

# Environmental Report

## Environmental Management Basic Policy

<SDGs related to this section>



Today we face various environmental problems. Many environmental problems, from those unique to each region to those on a global scale, exist around the world. As they are complexly intertwined and continuing to deteriorate, achieving a sustainable society is a global common challenge. Companies are expected to play an increasingly larger role in tackling this challenge.

Since the time of its foundation, the Kubota Group has pursued a mission of solving social problems in developing its businesses. Toward the realization of “For Earth, For Life,” the Kubota Group will contribute to the realization of a sustainable society through its environmental management initiatives.

## Environmental Charter / Action Guidelines

### 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, technologies, services, and corporate activities.

### The Kubota Group Environmental Action Guidelines

#### 1. Environmental Conservation Efforts in All Business Activities

- (1) We promote environmental conservation measures in all stages of our corporate activities, including product development, production, sales, physical distribution, and service.
- (2) We also request that our suppliers understand the importance of environmental conservation efforts and cooperate in this regard.

#### 2. Global Environmental Conservation

- (1) We promote global environmental conservation measures intended for dealing with climate change, creating a recycling-based society, conserving water resources, and controlling chemical substances.
- (2) We promote global environmental conservation by providing products, technologies, and services that contribute to solving environmental problems.
- (3) We strive to ensure our corporate activities are friendly to the natural environment and biodiversity.

#### 3. Environmental Protection to Create a Symbiotic Relationship with Local Societies

- (1) We make efforts in the reduction of environmental risks and promote our business activities with proper consideration for the protection of local environments, including pollution prevention.
- (2) We actively participate in environmental beautification/education activities in local communities.

#### 4. Our Voluntary and Organized Efforts in Environmental Conservation

- (1) By introducing the environmental management system and establishing voluntary targets and action plans, we work on our daily business operations.
- (2) We endeavor to enhance environmental awareness through active environmental education/enlightenment activities.
- (3) We actively provide stakeholders with environment-related information.
- (4) We collect stakeholders' opinions broadly through environmental communication, and reflect the findings in our environmental activities.

## Message from the Environmental Conservation Control Officer

Amid concerns about climate change and increasing consumption of resources, the world is accelerating its efforts to build a society that will enable decarbonization and a circular economy. In this situation, promoting ESG management for the solution of social issues faced by communities around the world (contribution to SDGs) is recognized as an essential priority for corporate management.

The Kubota Group has positioned ESG as a cornerstone of its corporate management, and has formulated its “Environmental Vision” as a long-term vision with an environmental perspective. The vision states: “While challenging to achieve zero environmental impact, we will contribute to realizing a carbon neutral and resilient society in the field of ‘food, water, and environment.’” This shows the direction for the Kubota Group from an environmental perspective moving towards 2050. We have also formulated a new Medium-Term Environmental Conservation Targets 2025 scheme to run from 2021 to 2025.

The Company is making a global effort to strengthen the manufacturing structure and productivity of “Made by Kubota,” centered on the Kubota Production system (KPS). Our environmental conservation activities take a KPS-based approach toward thoroughly reducing resource waste and loss and strengthening environmental risk management. Moreover, in addition to our existing line of Eco-Products, Kubota will further expand the range of the environment-friendly products and services we offer in response to the shift toward a carbon-free society, such as improving operating fuel efficiency and exploring the use of next-generation energy sources.

By steadily promoting these efforts on a global basis, we are seeking to make our environmental vision a reality.



**Koichi Yamamoto**  
Executive Officer  
General Manager of Manufacturing Engineering Headquarters (Environmental Conservation Control Officer)

## Environmental Management Approach

### Concepts of Environmental Management

The Kubota Group has established the “For Earth, For Life” Brand Statement as its concept for environmental management. It expresses the Group’s aspiration to balance its business growth and contribution to environmental conservation through its environment-friendly products, technologies, services and corporate activities, as it aims for ongoing synergistic development with society in order to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

The Group has set five basic items for its environmental conservation, namely, “Tackling Climate Change,” “Working towards a Recycling-based Society,” “Conserving Water Resources,” “Controlling Chemical Substances,” and “Conserving Biodiversity.” Based on these items, the Group is committed to the development of society and the conservation of the global environment through the delivery of products, technologies and services that help solve the social problems in the fields of food, water, and the living environment and through the reduction of the environmental loads and environmental risks of its corporate activities.



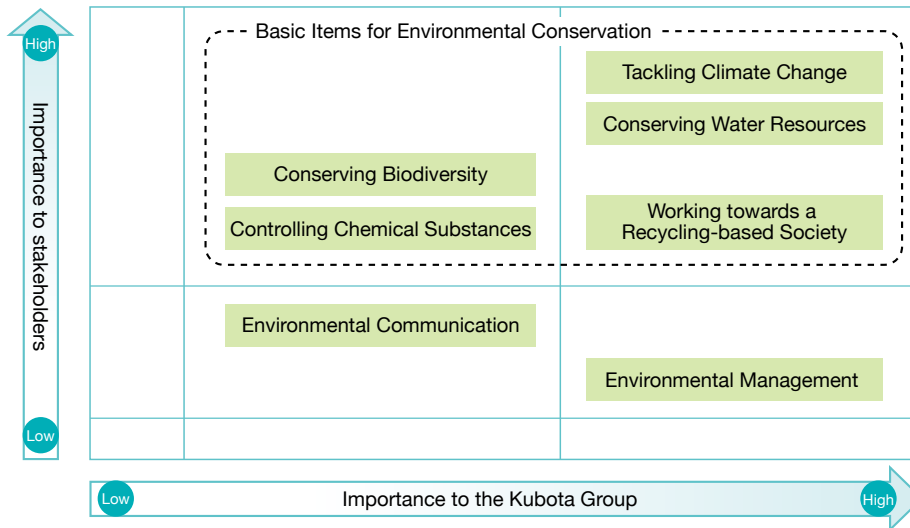
## Materiality

The Kubota Group has identified material issues (priority issues) in its environmental conservation activities, taking into consideration their importance in business, requests and expectations from stakeholders, and social trends.

### Process for Identifying Materiality

<b>Step 1</b>	<p><b>Gathering and analyzing information</b></p> <p>We gathered and analyzed information on international frameworks and policy trends, key external evaluation indicators, global trends in the Kubota Group's business fields, etc.</p>
<b>Step 2</b>	<p><b>Listing material issues</b></p> <p>Through discussions at the Environmental Management Strategy Committee and interviews with relevant internal departments, and dialogues with ESG (environment, society, governance) investment institutions and external experts, we listed issues relating to environmental conservation.</p>
<b>Step 3</b>	<p><b>Identifying materiality</b></p> <p>We examined the identified issues from the perspectives of both the importance to stakeholders and the importance to the Kubota Group, and plotted the identified priority issues on a matrix.</p>
<b>Step 4</b>	<p><b>Formulating and implementing key measures</b></p> <p>After identifying the impacts (risks and opportunities) related to issues with a high degree of importance for both stakeholders and the Kubota Group, we formulate key measures and promote the steady implementation thereof.</p>

### Materiality Matrix



### Materiality Awareness

Tackling Climate Change	Against a backdrop of more frequently occurring natural disasters caused by abnormal weather and other factors believed to be linked to climate change, tackling this challenge has become an issue of global proportions. As a corporate group that conducts business activities throughout the globe, the Kubota Group believes in the importance of working to reduce the emissions of greenhouse gases in the corporate value chain as well as undertaking adaptive measures designed to reduce the impact of climate change.
Conserving Water Resources	Access to safe drinking water is a critical part of life-supporting infrastructure. Despite this, there are many people throughout the world that cannot access safe drinking water. The Kubota Group has defined "Water" as one of its business areas, and believes in the importance of becoming more deeply committed to the supply of safe, secure water through the construction of water infrastructure, as well as conserving local water resources, which includes saving water, recycling wastewater, and applying water quality-related risk management at its business sites.
Working towards a Recycling-based Society	Mineral resources are used widely throughout modern society, but there is a limit to the amount existing on the planet. More recently, increasing amounts of waste and marine plastic pollution have become global issues. Likewise, the Kubota Group believes in the importance of providing waste processing services and related equipment, for example, as solutions for issues related to the wasted material from human lifestyles and economic activities, as well as effectively utilizing resources and reducing waste in the business value chain.
Conserving Biodiversity	As part of agriculture, living things are the resource that is subject to harvest, where ecosystems denote the interrelation between the environments that produce living resources and other living things. Meanwhile, biodiversity is an essential factor for abundant, stable food production. The Kubota Group defines "Food" as one of its business areas, and in addition to addressing greater efficiency in agriculture and a diverse range of needs, we believe in the importance of delivering products and services that contribute to the conservation of biodiversity, as well as undertaking business activities that consider biodiversity and protecting the natural environment around its business sites.
Controlling Chemical Substances	Chemical substances have become an essential part of our lifestyles. On the other hand, chemical substances hold the potential to significantly impact humans and ecosystems, a fact that has led to stringent laws and regulations related to their appropriate use and control. The Kubota Group believes in the importance of appropriately controlling the chemical substances contained in its products and handled at its business sites in order to minimize the impact on customers, those who live and work near its business sites, employees, and ecosystems.

## Risks and Opportunities

The Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB) released its final report in June 2017 to provide companies with recommendations for assessing and disclosing the financial implications of climate change.








In light of the climate change-related risks (transitional risk, physical risk) and opportunities recommended for disclosure by the TCFD and other organizations, the Kubota Group endeavors to continuously assess the implications related to materiality (basic items for environmental conservation) considered to have a high degree of importance for stakeholders and the Kubota Group from the perspective of risks and opportunities. Moreover, we make efforts towards reducing risks and creating value from opportunities.

	Envisaged scenario	Impact on the Company	Time horizon*		
			Short term	Medium term	Long term
Tackling Climate Change	Risks	• Stricter regulations for companies related to energy saving and controls on the emissions of greenhouse gases, etc.	→		→
		• High energy prices due to structural changes in energy driven by accelerating moves towards decarbonization and expanded use of renewable energy, etc.	→		→
		• Increasing frequency and severity of weather disasters such as typhoons and torrential rains driven by climate change	→		→
	Opportunities	• More pests, lower crop yields • Changes in agricultural style due to relocation of suitable farming land, etc.	→		→
		• Adopting electrification and discontinuing energy-inefficient products in line with growing interest in climate change among our markets and customer base	→		→
		• Launch of products and services, etc., that enable energy savings and energy creation	→		→
Working towards a Recycling-based Society	Risks	• Expansion of regulations on import, export and use of discarded plastic and stricter waste-related regulations, etc.	→		→
		• Resource depletion and soaring resource prices	→		→
		• Expanded use of recycled materials towards the transition to a recycling-based economy	→		→
	Opportunities	• Launch of products that consider resource recycling, including the use of recycled materials • Contribution to the effective use of resources through the deployment of environmental and waste-disposal services • Promotion of easier product maintenance and used product recycling	→		→
		• Acceleration of resource conservation measures at business sites	→		→
		• Expansion of selling opportunities	→		→
Conserving Water Resources	Risks	• Non-compliance with wastewater standards, etc. • Stricter water-related regulations, etc.	→		→
		• High water prices due to aging water infrastructure and shortage of available water for industrial use	→		→
		• Increasing frequency and severity of weather disasters such as flooding and drought driven by climate change • Water use restrictions in areas of high water risk	→		→
	Opportunities	• Lower crop yields due to shortage of water resources • Changes in agricultural styles due to relocation of suitable farming land, etc.	→		→
		• Changes in needs for products and services in regions with high water risk	→		→
		• Expansion in need for solutions for Water & the Environment-related products that ensure access to safe and secure water and wastewater treatment and recycling treatment facilities that comply with stricter regulations	→		→
Controlling Chemical Substances	Risks	• Expansion in water conservation and wastewater reuse at business sites	→		→
		• Expansion in need for water infrastructure that is highly resistant to flooding, droughts, and other disasters	→		→
	Opportunities	• Non-compliance with chemical substance-related environmental standards • Stricter chemical substance-related regulations, etc.	→		→
		• Launch of products compliant with emissions gas regulation and toxic substance use regulation	→		→
		• Decreased use of potentially toxic substances at business sites	→		→
		• Decreased use of paints and improved yields at business sites	→		→
Conserving Biodiversity	Risks	• Violation of biodiversity-related regulations	→		→
		• Decline in natural capital	→		→
	Opportunities	• Inappropriate land use, pollutant emissions, and excessive resource consumption, etc.	→		→
		• Launch of products that assist soil and water area conservation and products that control gas emissions, noise and vibration, etc.	→		→
		• Promotion of activities that consider biodiversity and environmental communication with local communities	→		→

\* Timing of manifestation is presented as short term (within three years), medium term (between three and five years), and long term (more than five years).

## Key Measures

In order to address the issues identified as materiality, the Kubota Group promotes the following key measures from the perspective of the value chain.

Value chain of business (Expanding Environment-friendly Products and Services P74-82)			
	Design and development, procurement	Manufacturing and distribution	Use and disposal
<b>Tackling Climate Change (P52-60)</b> 	<ul style="list-style-type: none"> <li>Optimal regional procurement</li> </ul>	<ul style="list-style-type: none"> <li>Reduce waste and loss in the use of energy based on the Kubota Production System concept</li> <li>Recover and reuse waste energy</li> <li>Expand use of renewable energy</li> <li>Improve distribution efficiency</li> <li>Promote modal shift</li> </ul>	<ul style="list-style-type: none"> <li>Lower fuel consumption</li> <li>Improve efficiency and save labor for work and management</li> <li>Conserve energy during construction</li> </ul>
<b>Working towards a Recycling-based Society (P61-64)</b> 	<ul style="list-style-type: none"> <li>Use recycled materials</li> <li>Reduce the number of parts</li> <li>Reduce packing material</li> </ul>	<ul style="list-style-type: none"> <li>Conserve resources</li> <li>Promote the 3Rs for waste and convert waste into functional materials</li> <li>Reduce plastic</li> <li>Reduce packing material</li> <li>Ensure proper waste management</li> <li>Strengthen waste management using systems</li> </ul>	<ul style="list-style-type: none"> <li>Extend product life</li> <li>Improve ease of maintenance</li> <li>Promote product recycling</li> <li>Ensure proper disposal</li> </ul>
<b>Conserving Water Resources (P65-67)</b> 	<ul style="list-style-type: none"> <li>Assess water risks</li> </ul>	<ul style="list-style-type: none"> <li>Promote the 3Rs for water resources</li> <li>Ensure proper wastewater management</li> <li>Promote BCP measures</li> </ul>	<ul style="list-style-type: none"> <li>Save water consumption</li> <li>Promote purification or recycling of wastewater</li> </ul>
<b>Controlling Chemical Substances (P68-70)</b> 	<ul style="list-style-type: none"> <li>Reduce the use of substances of concern</li> </ul>	<ul style="list-style-type: none"> <li>Reduce VOC emissions</li> <li>Substitute for organic solvents</li> <li>Ensure proper chemical substance management</li> </ul>	<ul style="list-style-type: none"> <li>Make exhaust gas cleaner</li> <li>Reduce environmental loads on soil and water areas</li> </ul>
<b>Conserving Biodiversity (P71-73)</b> 	<ul style="list-style-type: none"> <li>Assess the impact on natural capital</li> </ul>	<ul style="list-style-type: none"> <li>Promote environmental conservation activities and reduce the environmental impact</li> <li>Beautification and greening of business sites and neighborhoods</li> </ul>	<ul style="list-style-type: none"> <li>Conserve soil and water areas</li> <li>Reduce noise and vibration</li> </ul>
<b>Environmental Management (P83-87)</b> 	<ul style="list-style-type: none"> <li>Promote global environmental management led by the members at the management class level</li> <li>Systematically reduce environmental loads toward achieving the Medium- and Long-Term Environmental Conservation Targets</li> <li>Reduce environmental risks through environmental risk assessment</li> <li>Ensure environment-friendly design through product environmental assessment</li> <li>Promote green procurement</li> <li>Develop products that contribute to global environmental protection and solving social problems</li> <li>Enforce compliance in accordance with globally systemized environmental conservation rules</li> <li>Promote environmental training and environmental awareness-raising activities</li> </ul>		
<b>Environmental Communication (P88-92)</b> 	<ul style="list-style-type: none"> <li>Strengthen information dissemination through the environmental report and website</li> <li>Promote environmental communication tailored to each target</li> <li>Enhance two-way communication with stakeholders</li> <li>Participate in regional environmental conservation activities</li> </ul>		

## Relationships Between Environmental Conservation Activities and the SDGs

The Kubota Group environmental conservation activities are deeply related to the SDGs. In order to illustrate the relationship between our environmental conservation activities and the SDGs, we have organized their connections with the SDG targets.



View the list of related SDGs and targets

[www.kubota.com/sustainability/environment/sdgs/data/SDGs\\_target\\_list.pdf](http://www.kubota.com/sustainability/environment/sdgs/data/SDGs_target_list.pdf)