastic pipes</li> <li>• Design, development, and manufacture of polystyrene/polyethylene and other plastic sheet plates</li> </ul>	1998.12	JSA
KUBOTA Pipe Tech Co.	<ul style="list-style-type: none"> <li>• Design, construction and construction management of various pipelines, etc.</li> <li>• Investigation and diagnosis of pipelines</li> <li>• Training on installation of fittings and pipe laying</li> </ul>	2002.03	JCQA
Water Technology Institute Ltd.	<ul style="list-style-type: none"> <li>• Design and development of packaged software supporting for water supply business.</li> <li>• Provision of operation support services for packaged software supporting for water supply business and its date entry services.</li> <li>• Provision of survey and consulting services for water supply analysis</li> </ul>	2004.04	JCQA
KUBOTA Environmental Service Co., Ltd.	Design, construction, maintenance, and servicing of plants for water supply systems, sewerage systems, debris landfill, night-soil treatment, and solid waste disposal	2000.02	MSA
KUBOTA KASUI Corporation	Design and construction of environmental conservation plants	2000.01	BCJ-SAR
KUBOTA Air Conditioner Co., Ltd.	Design, development, manufacturing, and ancillary services for large-scale air-conditioning equipment	2000.02	JQA
KUBOTA Systems, Inc.	<ul style="list-style-type: none"> <li>• Consigned development of software products and software packages, design, development, and manufacturing of network structures and ancillary services.</li> <li>• Operation service of information systems and operation and maintenance of networks</li> <li>• Sale of purchased products</li> </ul>	1997.05	BSI-J
Heiwa Kanzai Co., Ltd.	Design, development, and supply of cleaning services for buildings and facilities	2002.07	JICQA
Kubota Construction Co., Ltd.	Design and construction of civil engineering structure and buildings	2011.12	JQA

#### Key to the abbreviation of certifying bodies

- LRQA** : Lloyd's Register Quality Assurance Ltd.
- JUSE** : Union of Japanese Scientists and Engineers
- JSA** : Japanese Standards Association
- JCQA** : Japan Chemical Quality Assurance Ltd.
- MSA** : Management System Assessment Center
- BSJ-SAR** : The Building Center of Japan
- JQA** : Japan Quality Assurance Organization
- BSI-J** : BSI Group Japan K.K.
- JICQA** : JIC Quality Assurance Ltd.

### ■ Business sites with certification under OHSAS18001 (Occupational Health and Safety Management Systems) (as of April 1, 2013)

Tsukuba Plant	Certification obtained in December 2000	Hanshin Plant (Mukogawa)	Certification obtained in November 2003
Keiyo Plant (Funabashi)	Certification obtained in December 2002	Hanshin Plant (Amagasaki)	Certification obtained in April 2005
Keiyo Plant (Ichikawa)	Certification obtained in December 2002	Hirakata Plant	Certification obtained in June 2007

\* Occupational health and safety management systems centering on risk assessment have also been established in other business sites.

## Environmental Management at the KUBOTA Group

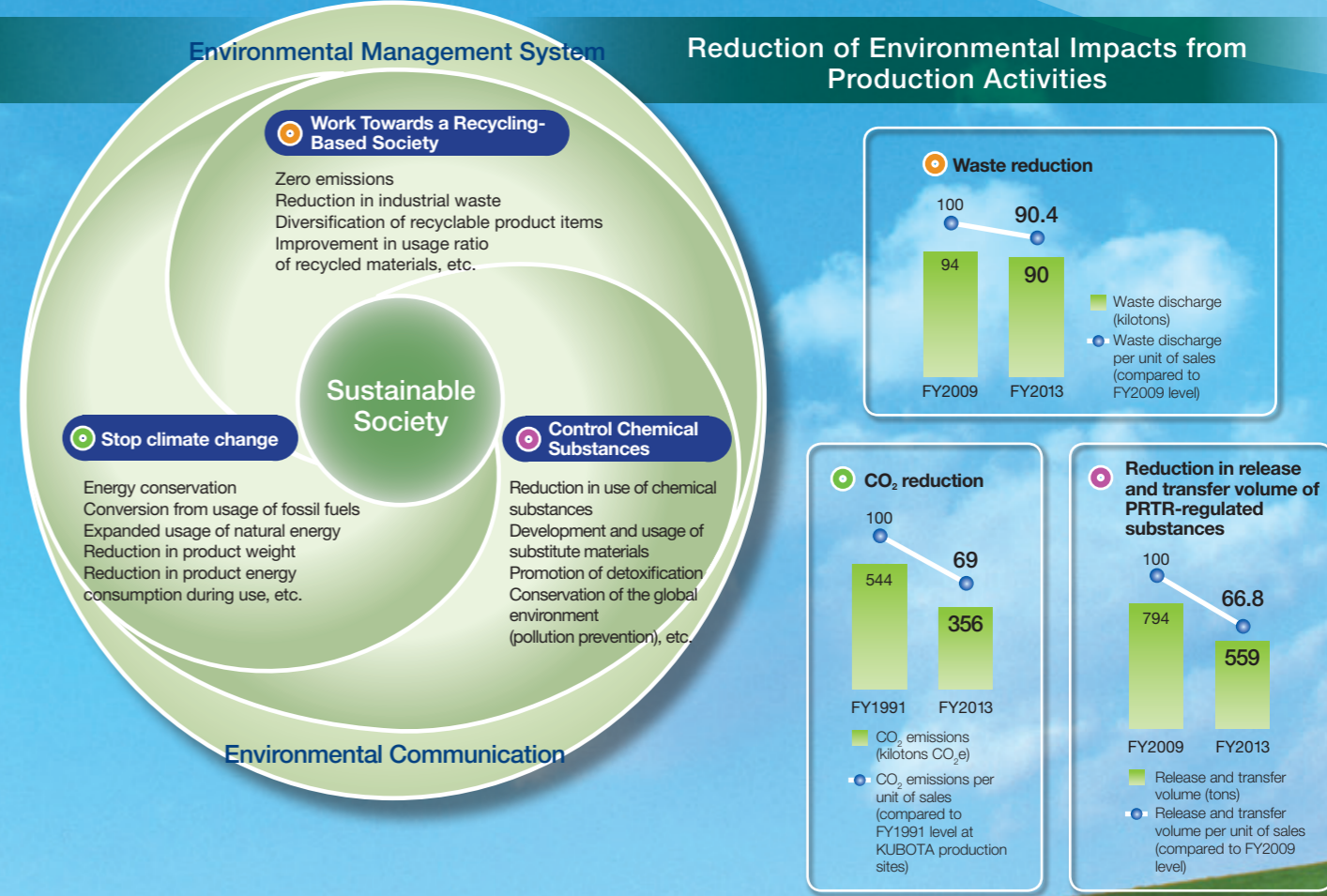
In line with its Brand Statement "For Earth, For Life," the KUBOTA Group contributes to the preservation of the global environment through business activities that are concerned about the environment. As the basic direction of corporate environmental management, we have established three objectives, 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

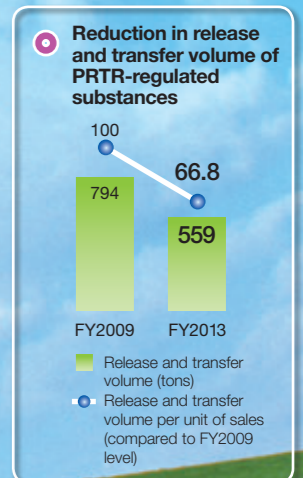
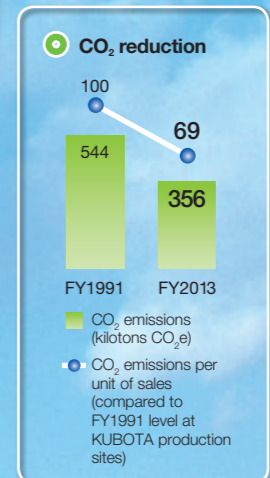
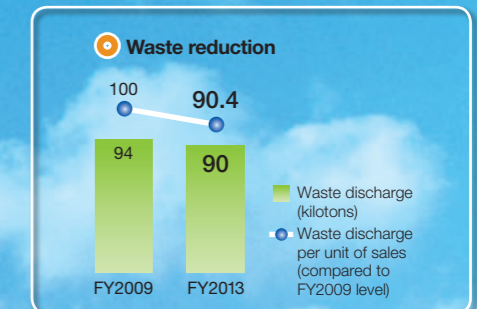


### Improve Environmental Performance of Products

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



### Reduction of Environmental Impacts from Production Activities



## 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 CO<sub>2</sub> emissions and achieving zero waste emissions, leaving issues to address in the future.

Issues	Actions	Management Indicators <sup>1</sup>	Scope	Base FY	Targets FY2013	Results FY2013 <sup>2</sup>	Self-evaluation <sup>3</sup>	Achievement Status (reasons for success or failure)	Detail Page
Stopping climate change	Reduce CO <sub>2</sub>	CO <sub>2</sub> 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 <sub>2</sub> emission coefficient for electricity in Japan.	49
	Reduce CO <sub>2</sub> during distribution	CO <sub>2</sub> 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 <sup>3</sup>	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%	⊙		
		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

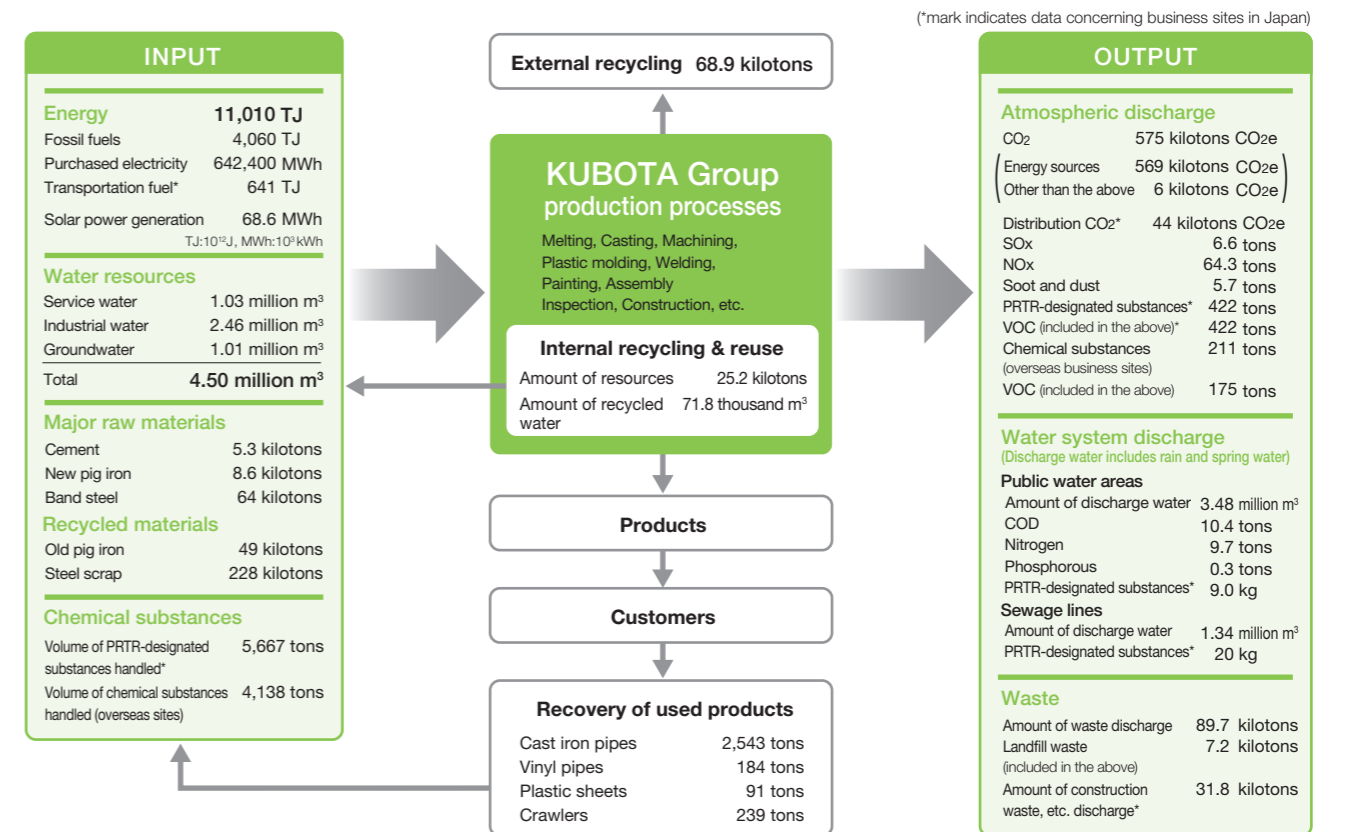
<sup>1</sup> The figures per unit of sales represent the intensity of environmental loads per unit of consolidated net sales.

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

<sup>3</sup> 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 <sup>2</sup>	Management Indicators	Base FY	Targets FY2016
Stopping climate change	Reduce CO <sub>2</sub>	CO <sub>2</sub> emissions per unit of production <sup>3</sup>		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 <sup>1</sup>	VOC emissions per unit of production		2009	-21%
	Expand line of Eco-Products	Sales ratio of Eco-Products <sup>5</sup>		—	40%

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> CO<sub>2</sub> emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electricity of the base fiscal year in our calculation of CO<sub>2</sub> emissions from energy sources.

<sup>4</sup> 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.

<sup>5</sup> 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

CO<sub>2</sub> emissions per unit of sales: Reduce by 10% from the FY2009 level

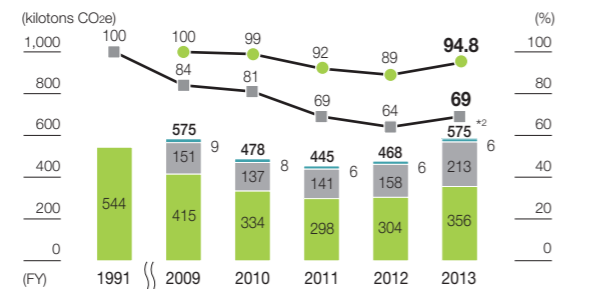
### Results for FY2013

**5.2%** reduction in CO<sub>2</sub> emissions per unit of sales (compared to FY2009 level)

**31%** reduction in CO<sub>2</sub> emissions per unit of sales (compared to FY1991 level at KUBOTA production sites)

In FY2013, CO<sub>2</sub> 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 CO<sub>2</sub> emissions coefficient for electricity due to the halt of operations at nuclear power plants in Japan. That said, CO<sub>2</sub> emissions per unit of sales at KUBOTA production sites were reduced 31% compared to the FY1991 level.

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



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



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

The company has reduced CO<sub>2</sub> 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

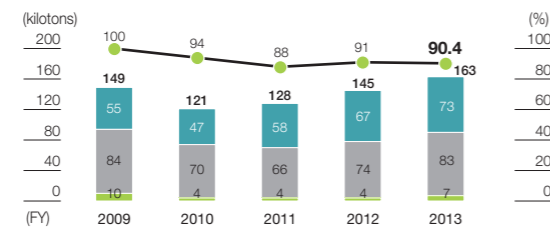
### Results for FY2013

**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)

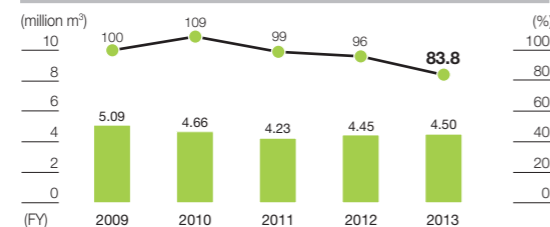
We attained our target for FY2013 by reducing waste discharge per unit of sales 9.6% compared to FY2009 level, due to the separation of waste, in-house recycling and extraction of valuable resources from waste. We also achieved our target for water consumption per unit of sales with a reduction of 16.2%, 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 disposal<sup>1</sup>  
● Discharge per unit of sales (compared to FY2009)<sup>2</sup>  
\*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)<sup>1</sup>  
\* Water consumption per unit of sales = Water consumption / Consolidated net sales



**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

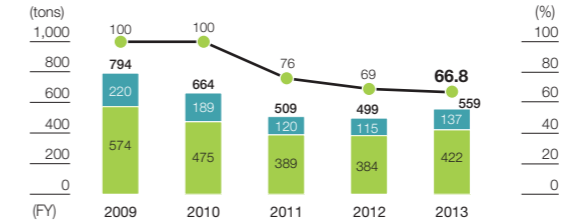
### Results for FY2013

**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 substances<sup>1</sup>, release and transfer per unit of sales

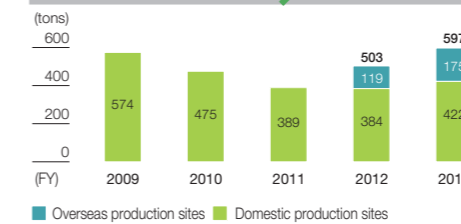


■ Transfer ■ Release ● Release and transfer per unit of sales (compared to FY2009)<sup>2</sup>

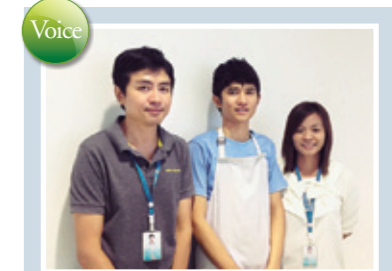
\*1. Total amount of declarable substances that are handled at an annual volume of 1 ton or more (0.5 ton or more for Specific Class I designations) at each site (Group production sites in Japan)

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

#### Trend in VOC emissions



■ Overseas production sites ■ Domestic production sites



**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 (CO<sub>2</sub> 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)

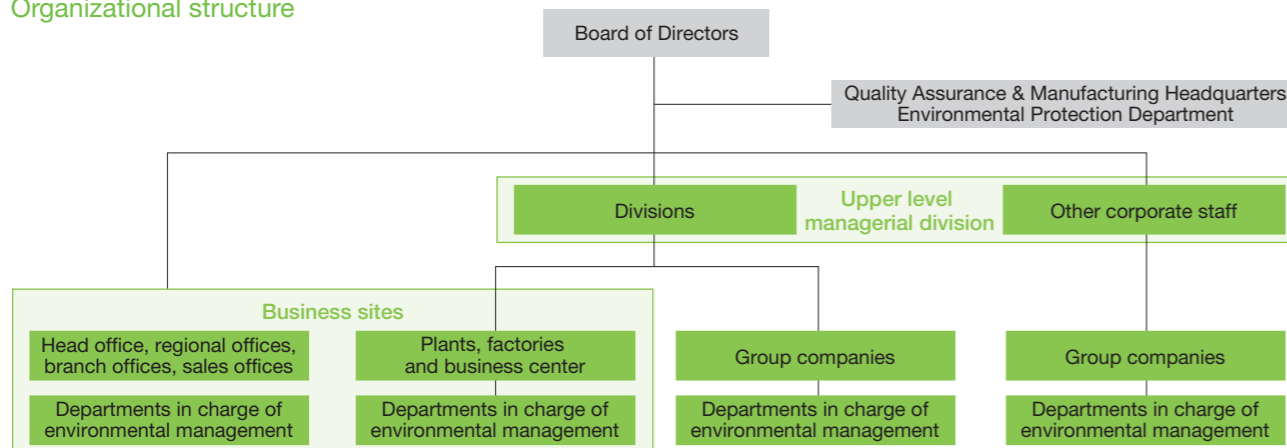
## Promoting Environmental Management

The KUBOTA Group has identified the three objectives of “Stop climate change,” “Work towards a recycling-based society” and “Control chemical substances” as a part of efforts to map out its basic direction of corporate environment management. In order to achieve these objectives, the Group is endeavoring to reduce the environmental loads associated with its production activities and to enhance the environmental friendliness of its products (see pages 45-50). As the foundation for these endeavors, we are striving to bolster our environmental management system.

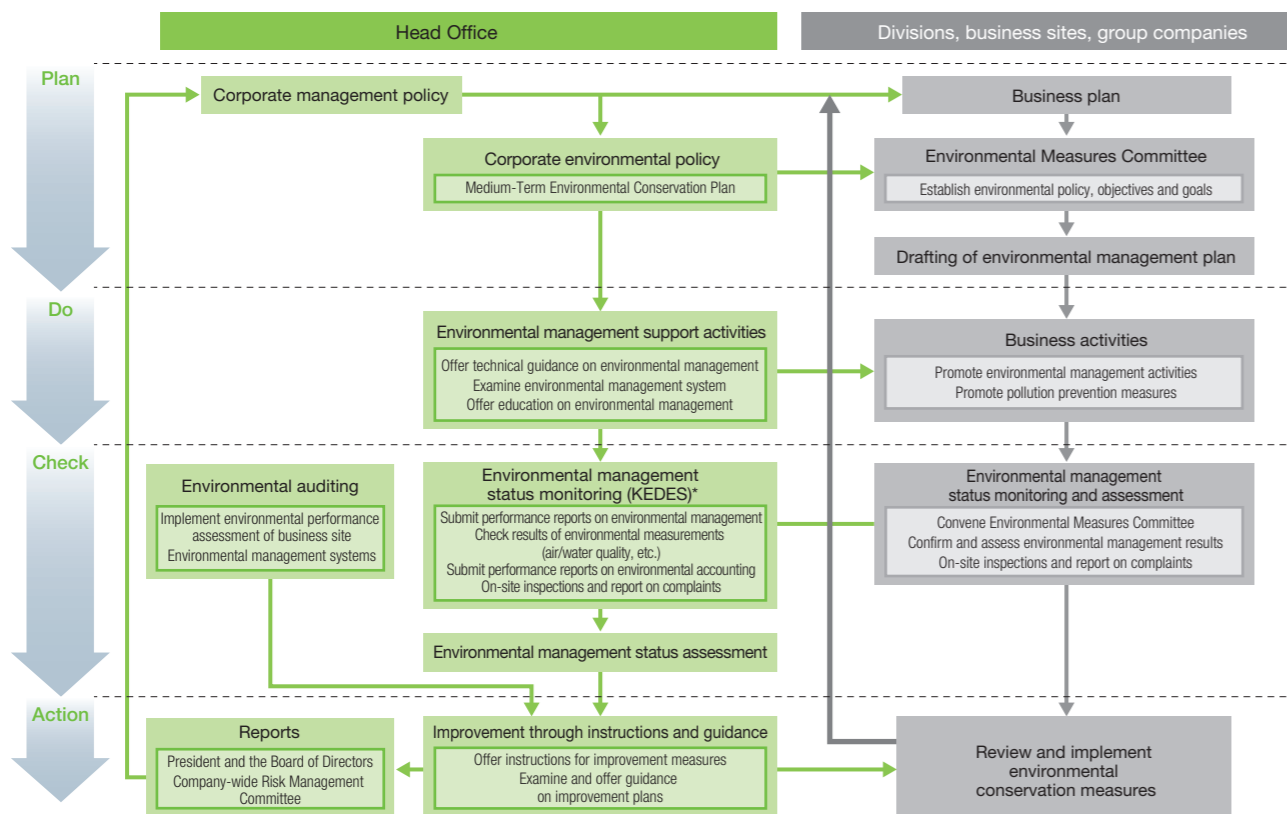
### Environmental management promotion system

The KUBOTA Group is promoting its environmental management, which is based on the environmental management system, through an organizational structure in which the Board of Directors serves as the highest decision-making body.

#### Organizational structure



### KUBOTA Group environmental management system



\*KEDES: Kubota Ecology Data E-System

## Environmental management

Based on rules established by the KUBOTA Group, every effort is being made to create environmental management systems and energize activities at each business site. With the globalization of its business in recent years, the Group is endeavoring to build environmental management systems that also include its overseas business sites, promote the acquisition of ISO 14001 certification, and upgrade and expand environmental education activities. Moreover, the KUBOTA Group is working to further enhance environmental awareness and raise the level of environmental conservation activities.

### Environmental auditing

Each year environmental audits are conducted by the KUBOTA Environmental Protection Department, based on the internal control system of the KUBOTA Group.

Audits in FY2013 were conducted by means of paper audits and field audits with factors that have the potential to cause environmental accidents listed as priority checklist items, focusing on production sites, service sites, offices and construction departments in Japan as well as overseas production sites.

Also, at production sites in Japan and overseas, in addition to environmental audits conducted by the Environmental Protection Department, internal environmental audits are also implemented by the staff of each site with the aim of raising the level of environmental management.



Audit of overseas production site (Kubota Manufacturing of America Corporation)

### FY2013 Environmental audit implementation status

[Number of subject sites and departments]

173 sites and departments

[Number of audit items]

83 items (for production sites)

[Audit details]

- Environmental management system
- Water & Air quality management
- Noise & Vibration management
- Waste material & Chemical substance management
- Climate change prevention
- Response to abnormalities and emergencies



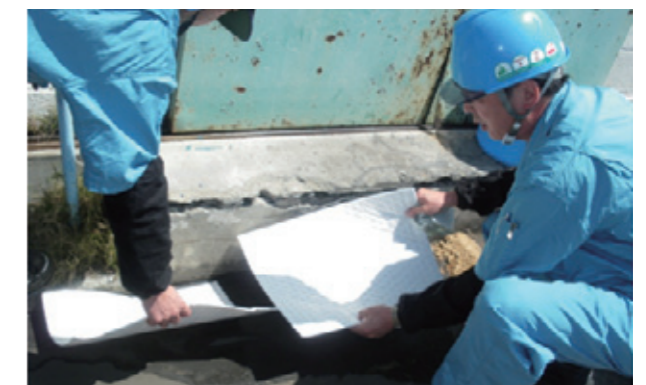
Audit of business site in Japan (Shin-yodogawa Environmental Plant Center)

### Drills for responding to abnormal and emergency situations

The KUBOTA Group is making efforts to identify and minimize the environmental risks associated with its business activities. It carries out regular training based on the procedures established to respond to specific risks at each site to mitigate the impact on the ambient environment in case of an environmental accident.



Drainage outlet blockage training (KUBOTA Construction Machinery Japan Corporation, SANKO KUBOTA KENKI CO., LTD.)



Effluent recovery training (KUBOTA Air Conditioner Ltd.)

Environmental education

The KUBOTA Group conducted training sessions targeting each job class in order to stimulate awareness toward environmental issues and promote widespread understanding of environmental management. In addition, the Environmental Protection Department is taking the lead in conducting specialized education in such fields as pollution prevention technology and energy conservation while training ISO environmental auditors as a part of efforts to ensure the steadfast practice of environmental conservation. Moreover, individual and tailor-made environmental education activities are being conducted at each business site and Group company. Our energies are also being channeled toward cooperating with the environmental education activities of external organizations.

Results of environmental education in FY2013

Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	Training for new recruits	3	150	Regional and global environmental issues as well as environmental conservation activities
	CSR training (Employees of "creative" personnel who have worked for nine years)	3	158	Environmental issues and environmental risk management
	Training for employees promoted to managerial positions	3	129	The KUBOTA Group's environmental management
	Training for newly appointed foremen	1	11	On-site environmental management and the role and responsibilities of foremen
	Training for newly appointed supervisors	2	55	On-site environmental management and the role and responsibilities of supervisors
Professional education	Basics of environmental management education	1	10	Basic knowledge on environmental management
	Pollution prevention technology education	1	9	Pollution control laws and pollution control technology
	Energy saving technology education	1	9	Energy saving laws, energy saving technology
	Waste management education	2	39	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Education to train ISO 14001 environmental auditors	2	32	The ISO 14001 standard, environment-related laws, audit techniques
	Training aimed at raising the skill levels of ISO 14001 environmental auditors	8	96	On-site audit perspectives and the identification of non-compliance
	General education for ISO 14001 environmental auditors (China)	1	28	Internal audit procedures and improvement measures
	Environmental management technology education for production engineers	1	11	Pollution prevention technology and environmental risk management, energy saving technology
	Waste information management system education	4	26	Waste disposal consignment contract and manifest management
	Education regarding the management of products containing chemical substances	1	104	Trends in environment-related laws and regulations including REACH
Total		34	867	

Support to education in outside organizations	Japanese Association of Metal, Machinery and Manufacturing Workers (JAM)	1	10	Hanshin Plant environmental conservation initiatives
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Training in connection with the management of products containing chemical substances (Kyuhoji Business Center)



Basic education for ISO 14001 environmental auditors (Kubota Agricultural Machinery (SUZHOU))

Status of environmental management system certification acquisition (ISO 14001 and EMAS)

All of the KUBOTA Group's production sites in Japan were awarded ISO 14001 certification by the end of FY2007. Currently, efforts to obtain ISO 14001 and other certifications are underway at its overseas production sites. In FY2013, two sites in the U.S. and two in Thailand acquired ISO 14001 certification. One site in Germany also acquired EMAS certification.

(I) ISO 14001 Certification

■ KUBOTA in Japan

No	Name	Other included organizations and subsidiaries	Main business	Inspecting/Certifying organ	Date of certification
1	Tsukuba Plant	• Eastern Main Parts Center • KUBOTA F.I.M. Service Ltd. KS Tsukuba Training Center • Kanto Kubota Precision Machinery Co.,Ltd.	Engines, tractors, etc.	LRQA	November 28, 1997
2	Keiyo Plant	• Distribution Center	Ductile iron pipes, spiral welded steel pipes	LRQA	July 16, 1998
3	Ryugasaki Plant	• KUBOTA Vending Service Co., Ltd. Ryugasaki Plant • KUBOTA Kanto Vender Center Inc. Ryugasaki Plant	Vending machines	DNV	November 13, 1998
4	Hanshin Plant	• Marushima Factory	Ductile iron pipes, rolls, potassium titanate	LRQA	March 5, 1999
5	Kyuhoji Business Center	• KUBOTA Environmental Service Co., Ltd • KUBOTA Membrane Corp. • KUBOTA Keiso Corp.	Measuring instruments, measuring systems, CAD systems, rice-milling products, waste shredder systems, submerged membranes, and mold temperature controllers	DNV	March 19, 1999
6	Hirakata Plant		Valves, cast steel, new ceramic materials, and construction machinery	LRQA	September 17, 1999
7	Okajima Business Center		Industrial cast iron products, drainage pipes, and other cast iron products	JICQA	December 22, 1999
8	Sakai Plant/Sakai Rinkai Plant		Engines, tractors, small-size construction machinery, etc.	LRQA	March 10, 2000
9	Shiga Plant		FRP products	JUSE	May 18, 2000
10	Water Engineering & Solution Business Unit	• Shin-yodogawa Environmental Plant Center	Sewage & sludge water purification, waste water treatment facilities	LRQA	July 14, 2000
11	Pumps Business Unit	• KUBOTA Kiko Ltd.	Sewage & water purification plants, pumps and pump stations	LRQA	July 14, 2000
12	Water Engineering & Solution Business Unit (membrane filtration system)		Filtration membrane unit	LRQA	July 14, 2000
13	Utsunomiya Plant	• KUBOTA F.I.M. Service Ltd. KS Utsunomiya Training Center	Rice transplanters and combine harvesters	LRQA	December 8, 2000

■ KUBOTA Group: Companies in Japan

No	Name	Other included organizations and subsidiaries	Main business	Inspecting/Certifying organ	Date of certification
1	Nippon Plastic Industry Co., Ltd.	• Head office and plant, Mino Plant	Plastic pipes, plastic sheets, etc.	JSA	October 27, 2000
2	KUBOTA Construction Co., Ltd.		Design and construction of civil engineering structures and buildings	JQA	December 22, 2000
3	KUBOTA Environmental Service Co., Ltd.		Installation, maintenance and management of environmental systems for service water, sewage, landfill disposal, raw waste and waste plants, etc.	MSA	November 20, 2002
4	KUBOTA-C.I. Co., Ltd.	• Tochigi Plant • Sakai Plant • Odawara Plant • Kyushu KUBOTA Chemical Co., Ltd.	Plastic pipes and couplings	JUSE	March 27, 2003 (integrated authentication in 2011)
5	KUBOTA Air Conditioner Co., Ltd.	• Tochigi Plant	Central air conditioning systems	JQA	August 27, 2004
6	KUBOTA Pipe Tech Co.		Design, construction, installation and management of pipelines	JCQA	January 24, 2005
7	KUBOTA Precision Machinery Co., Ltd.		Hydraulic valves, hydraulic cylinders, transmissions, hydraulic pumps, hydraulic motors, etc.	LRQA	March 17, 2007
8	KUBOTA KASUI Corporation		Design, construction and maintenance management of environmental conservation facilities	BCJ	February 1, 2010

■ KUBOTA Group: Overseas companies

No	Name	Main business	Inspecting/Certifying organ	Date of certification
1	SIAM KUBOTA Corporation Co.,Ltd. (Navanakorn, Thailand)	Small diesel engines and agricultural machinery	MASCI	February 28, 2003
2	P.T. Kubota Indonesia(Indonesia)	Diesel engines and agricultural machinery	LRQA	February 10, 2006
3	Kubota Materials Canada Corporation (Canada)	Cast steel products	SGS (U.S.)	June 15, 2006
4	P.T.Metec Semarang (Indonesia)	Vending Machines	TUV	March 16, 2011
5	Kubota Precision Machinery (Thailand) Co.,Ltd. (Thailand)	Equipment for tractors	SGS	August 27, 2012
6	Kubota Manufacturing of America Corporation (U.S.)	Small-sized tractors, mowers, Utility Vehicles and tractor implements	BSI	September 20, 2012
7	SIAM KUBOTA Corporation Co.,Ltd. (Amata Nakorn, Thailand)	Tractors and combine harvesters	BV	September 27, 2012
8	Kubota Industrial Equipment Corporation (U.S.)	Tractor implements and tractors	DEKRA	November 28, 2012
9	KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd. (China)	Pumps	CCSC	May 29, 2013

- LRQA : Lloyd's Register Quality Assurance Limited (U.K.)
- DNV : DNV Certification B.V. (Netherlands)
- JICQA : JIC Quality Assurance Ltd. (Japan)
- JUSE : Union of Japanese Scientists and Engineers ISO Center
- JSA : Japanese Standards Association
- JQA : Japan Quality Assurance Organization
- MSA : Management System Assessment Center (Japan)
- JCQA : Japan Chemical Quality Assurance Ltd.
- BCJ : The Building Center of Japan
- MASCI : Management System Certification Institute (Thailand)
- SGS (U.S.): Systems & Services Certification, a Division of SGS North America Inc. (U.S.)
- TUV : TÜV Rheinland Cert GmbH (Germany)
- SGS : SGS United Kingdom Limited (U.K.)
- BSI : BSI Assurance UK Limited (U.K.)
- BV : Bureau Veritas Certification Holding SAS—UK Branch (U.K.)
- DEKRA : DEKRA Certification, Inc. (U.S.)
- CCSC : China Classification Society Certification Company (China)

(II) EMAS certification

■ KUBOTA Group: Overseas companies

No	Name	Main business	Inspecting/Certifying organ	Date of certification
1	Kubota Baumaschinen GmbH (Germany)	Construction Machinery	IHK	January 3, 2013

IHK: Industrie- und Handelskammer für die Pfalz (Germany)

## Trends in Major Environmental Indicators

### Medium-term environmental conservation plan / Management indicators (KPI)

Issues	Actions	Management Indicators <sup>*1</sup>	Units	FY2009	FY2010	FY2011	FY2012	FY2013
Stopping climate change	Reduce CO <sub>2</sub>	CO <sub>2</sub> emissions per unit of sales	tons CO <sub>2</sub> e/ billion¥	520	513	477	464	492
		CO <sub>2</sub> emissions	kilotons CO <sub>2</sub> e	575	478	445	468	575
	Reduce CO <sub>2</sub> during distribution <sup>*2</sup>	CO <sub>2</sub> emissions per unit of sales	tons CO <sub>2</sub> e/ billion¥	41.3	41.8	41.4	40.0	37.6
		Ratio of business sites that have achieved zero emissions	%	36.7	46.7	50.0	39.4	41.0
Working towards a recycling-based society	Reduce waste	Waste discharge per unit of sales	tons/billion¥	85.0	79.8	75.0	77.6	76.8
		Water consumption per unit of sales	m <sup>3</sup> /million¥	4.60	5.01	4.53	4.42	3.85
Controlling chemical substances	Reduce PRTR-designated substances <sup>*2</sup>	Release & transfer per unit of sales	kg/billion¥	717	714	546	495	479
		Ratio of models with reduced RoHS-designated substances	%	24.1	24.2	22.2	28.0	36.0

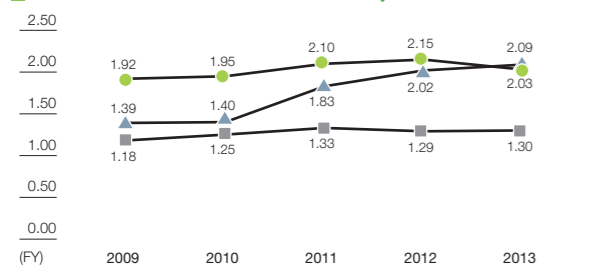
\*1 Per unit data refers to the value of environmental impact divided by consolidated net sales \*2 Data for business sites in Japan

### Indicators listed in the overview of environmental loads (P48)

Environmental indicators		Unit	FY2009	FY2010	FY2011	FY2012	FY2013
INPUT	Total energy input	TJ	10,510	9,050	9,060	9,480	11,010
	Fossil fuel	TJ	4,060	3,550	3,360	3,560	4,060
	Purchased electricity	MWh	589,330	503,400	523,500	543,100	642,400
	Transportation fuel (business sites in Japan)	TJ	671	561	564	587	641
	Water consumption	million m <sup>3</sup>	5.09	4.66	4.23	4.45	4.50
	Overseas business sites included in the above	million m <sup>3</sup>	0.49	0.40	0.44	0.52	0.83
	Service water	million m <sup>3</sup>	1.03	0.93	0.86	0.87	1.03
	Water for industrial use	million m <sup>3</sup>	2.97	2.69	2.36	2.56	2.46
	Groundwater	million m <sup>3</sup>	1.09	1.04	1.01	1.02	1.01
	Amount of PRTR-designated substances handled (business sites in Japan)	tons	6,621	5,507	5,277	5,321	5,667
OUTPUT	CO <sub>2</sub> emissions	kilotons CO <sub>2</sub> e	575	478	445	468	575
	Overseas business sites included in the above	kilotons CO <sub>2</sub> e	73	64	70	90	125
	Energy sources	kilotons CO <sub>2</sub> e	566	470	439	462	569
	Other than the above	kilotons CO <sub>2</sub> e	9	8	6	6	6
	Distribution CO <sub>2</sub> (business sites in Japan)	kilotons CO <sub>2</sub> e	46	39	39	40	44
	SOx emissions <sup>*1</sup>	tons	3.9	3.8	5.2	2.9	6.6
	NOx emissions <sup>*1</sup>	tons	60.3	49.5	66.1	61.7	64.3
	Soot and dust emissions <sup>*1</sup>	tons	5.6	3.8	5.5	6.4	5.7
	Amount of PRTR-designated substances released (business sites in Japan)	tons	574	475	389	384	422
	VOC (included in the above)	tons	574	475	389	384	422
Water system discharge	Amount of chemical substances released (overseas business sites)	tons	—	—	81	119	211
	VOC (included in the above)	tons	—	—	—	119	175
	Wastewater discharge	million m <sup>3</sup>	4.48	3.86	3.78	3.82	3.48
	COD <sup>*2</sup> (business sites in Japan)	tons	11.7	9.5	10.6	11.9	10.4
	Nitrogen discharge <sup>*2</sup> (business sites in Japan)	tons	13.9	9.7	9.5	10.2	9.7
	Phosphorous discharge <sup>*2</sup> (business sites in Japan)	tons	0.36	0.25	0.35	0.29	0.30
	Amount of PRTR-designated substances released (business sites in Japan)	kg	40	33	35	40	9.0
	Wastewater discharge	million m <sup>3</sup>	0.90	0.99	0.94	1.01	1.34
	Amount of PRTR-designated substances released (business sites in Japan)	kg	48	20	21	20	20
	Waste	Amount of waste discharge	kilotons	94.1	74.3	70.0	78.2
Overseas business sites included in the above		kilotons	3.9	9.9	10.2	14.5	25.4
Landfill waste		kilotons	10.2	3.9	4.3	4.1	7.2
Amount of construction waste, etc. discharge (business sites in Japan)		kilotons	26.2	21.5	18.9	32.7	31.8

\*1 Data for overseas business sites is included from FY2011 onwards. \*2 Data for total discharge from business sites subject to total emission control.

### Eco-efficiency indicators



● CO<sub>2</sub> ▲ Chemical substances (PRTR-designated substances) ■ Waste  
 \* Eco-efficiency indicator for CO<sub>2</sub> = Consolidated net sales (million¥) / CO<sub>2</sub> emissions (tons CO<sub>2</sub>e)  
 \* Eco-efficiency indicator for waste = Consolidated net sales (million¥) / Waste discharge (hundred kg)  
 \* Eco-efficiency indicator for chemical substances = Consolidated net sales (million¥) / The amount of PRTR-designated substances released and transferred (kg) (business sites in Japan)

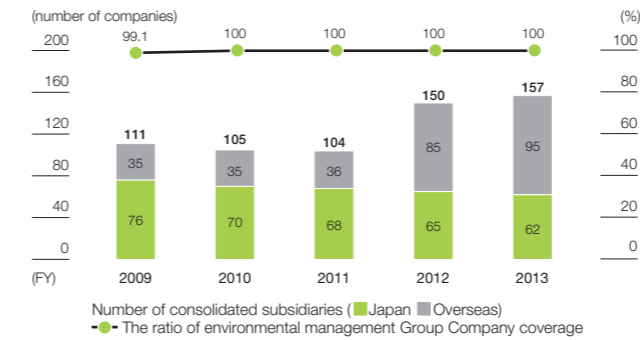
The eco-efficiency indicators for the amount of waste discharge recorded and the amount of PRTR-designated substances released and transferred improved from the previous fiscal year. Meanwhile, the eco-efficiency indicator for CO<sub>2</sub> declined owing mainly to the increase in the electric power CO<sub>2</sub> emission coefficient resulting from the suspension of operations at nuclear power generation plants in Japan.

#### How to read the indicators

The improvement of the indicators means that the sales per unit of environmental load have increased, which is considered to indicate higher eco-efficiency.

## The Ratio of Environmental Management Group Company Coverage

All the consolidated subsidiaries in Japan and overseas have been subject to environmental management since FY2010.

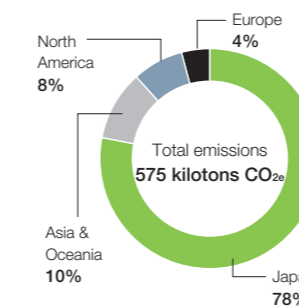


## Climate Change Prevention-Related Data

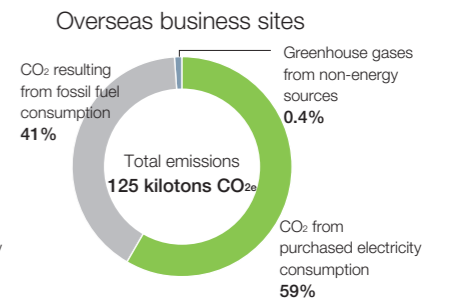
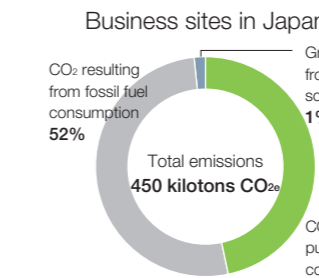
The data are supplementary information about "Stopping Climate Change" on P49 of KUBOTA REPORT 2013.

### CO<sub>2</sub> emissions (FY2013 results)

#### CO<sub>2</sub> emissions by region

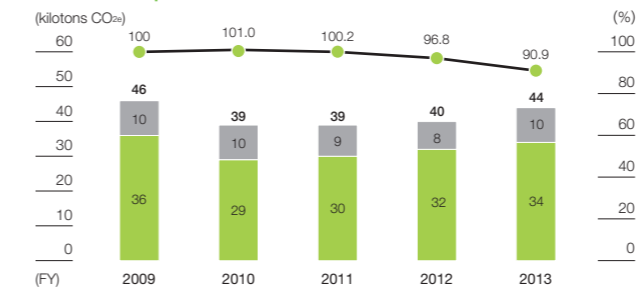


#### CO<sub>2</sub> emissions by emission source

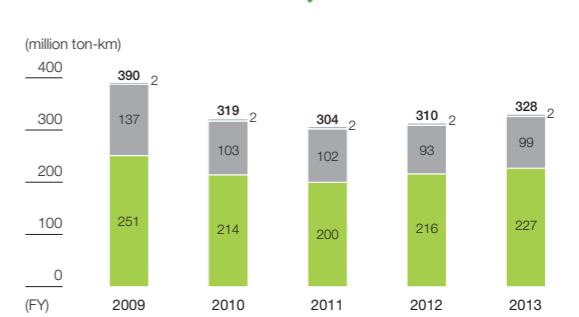


### CO<sub>2</sub> emissions during distribution (business sites in Japan)

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



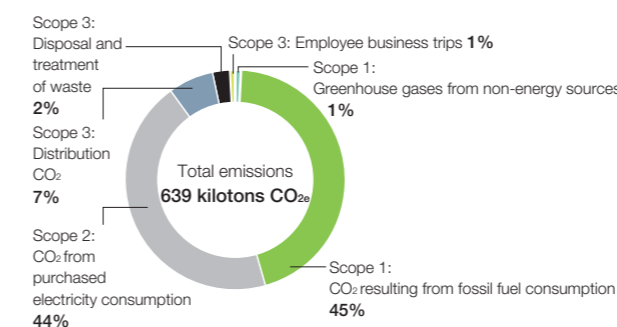
#### Trends in freight traffic



■ CO<sub>2</sub> emissions during distribution (group companies) ■ CO<sub>2</sub> emissions (KUBOTA)  
 ● CO<sub>2</sub> emissions during distribution per unit of sales (compared to FY2009)\*

\* CO<sub>2</sub> emissions during distribution per unit of sales = CO<sub>2</sub> emissions during distribution / Consolidated net sales

### CO<sub>2</sub> emissions by scope\* (FY2013 results)



\* The scope of business emissions as defined in the Greenhouse Gas (GHG) Protocol  
 Scope 1: Direct GHG emissions from businesses themselves  
 Scope 2: Indirect emissions associated with the consumption of electric power, heat, and steam supplied by others  
 Scope 3: Indirect emissions other than scope 2 (others emissions related to business activities)

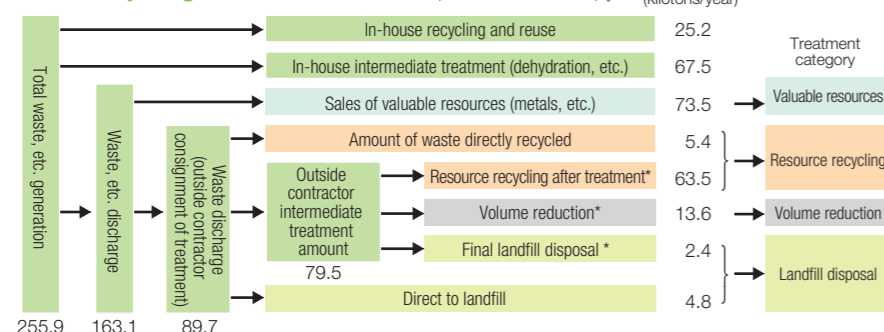


## Data Concerning Resource Recycling

The data are supplementary information about "Working towards a Recycling-based Society" on P49 of KUBOTA REPORT 2013.

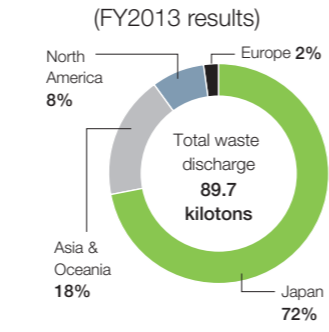
### Waste

Waste recycling and treatment flow (FY2013 results) (kilotons/year)

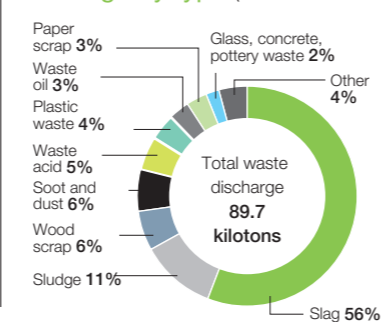


\* The amounts of resource recycling after treatment, volume reduction, and final landfill disposal were the results of surveys conducted by outside intermediate treatment companies.

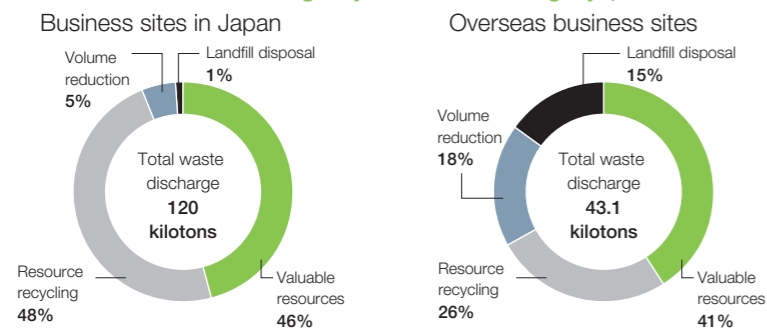
Waste discharge by region (FY2013 results)



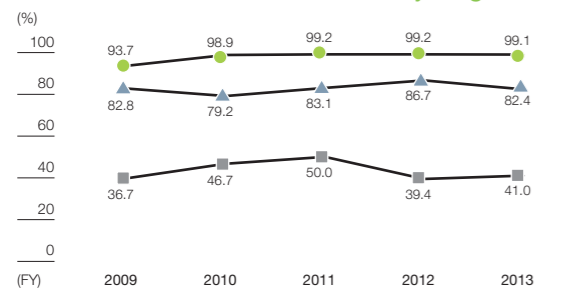
Amount of waste discharge by type (FY2013 results)



Amount of waste, etc. discharge by treatment category (FY2013 results)



Trends in ratio of business sites that have achieved zero emissions, and recycling ratio



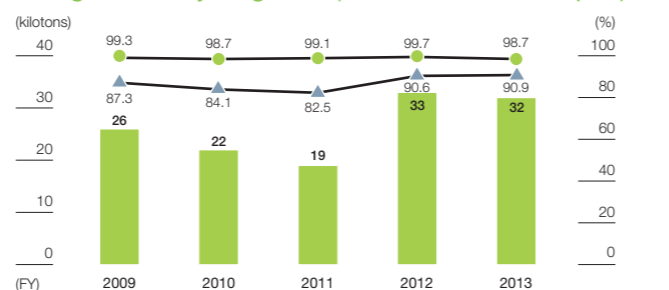
● Recycling ratio (in Japan) <sup>1)</sup> ▲ Recycling ratio (overseas) <sup>1,2)</sup> ■ Ratio of business sites that have achieved zero emissions <sup>3)</sup>

<sup>1)</sup> Recycling ratio (excluding volume reduction) (%) = (Sales of valuable resources + resource recycling) / (Waste, etc. discharge - Volume reduction in intermediate treatment by outside contractors) x 100 The resource recycling does not include heat recovery. The volume of reduction in intermediate treatment conducted by outside contractors refers to reduction through dehydration, incineration, etc.

<sup>2)</sup> The FY2012 recycling ratio (overseas) has been adjusted in order to improve accuracy.

<sup>3)</sup> The ratio of business sites that have achieved zero emissions is calculated using the number of KUBOTA Group production sites as a denominator. (FY2009-FY2011: 30 sites, FY2012: 33 sites, FY2013:39 sites)

Trends in the amount construction waste, etc. discharge and recycling ratio (Business sites in Japan)



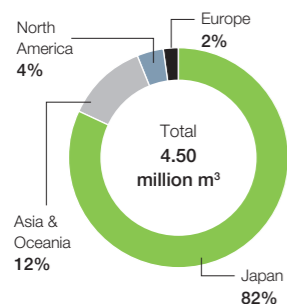
■ Amount of construction waste, etc. discharge <sup>1)</sup> ● Recycling rate (Specific construction materials) <sup>2)</sup> ▲ Recycling rate (Including construction waste other than specific construction materials) <sup>1,2)</sup>

<sup>1)</sup> The FY2012 amount of construction waste, etc. discharge and recycling ratio have been adjusted in order to improve accuracy.

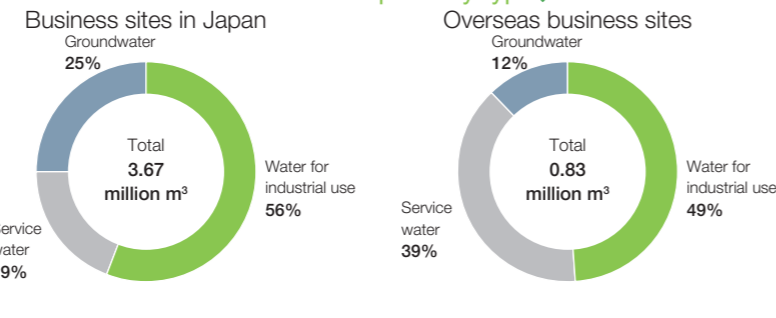
<sup>2)</sup> Recycling rate = (sales of valuable resources + resource recycling + volume reduction (heat recovery)) / amount of construction waste, etc. discharge (including sales of valuable resources) x 100 (%)

## Total water consumption (FY2013 Results)

Total water consumption by region



Total water consumption by type



## Chemical Substance-Related Data

This is supplementary information for P50 "Controlling Chemical Substances" in KUBOTA REPORT 2013.

### PRTR-designated substances and VOCs (FY2013 results)

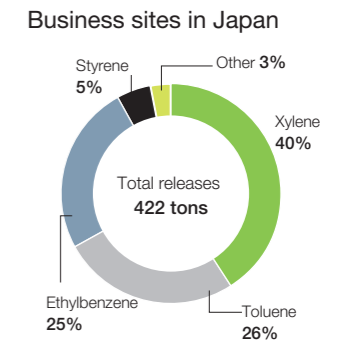
Results of PRTR reporting (Production sites in Japan)

Number specified in Cabinet Order	Chemical substance	Releases					Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site	
1	Water-soluble zinc compounds	0.0	9.0	0.0	0.0	20	1,322	
53	Ethylbenzene	106,517	0.0	0.0	0.0	0.0	21,475	
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0	
80	Xylene	169,039	0.0	0.0	0.0	0.0	34,921	
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	3,871	
132	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	3.3	
188	N,N-Dicyclohexylamine	0.0	0.0	0.0	0.0	0.0	1,205	
239	Organic tin compounds	0.0	0.0	0.0	0.0	0.0	12	
240	Styrene	21,831	0.0	0.0	0.0	0.0	0.0	
243	Dioxins	0.095	0.0	0.0	0.0	0.0	0.860	
277	Triethylamine	0.0	0.0	0.0	0.0	0.0	0.0	
296	1, 2, 4-trimethylbenzene	8,487	0.0	0.0	0.0	0.0	6,603	
297	1, 3, 5-trimethylbenzene	2,148	0.0	0.0	0.0	0.0	30	
300	Toluene	111,211	0.0	0.0	0.0	0.0	19,174	
302	Naphthalene	2,647	0.0	0.0	0.0	0.0	0.0	
305	Lead compounds	5.8	0.0	0.0	0.0	0.0	14,792	
308	Nickel	1.2	0.0	0.0	0.0	0.0	447	
309	Nickel compounds	0.0	0.0	0.0	0.0	0.0	843	
349	Phenol	0.0	0.0	0.0	0.0	0.0	0.0	
354	Di-n-butyl phthalate	0.0	0.0	0.0	0.0	0.0	185	
392	n-Hexane	0.0	0.0	0.0	0.0	0.0	0.0	
400	Benzene	2.1	0.0	0.0	0.0	0.0	0.0	
405	Boron compounds	0.0	0.0	0.0	0.0	0.0	1,546	
411	Formaldehyde	283	0.0	0.0	0.0	0.0	0.0	
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	30,327	
438	Methylnaphthalene	13.1	0.0	0.0	0.0	0.0	0.0	
448	Methylenebis (4, 1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	0.0	
453	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	0.0	
Total		422,185	9.0	0.0	0.0	20	136,756	

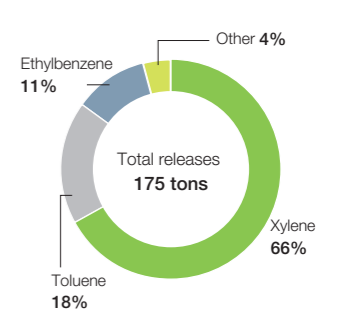
\* The annual total amount handled by each production site in Japan is calculated with regard to one ton or more (or 0.5 ton or more in case of Specific Class I Designated Chemical Substances).

● Volatile Organic Compound (VOC)

Amount of VOC emissions by substance



Overseas business sites



### Groundwater monitoring (FY2013)

Results of groundwater measurements conducted on the premises of the business sites that used organic chlorine-based compounds in the past are as shown below.

Business site	Substance	Measured groundwater value	Environmental standard
Tsukuba Plant	Trichloroethylene	Non detected (Less than 0.0001mg/L)	Less than 0.03 mg/L
Utsunomiya Plant	Trichloroethylene	Non detected (Less than 0.001mg/L)	Less than 0.03 mg/L

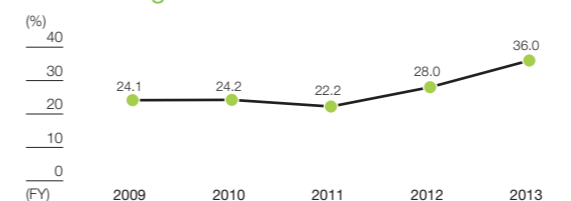
### Controlling chemical substances contained in products

#### Reduction of chemical substances contained in products

EU's RoHS Directive<sup>1)</sup> and ELV Directive, and similar laws and regulations in other countries and regions, are targeted at electrical and electronic equipment and/or automobiles. Although most of the industrial machinery provided by the KUBOTA Group is not included in the scope of these regulations as of 2013, the Group has promoted proactive measures to systematically reduce the use of the six RoHS-designated substances: lead, mercury, cadmium, hexavalent chromium, PBB and PBDE.

The ratio of models with reduced RoHS-designated substances<sup>2)</sup> in FY2013 stood at 36.0%, failing to reach the preset target of 40%. However, progress is being made on the use of alternatives on a component unit basis.

Trends in the ratio of models with reduced RoHS-designated substances



#### Response to regulations related to chemical substances

As a response to the REACH Regulation<sup>3)</sup> and other regulations related to chemical substances, the KUBOTA Group has established and enforced rules to identify the chemical substances contained in its products and ensure their appropriate control. Since FY2011, the Group has categorized chemicals contained in products into the three control levels listed below. The Group also undertakes researches on chemicals contained in products on a global basis, with support from its suppliers.

#### - Control levels -

1. Substances to be Prohibited; Should not be contained in products
2. Substances to be Restricted; Should not be contained in products under certain conditions and applications
3. Substances to be Controlled; Their presence in products should be recognized

<sup>1)</sup> RoHS Directive: EU's Directive for Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment

<sup>2)</sup> Ratio of the value of shipped products that contain RoHS-designated substances (lead, hexavalent chromium, mercury, cadmium, PBB and PBDE) in amounts equal to or less than the threshold limits (except products used for applications exempted from the RoHS Directive and ELV Directive) against the total value of products shipped in FY2013 (excluding plants, facilities, construction, services and software development).

<sup>3)</sup> REACH Regulation: EU's Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals

## Environmental Accounting

The KUBOTA Group takes steps to ascertain the costs undertaken to protect the environment as well as their effect on a quantitative basis.

### Environmental conservation costs

(Yen in millions)

Classifications	Main activities	FY2012		FY2013	
		Investment	Expenses	Investment	Expenses
Within the business area cost		654	1,423	722	1,424
Local environmental conservation cost	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	273	524	160	393
Global environmental conservation cost	Prevention of climate change	287	171	453	217
Resource recycling cost	Minimizing waste production, reducing quantity of waste, and recycling	94	728	109	814
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	21	0	24
Management activities cost	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	12	1,304	4	1,225
R&D cost	R&D for reducing of product environmental load and developing environment conservation equipment	743	5,088	339	5,262
Social activities cost	Local cleanup activities and membership fees and contributions to environmental groups, etc.	0	1	0	1
Environmental remediation cost	Contributions and impositions, etc.	0	203	0	200
<b>Total</b>		<b>1,409</b>	<b>8,040</b>	<b>1,065</b>	<b>8,136</b>
Total capital investment (including land) for the corresponding period (consolidated data)				48,700	
Total R&D costs for the corresponding period				31,200	

### Environmental conservation effects

Effects	Items	FY2012	FY2013
Environmental effect related to resources input into business activities	Energy consumption (Except for transportation fuel) [units of heat; in terajoules (TJ)]	7,270	7,660
	Water consumption (million m <sup>3</sup> )	3.94	3.67
Environmental effect related to waste or environmental impact originating from business activities	CO <sub>2</sub> emissions (Energy related) (kilotons CO <sub>2</sub> )	373	444
	SOx emissions (tons)	2.5	4.1
	NOx emissions (tons)	56.1	58.0
	Soot and dust emissions (tons)	3.8	3.5
	Releases and transfers of PRTR-designated substances (tons)	499	559
	Waste discharge (kilotons)	63.8	64.3
	Waste to landfills (kilotons)	0.9	1.0

### Economic effects

(Yen in millions)

Classifications	Details	Annual effects
Energy conservation measures	Reduce waste including standby electricity by visualizing energy use; increase the efficiency of compressor and boiler energy consumption; other	515
	Improve loading and distribution efficiency; other	19
Zero-emissions measures	Reduce the amount of industrial waste; promote resource recycling; other	11
	Sales of valuable resources	836
<b>Total</b>		<b>1,381</b>

#### <Environmental accounting principles>

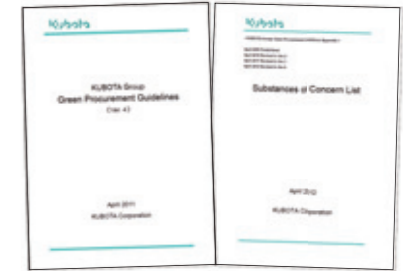
- The period covered spans from April 1, 2012 to March 31, 2013.
- The data of business sites in Japan are considered in the calculation.
- Data was calculated referring to the Environmental Accounting Guidelines 2005, published by Japan's Ministry of the Environment.
- "Expenses" includes depreciation costs. Depreciation cost was calculated based on the standards applied to KUBOTA's financial accounting, and assets acquired in and after 1998 were considered in the calculation. "Management activities" and "R&D costs" include personnel expenses.
- "Resource recycling costs" does not include costs incurred during disposal of construction waste at construction sites.
- "R&D costs" represents that which was spent on environmental purposes, calculated on a pro-rata basis.
- "Economic effects" is obtained only by adding up tangible results and does not include estimated effects.
- The amount of R&D cost expenditure in FY2012 has been revised to enhance accuracy.

## Green Procurement

For the purpose of providing products that are friendly to the global and local environment, the KUBOTA Group is seeking to procure products with reduced environmental impacts from eco-friendly suppliers.

In order to effectively promote eco-friendly sourcing activities, the Group presents its policy for green procurement in the KUBOTA Group's Green Procurement Guidelines, to request the understanding and cooperation of suppliers.

Please refer to <http://www.kubota-global.net/environment/procure.html> for details regarding the KUBOTA Group Green Procurement Guidelines.

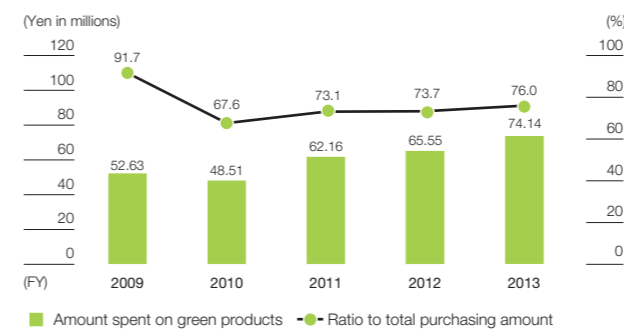


KUBOTA Group's Green Procurement Guidelines and Appendix

## Green Purchasing

The KUBOTA Group is promoting the purchase of "green" office supplies (paper, stationery, etc.). In FY2013, the ratio of the amount spent on green products to total purchasing amount was 76.0%.

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



■ Amount spent on green products ● Ratio to total purchasing amount

\* From FY2010 onwards, the target items of green purchasing were changed.

## Conservation of Biodiversity

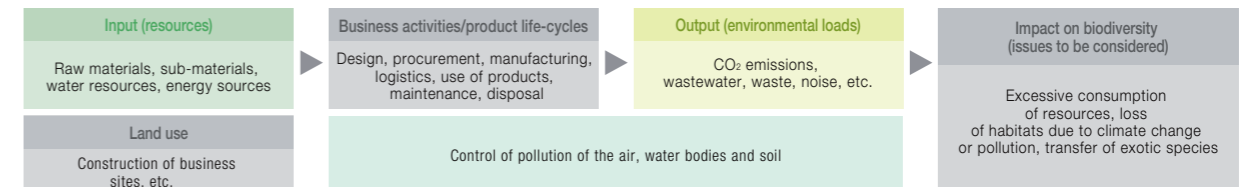
Conservation of biodiversity is set as one of the targets for the KUBOTA Group's "Eco-First Commitment."

In its business activities and social contribution initiatives, the Group endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

### Relationships between the KUBOTA Group and biodiversity

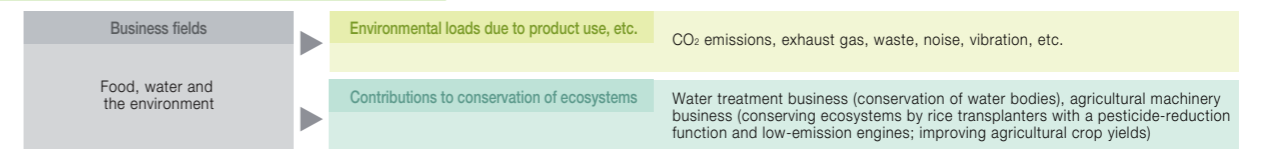
#### Management and reduction of environmental loads involved in its business activities

In each stage of business activities, the KUBOTA Group reduces environmental loads and consider its influence on biodiversity.



#### Impact reduction and environmental contributions through its businesses (products/services)

The KUBOTA Group reduces environmental impacts of its business activities, and contribute to conservation of ecosystems.



#### Symbiosis with the natural environment through social contribution initiatives

As a corporate citizen, the KUBOTA Group devotes efforts to preserving the natural environment.

KUBOTA e-Project (supporting reclamation of abandoned farmland), KUBOTA e-Day (environmental beautification volunteers), Planting trees and installing biotopes on the grounds of business sites, etc.





Data on KUBOTA Group Overseas Production Sites (Continued from page 50-14)

Region		Europe										Asia																				
Item	Business site	Kverneland Group Nieuw-Vennep B.V.		Kverneland Group Kerteminde AS		Kubota Agricultural Machinery (SUZHOU) Co., Ltd.		Kubota Construction Machinery (WUXI) Co., Ltd.		Kubota Guozhen Environmental Engineering (ANHUI) Co., Ltd.		SIAM KUBOTA Corporation (Headquarter)		SIAM KUBOTA Corporation (Amata Nakorn Plant)		SIAM KUBOTA Metal Technology		KUBOTA Engine (Thailand)		Kubota Precision Machinery (Thailand)		P.T.Kubota Indonesia		P.T.Metec Semarang		Kubota Saudi Arabia Company						
<b>INPUT</b>																																
Energy		Unit	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ	Volume of use	Heat conversion GJ				
	Fossil fuel	Crude oil equivalent kL	946	36,664	1,226	47,513	1,499	58,085	68	2,640	13	520	237	9,199	244	9,475	16	632	98	3,813	15	595	342	13,240	500	19,363	3,240	125,592				
	Purchased electricity	MWh	2,348	23,405	5,680	56,630	9,198	91,704	2,130	21,238	2	23	6,778	67,580	21,215	204,340	21,216	211,526	3,045	30,360	231	2,306	2,426	24,192	5,548	55,312	0	0				
	Total	Crude oil equivalent kL	1,550	60,069	2,687	104,143	3,865	149,789	616	23,878	14	543	1,981	76,779	5,516	213,815	5,474	212,158	882	34,173	75	2,901	966	37,432	1,927	74,675	3,240	125,592				
Water usage		thousand m <sup>3</sup>	8		26		90		63		3		58		137		71		13		7		33		44		7					
<b>OUTPUT</b>																																
CO <sub>2</sub> emission	CO <sub>2</sub> emissions from energy sources	tons CO <sub>2e</sub>	2,762		4,842		10,188		1,739		37		4,008		10,497		10,930		1,820		159		2,715		5,291		8,419					
Waste	Discharge amount	tons	306		247		602		52		0		301		5,039		8,969		40		40		9		313		623					
	Recycling ratio	%	94.7		97.6		83.5		77.1		—		95.6		91.6		82.1		82.5		74.0		96.5		92.9		0.0					
Exhaust gas <sup>*1</sup>	Main smoke and soot generating facilities <sup>*2</sup>		No smoke and soot generating facilities	No smoke and soot generating facilities	Boilers			Drying furnaces			No smoke and soot generating facilities	Drying furnaces			Electric Furnaces			No smoke and soot generating facilities	No smoke and soot generating facilities	No smoke and soot generating facilities	Drying furnaces											
	Unit				Control content	Control value	Measurement	Control content	Control value	Measurement		Control content	Control value	Measurement	Control content	Control value	Measurement				Control content	Control value	Measurement	Control content	Control value	Measurement						
	SOx	Concentration control: m <sup>3</sup> /h			(mg/m <sup>3</sup> )	100	2.0	—	4.72	2.18		—	—	—	500	1.3	—				60	1.23	—	500	5.7	—	—	(mg/m <sup>3</sup> )	800	23.04	—	—
	NOx	Concentration control: ppm			(mg/m <sup>3</sup> )	400	28.3	—	—	—		—	—	—	—	4	—				200	1.26	—	—	—	—	—	—	(mg/m <sup>3</sup> )	1000	18	—
	Soot and dust	Concentration control: g/m <sup>3</sup> N	50	34	—	—	—	—	—	—	—	0.1	0.032	—	0.32	0.013	—	0.02	0.0006	—	—	—	—	—	—	—						

\*1 Concentration control: Control value (including agreed value) of major smoke and soot generating facilities and the measurement value (maximum value).

\*2 Smoke and soot generating facilities: Those subject to the laws concerning emissions into the atmosphere.

Drainage <sup>*3</sup>	Public water areas	Unit	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement	Control value	Measurement
			pH	Minimum value, Maximum value	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOD	mg/L	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COD	mg/L	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nitrogen	mg/L	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Phosphorus	mg/L	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Hexavalent chromium	mg/L	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lead	mg/L	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COD, total emission control	kg/day	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nitrogen, total emission control	kg/day	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Phosphorus, total emission control	kg/day	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sewerage lines	pH	Minimum value, Maximum value	(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		6.0~9.0	7.4, 9.0	(Sewage discharge)		(No external water discharge)		(No external water discharge)		(Sewage discharge)		—	—	—	—	(Sewage discharge)	
	BOD	mg/L	(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		450	280	(Sewage discharge)		(No external water discharge)		(No external water discharge)		(Sewage discharge)		—	—	—	—	(Sewage discharge)	
	COD	mg/L	(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		600	259	(Sewage discharge)		(No external water discharge)		(No external water discharge)		(Sewage discharge)		—	—	—	—	(Sewage discharge)	
	SS	mg/L	(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		(Sewage discharge)		—	—	(Sewage discharge)		(No external water discharge)		(No external water discharge)		(Sewage discharge)		—	—	—	—	(Sewage discharge)	

\*3 Concentration control: Control value (including agreed value) by plant and the measurement value (maximum value).

### Calculation Standards of Environmental Performance Indicators in KUBOTA REPORT 2013

Environmental performance indicators	Unit	Calculation method
Total energy input <sup>1</sup> (TJ:10 <sup>12</sup> J)	TJ	<p><b>[Calculation formula]</b> • Amount of purchased electricity x per-unit heat value + <math>\Sigma</math> [amount of each fuel consumed x per-unit heat value of each fuel]</p> <p>• Per-unit heat value is determined in accordance with the Enforcement Regulation for the Law Concerning the Rational Use of Energy</p> <p><b>[Calculation scope]</b> • Purchased electricity and fossil fuel used at business sites</p> <p>• Transportation fuel used in distribution (business sites in Japan)</p>
CO <sub>2</sub> emissions <sup>1</sup>	kilotons CO <sub>2e</sub>	<p><b>[Calculation formula]</b> • Amount of purchased electricity x CO<sub>2</sub> emission coefficient + <math>\Sigma</math> [amount of each fuel consumed at business sites x per-unit heat value of each fuel x CO<sub>2</sub> emission coefficient of each fuel] + non-energy source greenhouse gas emissions</p> <p>• Non-energy source greenhouse gas emissions = CO<sub>2</sub> emissions from non-energy sources + non-CO<sub>2</sub> greenhouse gas emissions</p> <p>• The method for calculating non-energy source greenhouse gas emissions is based on the Guidelines for Calculating Greenhouse Gas Emissions from Businesses of Japan's Ministry of the Environment.</p> <p><b>[CO<sub>2</sub> emission coefficients]</b> FY1991 Based on the Report on Survey of Carbon Dioxide Emissions (Japan's Environment Agency 1992) and the Guideline for Measures to prevent Global Warming (Japan's Environment Agency 1993)</p> <p>FY2009 CO<sub>2</sub> emissions=carbon equivalent (tons C) x 3.664 Fuel: Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Ver.2.4) (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry March 2009)</p> <p>Electricity: Data for Japan are emission coefficients published by electricity utilities Overseas data is based on the Report on the CO<sub>2</sub> Emissions Intensity of the Power Sector of Various Countries -Ver.3 (the Japan Electrical Manufacturers' Association June 2006)</p> <p>From FY2010 to FY2013 Fuel: Based on the Manual for Calculation and Report of Greenhouse Gas Emissions (Ver.2.4) (Coefficients used after revision in March 2010; Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry March 2009)</p> <p>Electricity: Data for Japan are effective emission coefficients published by electricity utilities (before reflecting carbon credits) Overseas data are emission coefficients of respective countries published in the Greenhouse Gas Protocol Initiative</p> <p><b>[Calculation scope]</b> • Non-energy source greenhouse gas data up to FY2011 are for business sites in Japan only</p> <p>• Data are for HFC, PFC and SF<sub>6</sub> emissions from January to December included in non-energy source greenhouse gases</p>
CO <sub>2</sub> emissions per unit of sales	tons CO <sub>2e</sub> /billion¥	<p><b>[Calculation formula]</b> • Group-wide CO<sub>2</sub> emissions per unit of sales = total CO<sub>2</sub> emissions / consolidated net sales</p> <p>• KUBOTA Corporation production site CO<sub>2</sub> emissions per unit of sales = KUBOTA Corporation production site CO<sub>2</sub> emissions / KUBOTA Corporation non-consolidated net sales</p>
	%	<p><b>[Calculation formula]</b> • [Group-wide] CO<sub>2</sub> emissions per unit of sales for each fiscal year / FY2009 CO<sub>2</sub> emissions per unit of sales x 100</p> <p>[KUBOTA Corporation production site] KUBOTA Corporation production site CO<sub>2</sub> emissions per unit of sales for each fiscal year / KUBOTA Corporation production site CO<sub>2</sub> emissions per unit of sales in FY1991 x 100 (as shown in the graph on page 49 of KUBOTA REPORT 2013)</p>
Freight traffic	ton-km	<p><b>[Calculation formula]</b> • <math>\Sigma</math> [Heavy freight transportation (tons) x distance traveled (km)]</p> <p><b>[Calculation scope]</b> • Transportation in Japan</p>
CO <sub>2</sub> emissions during distribution	kilotons CO <sub>2e</sub>	<p><b>[Calculation formula]</b> • Truck transportation Fuel consumption during transportation = freight traffic x fuel consumption per ton-kilometer x per-unit heat value CO<sub>2</sub> emissions = fuel consumption during transportation x CO<sub>2</sub> emission coefficient x 44 / 12</p> <p>• Other than truck transportation Fuel consumption during transportation = freight traffic x fuel consumption per ton-kilometer x per-unit heat value CO<sub>2</sub> emissions = freight traffic x CO<sub>2</sub> emissions per ton-kilometer by means of transportation</p> <p>• The method of calculation is based on the ton-kilometer method stipulated under the Manual for Calculation and Report of Greenhouse Gas Emissions (Ver.2.4) (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry March 2009)</p> <p><b>[Calculation scope]</b> • Transportation in Japan</p>
CO <sub>2</sub> emissions during distribution per unit of sales	tons CO <sub>2e</sub> /billion¥	<p><b>[Calculation formula]</b> • CO<sub>2</sub> emissions during distribution / consolidated net sales</p>
	%	<p><b>[Calculation formula]</b> • CO<sub>2</sub> emissions per unit of sales of each fiscal year / CO<sub>2</sub> emissions per unit of sales in FY2009 x 100 (as shown in the graph on page 50-6 of KUBOTA REPORT 2013)</p>
Scope 3 emissions (disposal and treatment of waste; employee business trips)	kilotons CO <sub>2e</sub>	<p><b>[Calculation formula]</b> • Disposal and treatment of waste: CO<sub>2</sub> emissions = <math>\Sigma</math> [(amount of waste discharge by type) x (emissions per unit)]</p> <p>• Employee business trips: CO<sub>2</sub> emissions = <math>\Sigma</math> [(transportation expenses paid by mode of transport) x (emissions per unit)]</p> <p>• The calculation method is based on the Basic Guidelines regarding the Calculation of Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.0) and the Emissions per Unit Database for the Purpose of Calculating the Greenhouse Gas and Other Emissions of Organizations throughout the Supply Chain (Ver. 2.0) (Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry March 2013)</p> <p><b>[Calculation scope]</b> • The amount of transportation expenses paid is the portion traveled based on airline tickets (domestic and international) and railway tickets (domestic) issued by Group companies</p>
Amount of waste, etc. discharge <sup>1</sup>	tons	<p><b>[Calculation formula]</b> • Sales of valuable resources + amount of waste discharge</p>
Amount of waste discharge <sup>1</sup>	tons	<p><b>[Calculation formula]</b> • Amounts of resource recycling and waste reduction + landfill disposal</p> <p>• Amount of industrial waste discharge + amount of general waste discharged from business activities</p>
Waste discharge per unit of sales <sup>1</sup>	tons CO <sub>2e</sub> /billion¥	<p><b>[Calculation formula]</b> • Amount of waste discharge / consolidated net sales</p>
	%	<p><b>[Calculation formula]</b> • Waste discharge per unit of sales of each fiscal year / waste discharge per unit of sales in FY2009 x 100 (as shown in the graph on page 49 of KUBOTA REPORT 2013)</p>
Amount of landfill disposal <sup>1</sup>	tons	<p><b>[Calculation formula]</b> • Direct landfill + final landfill following external intermediate treatment</p>
Ratio of business sites that have achieved zero emissions	%	<p><b>[Calculation formula]</b> • Number of the production sites certified by the Environmental Protection Department of KUBOTA as having achieved the zero emissions (landfill ratio of 0.5% or less) / number of the production sites in Japan and overseas x 100</p> <p>• Landfill ratio(%) = amount of landfill disposal / amount of waste, etc. discharge x 100</p> <p>• Number of production sites in Japan and overseas: FY2009~FY2011: 30 sites, FY2012: 33 sites, FY2013: 39 sites</p>
Ratio of recycled waste (excluding volume reduction)	%	<p><b>[Calculation formula]</b> • (Sales of valuable resources + resource recycling) / (waste, etc. discharge - volume reduction in intermediate treatment by outside contractors) x 100</p>
Amount of construction waste, etc. discharge	tons	<p><b>[Calculation formula]</b> • Amount of construction waste discharge (Including construction waste other than specific construction materials) + sales of valuable resources (generated from construction)</p> <p><b>[Calculation scope]</b> • Business sites in Japan</p>
Recycling rate of construction waste	%	<p><b>[Calculation formula]</b> • (Sales of valuable resources + resource recycling + amount reduced (with heat recovery)) / amount of construction waste, etc. discharge (including sales of valuable resources) x 100</p>

Environmental performance indicators	Unit	Calculation method	
Water-related	Water consumption <sup>1</sup>	million m <sup>3</sup>	<p><b>[Calculation formula]</b> • Total amount of service water, industrial water and groundwater consumption</p>
	Water consumption per unit of sales	m <sup>3</sup> /million¥	<p><b>[Calculation formula]</b> • Water consumption / consolidated net sales</p>
		%	<p><b>[Calculation formula]</b> • Water consumption per unit of sales for each fiscal year / Water consumption per unit of sales for FY2009 x 100 (as shown in the graph on page 49 of KUBOTA REPORT 2013)</p>
	Wastewater discharge (public water areas, sewage lines) <sup>1</sup>	million m <sup>3</sup>	<p><b>[Calculation formula]</b> • Total wastewater discharge to public water areas and sewage lines (including rain and spring water)</p>
Amount of COD, nitrogen and phosphorus discharge	tons	<p><b>[Calculation formula]</b> • COD, nitrogen or phosphorus concentration (mg/L) x amount of effluent discharged to public water area (m<sup>3</sup>) x 10<sup>-6</sup></p> <p><b>[Calculation scope]</b> • Business sites subject to total emission control in Japan</p>	
Amount of recycled water	million m <sup>3</sup>	<p><b>[Calculation formula]</b> • Amount of water purified in on-site effluent treatment facilities and recycled (excluding the recycled cooling water used)</p>	
Chemical substance-related	Amount of PRTR-designated substances handled	tons	<p><b>[Calculation formula]</b> • Total amount of chemical substances handled, which are designated as Class I under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the PRTR Law) whose amount handled by each business site is one ton or more (or 0.5 ton or more for Specific Class I Designated Chemical Substances) per year</p> <p><b>[Calculation scope]</b> • Business sites in Japan (business sites subject to legal notification only)</p> <p>• FY2013 data includes designated chemical substances derived from recycled resources in accordance with revisions to the Manual for PRTR Release Estimation Methods in the Steel Industry (Ver. 12 FY2013 use)</p>
	Amount of PRTR-designated substances released and transferred	tons	<p><b>[Calculation formula]</b> • Total release and transfer amount of the chemical substances which are designated as Class I under the PRTR Law and whose annual total amount handled by each business site is one ton or more (or 0.5 ton or more in case of Specific Class I Designated Chemical Substances).</p> <p>• Amount released = amount discharged to the atmosphere + amount discharged to public water areas + amount discharged to soil + amount disposed of by landfill in the premises of the business site</p> <p>• Amount transferred = amount discharged to sewerage + amount transferred out of the business site as waste</p> <p>• The amount of each substance released and transferred is calculated in accordance with Manual for PRTR Release Estimation Methods Ver. 4.1 (March 2011) of the Ministry of the Environment and the Ministry of Economy, Trade and Industry, and Manual for PRTR Release Estimation Methods in the Steel Industry Ver. 12 (March 2013) of the Japan Iron and Steel Federation.</p> <p><b>[Calculation scope]</b> • The same scope of calculation as the amount of PRTR-designated substances handled</p>
	Amount of PRTR-designated substances released and transferred per unit of sales	kg/billion¥	<p><b>[Calculation formula]</b> • Amount of PRTR-designated substances released and transferred / consolidated net sales</p>
		%	<p><b>[Calculation formula]</b> • PRTR-designated substances released and transferred per unit of sales of each fiscal year / PRTR-designated substances released and transferred per unit of sales in FY2009 x 100 (as shown in the graph on page 50 of KUBOTA REPORT 2013)</p>
	Amount of chemical substances handled <sup>1</sup>	tons	<p><b>[Calculation formula]</b> • Total amount of chemical substances handled at business sites covered by laws and regulations + the total amount of VOCs handled</p> <p><b>[Calculation scope]</b> • Overseas business sites</p> <p>• The subject laws and regulations are the Toxics Release Inventory (TRI) Program, US EPA, the European Pollutant Emission Register (EPER), the European Pollutant Release and Transfer Register (E-PRTR), and Reporting to the National Pollutant Release Inventory (Canada)</p> <p>• VOCs are toluene; ethylbenzene; xylene; 1, 2, 4-trimethylbenzene; 1, 3, 5-trimethylbenzene that are handled in amounts of one ton or more per year (only toluene, ethylbenzene, xylene in FY2012)</p>
	Chemical substance released <sup>1</sup>	tons	<p><b>[Calculation formula]</b> • The total amount of chemical substances released at business sites covered by laws and regulations + the total amount of VOCs released</p> <p><b>[Calculation scope]</b> • The same scope of calculation as the amount of chemical substances handled</p>
	SOx emissions <sup>2</sup>	tons	<p><b>[Calculation formula]</b> • Amount of fuel consumed (kg) x sulfur content in the fuel (Wt %) / 100 x 64 / 32 x [(1 - desulfurization efficiency) / 100] x 10<sup>-3</sup>, or amount of SOx emitted per hour (m<sup>3</sup>N/h) x annual operation hours of the relevant facility (h) x 64 / 22.4 x 10<sup>-3</sup></p> <p><b>[Calculation scope]</b> • Until FY2010, the smoke and soot generating facilities of business sites in Japan as defined by the Air Pollution Control Law.</p> <p>• From FY2011, the facilities of overseas business sites subject to the law are included</p>
	NOx emissions <sup>2</sup>	tons	<p><b>[Calculation formula]</b> • NOx concentration (ppm) x 10<sup>-6</sup> x amount of gas emitted per hour (m<sup>3</sup>N/h) x annual operation hours of the relevant facility (h) x 46 / 22.4 x 10<sup>-3</sup></p> <p><b>[Calculation scope]</b> • The same scope of calculation as SOx emissions</p>
	Soot and dust emissions <sup>2</sup>	tons	<p><b>[Calculation formula]</b> • Soot and dust concentration (g/m<sup>3</sup>N) x amount of gas emitted per hour (m<sup>3</sup>N/h) x annual operation hours of the relevant facility (h) x 10<sup>-6</sup></p> <p><b>[Calculation scope]</b> • The same scope of calculation as SOx emissions</p>
	Ratio of models with reduced RoHS-designated substances	%	<p><b>[Calculation formula]</b> • Ratio of the value of shipped products that contain RoHS-designated substances (lead, hexavalent chromium, mercury, cadmium, PBB and PBDE) in less than the threshold limits (except products used for applications exempted from the RoHS Directive and ELV Directive) against the total value of products shipped (excluding plants, facilities, construction, services and software development).</p>
Other	CO <sub>2</sub> eco-efficiency indicators	million¥/tons CO <sub>2e</sub>	<p><b>[Calculation formula]</b> • Consolidated net sales / CO<sub>2</sub> emissions</p>
	Waste eco-efficiency indicators	million¥/hundred kg	<p><b>[Calculation formula]</b> • Consolidated net sales / amount of waste discharge</p>
	Chemical substance eco-efficiency indicators	million¥/kg	<p><b>[Calculation formula]</b> • Consolidated net sales / total amount of PRTR-designated substances released and transferred by production sites in Japan</p>
	Green purchasing ratio	%	<p><b>[Calculation formula]</b> • Amount spent to purchase eco-friendly office supplies (paper, stationery, etc.) / total amount spent to purchase items subject to green purchasing x 100</p> <p><b>[Calculation scope]</b> • Green products are items purchased through the office supply procurement site operated by Group companies</p> <p>• Business sites in Japan</p>

\*1 Of the overseas subsidiaries added to the scope of compilation in FY2013, calculations for the Kverneland group are based on estimates, except for its four major production companies (covering more than 80% of the revenues in FY2013 of the Kverneland group production subsidiaries).


\*2 Of the overseas subsidiaries added to the scope of compilation in FY2013, only the data for the four major production companies of the Kverneland group (covering more than 80% of the revenues in FY2013 of the Kverneland group production subsidiaries) are included. This is because estimates are difficult to ascertain for the indicators in Note 2 due to their attributes.

## 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

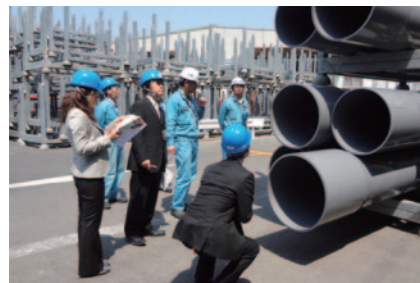
Since FY2005, the KUBOTA Group has received the third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The  symbol is used to indicate information assured by the third party. Based on the third-party assurance in this fiscal year, its environmental report was accorded the environmental report assurance and registration mark<sup>1</sup> of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)<sup>2</sup>. 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.

<sup>1</sup> The mark appears on the back cover of this report.


<sup>2</sup>  <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 CO<sub>2</sub> 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 CO<sub>2</sub> reduction target for stopping climate change, owing in part to an increase in the CO<sub>2</sub> emissions coefficient for electricity in Japan, and an increase in the number of overseas sites. The increase in the CO<sub>2</sub> 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.

# Kubota

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As a leading company for environmental performance, KUBOTA has made a promise to implement environmental conservation activities to the Ministry of the Environment.



We practice Green Purchasing.



The Environmental Report Assurance and Registration Symbol indicates that KUBOTA REPORT 2013 has met certain standards of reliability as determined by the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS).  
<http://j-sus.org/english.html>



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