


Compliance with Environmental Laws

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

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

Third-Party Assurance on Environmental Reports

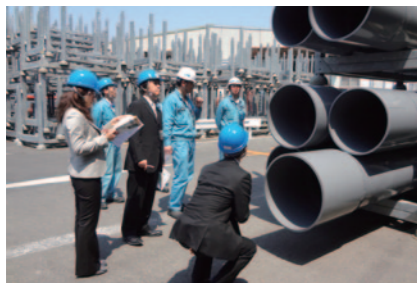
Since FY2005, the KUBOTA Group has received the third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The  symbol is used to indicate information assured by the third party. Based on the third-party assurance in this fiscal year, its environmental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

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


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

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

Factory visit



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



Independent Assurance Report

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

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

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

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

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

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

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

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

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

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

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

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

Action Report

Activities with Local Communities to Conserve Biodiversity

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



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



P.T. Kubota Indonesia
Greening of surrounding areas



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

Third-Party Comments

Comments on the KUBOTA REPORT 2013 - Business and CSR Activities

The Kubota Global Identity

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

Imbuing Management and CSR Strategies with the Corporate Philosophy

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

Promoting Regional Revitalization and Reconstruction

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

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

Environmental Management Efforts

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



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

In response to the above comments

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



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

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

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