

Medium- and Long-Term Environmental Conservation Targets and Results

As extreme weather events and other impacts of climate change continue to materialize, the global movement aimed at reducing greenhouse gases is growing increasingly active. Global environmental issues pose a significant threat to “ensuring food security,” as well as “ensuring a safe and secure water supply.”

In order to promote environmental management in light of various recent social developments, such as SDGs and the Paris Agreement, as a sustainable company, the Kubota Group has been promoting environmental activities by formulating its medium- and long-term targets for environmental conservation. In 2016, the Kubota Group formulated its Long-Term Environmental Conservation Targets 2030 and Medium-Term Environmental Conservation Targets 2020. Toward achieving these targets, the Kubota Group is advancing systematic initiatives in both the production and product development stages. Moreover, the Kubota Group checks its target items against the SDG goals and targets, thereby identifying the areas in which the Group can contribute to solving issues.

Long-Term Environmental Conservation Targets 2030

In order to achieve its Long-Term Environmental Conservation Targets 2030, the Kubota Group formulates its Medium-Term Environmental Conservation Targets every five years as an approach for deploying highly effective activities.



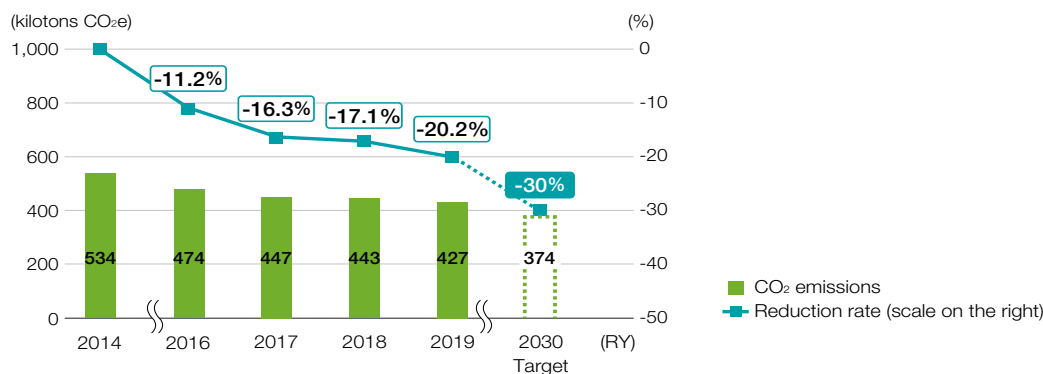
Tackling Climate Change



| | |
|--------|--|
| Goal | Reduce CO ₂ emissions from the Kubota Group in Japan* by 30% compared to the base year RY2014. |
| Result | In RY2019, CO ₂ emissions of the Kubota Group in Japan* were reduced by 20.2% compared to the base year RY2014. |

* CO₂ emissions include greenhouse gases from non-energy sources.

Trends in CO₂ Emissions of the Kubota Group in Japan

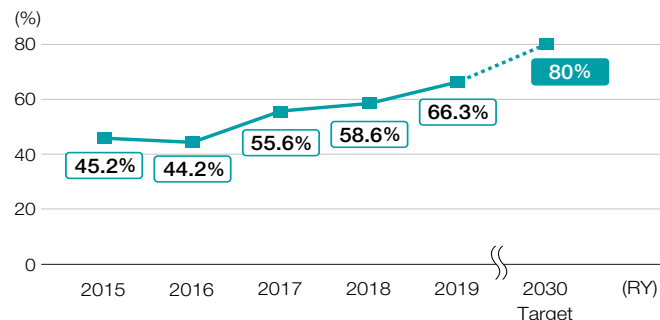


Efforts to Develop Environment-friendly Products



| | |
|--------|---|
| Goal | Increase the sales ratio of Eco-Products-certified products* to 80% by 2030. Aim to put all new products which are certified as Eco-Products in the market in 2030 and later. |
| Result | The sales ratio of Eco-Products-certified products* was 66.3% in RY2019. |

Trends in Sales Ratio of Eco-Products-certified Products



* The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
 Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.86).

Medium-Term Environmental Conservation Targets 2020

Since 2016, the Kubota Group has been advancing initiatives toward achieving the Medium-Term Environmental Conservation Targets 2020. Each business site and division determined the measures to take, formulated an implementation plan, taking into consideration fluctuations in the volume and contents of business, and has been implementing the plan. The results for RY2019 are as shown in the table below. As in the previous year, global production sites achieved their RY2020 targets for all items earlier than planned, and have continued to promote initiatives towards improving the indicators per unit of production. For the product segment, 64 products were newly certified as Eco-Products, including 3 Super Eco-Products, increasing their sales ratio by 7.7 points from the previous year to 66.3%.

Targets for Global Production Sites

| SDGs | Issue | Action item | Management indicator ^{*3} | Base RY | Target for RY2020 ^{*5} | Result of RY2019 ^{*5} | Achievement Status |
|------|---|--------------------------------------|--|---------|---------------------------------|--------------------------------|---|
| | Tackling Climate Change | Reduce CO ₂ ^{*1} | CO ₂ emissions per unit of production | 2014 | ▲14% | ▲17.1% | We are promoting energy-saving for production equipment, lighting, air conditioning; fuel conversion; introduction of renewable energies; and measures for heat insulation of buildings, etc. |
| | | Save energy | Energy consumption per unit of production | 2014 | ▲10% | ▲14.3% | |
| | Working towards a Recycling-based Society | Reduce waste | Waste discharge per unit of production | 2014 | ▲10% | ▲21.4% | We are promoting thorough sorting of wastes and converting waste into valuable materials. |
| | | | Recycling ratio ^{*4} (Japan) | — | Maintain 99.5% or more | 99.7% | We are maintaining the existing level through continuous efforts. |
| | | | Recycling ratio ^{*4} (Overseas) | — | Maintain 90.0% or more | 91.8% | We are promoting the reduction of the amount of waste sent to landfills by changing contractors. |
| | Conserving Water Resources | Conserve water resources | Water consumption per unit of production | 2014 | ▲10% | ▲19.5% | We are promoting recycling of wastewater and saving of water use. |
| | Controlling Chemical Substances | Reduce VOCs ^{*2} | VOC emissions per unit of production | 2014 | ▲10% | ▲38.1% | We are promoting the elimination or reduction of VOC-contained paint and thinner. |

Targets for Products

| SDGs | Issue | Action item | Management indicator | Target for RY2020 | Result of RY2019 | Achievement Status |
|------|---|---|--|---|------------------|--|
| | Improving Product's Environmental Performance | Expand Eco-Products | Sales ratio of Eco-Products ^{*6} | 60% or more | 66.3% | In RY2019, 64 items were newly certified as Eco-Products. |
| | | Promote recycling | Usage ratio of recycled materials ^{*7} | Maintain 70% or more | More than 70% | We are maintaining the usage ratio of recycled materials higher than the target. |
| | | Develop vehicles compliant with exhaust gas regulations | Development of industrial diesel engines that comply with the latest emissions regulations, and launch onto the market of products with such engines ^{*8} | The following products ^{*9} equipped with the engines that comply with the emissions regulations were launched onto the market. Tractor MR Series MR1007 Conforming to the Korean Agricultural Machinery Regulations Tier 4 (56 kW and above, lower than 130 kW) Combine harvester Agri Robo Combine Harvester DR6130A Conforming to the Japan Regulations on Emissions from Non-Road Special Motor Vehicles (56 kW and above, lower than 130 kW, Regulation 2014) | | |

*1 CO₂ emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO₂ emissions from energy sources.

*2 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.

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

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

*5 ▲ indicates a negative figure.

*6 The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System

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

*7 Usage ratio of recycled materials (%) in the cast metal products and parts manufactured by the Kubota Group (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))

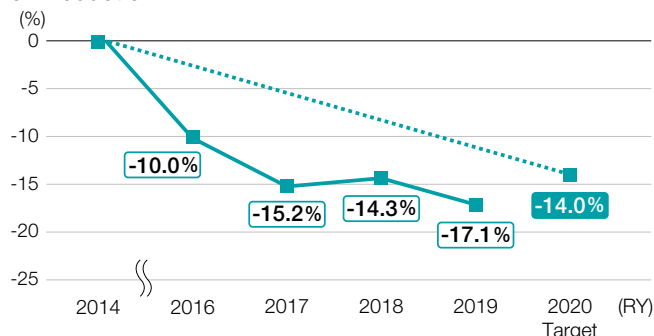
*8 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stages IV and V) level, shipped to Europe, North America, Japan, and Korea

*9 Major products launched onto markets in 2019

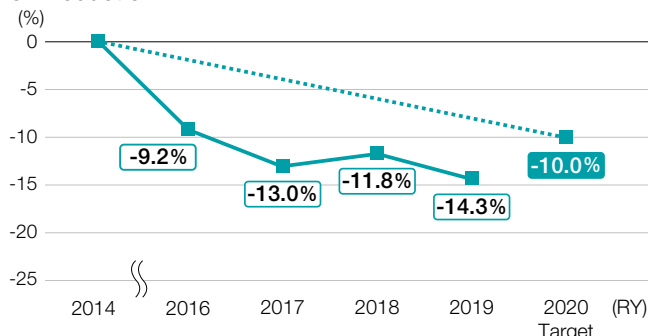
The environmental information provided in the KUBOTA REPORT 2020 <Full Version> has received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indexes subject to assurance are marked with the "Q" symbol.

■ The results for Medium-Term Environmental Conservation Targets 2020

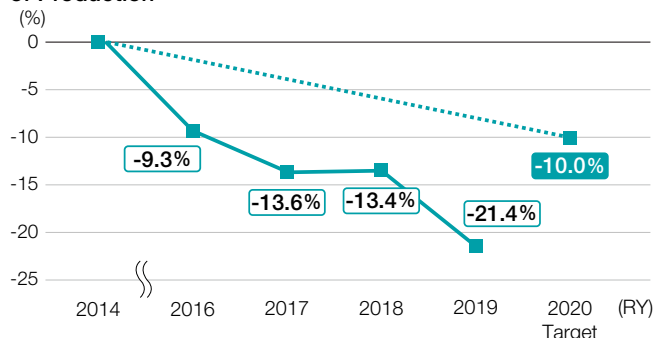
Trends in Reduction Ratio of CO₂ Emissions per Unit of Production



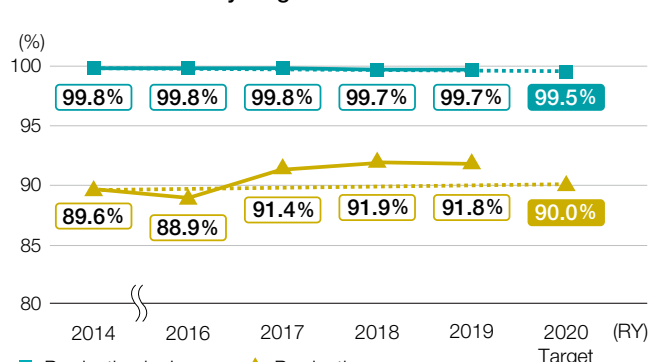
Trends in Reduction Ratio of Energy Use per Unit of Production



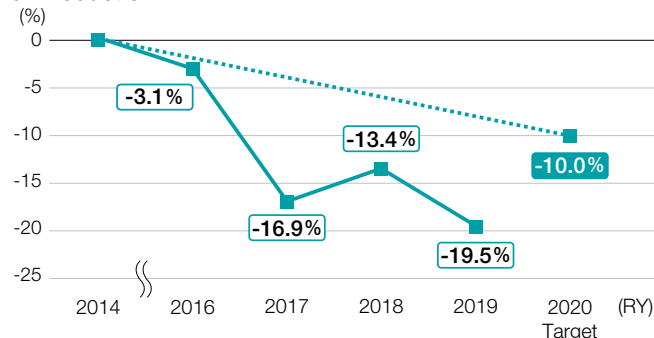
Trends in Reduction Ratio of Waste Discharge per Unit of Production



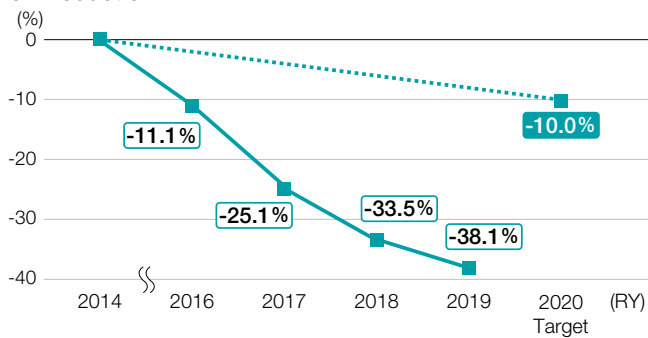
Trends in Waste Recycling Ratio



Trends in Reduction Ratio of Water Consumption per Unit of Production



Trends in Reduction Ratio of VOC Emissions per Unit of Production



■ Products with Engines Compliant with the Latest Exhaust Gas Regulations (Major Products Launched onto Markets in 2019)



Tractor MR Series MR1007 (Korea)



Combine harvester Farm Pilot Series Agri Robo Combine DR6130A

As an “Eco-First Company”

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an “Eco-First Company” due to its commitment to environmental conservation. According to the Medium- and Long-Term Environmental Conservation Targets, the Group has renewed its Eco-First Commitment and was recertified as an Eco-First Company in October 2017.

See here for details on Eco-First Company certification
www.kubota.com/company/environment/ecofirst/



Eco-First Mark