Working towards a Recycling-based Society

As a result of being a mass-production, mass-consumption, and mass-disposal society, we now face many problems such as the depletion of resources and increasing waste. The increase in plastic waste has led to marine plastic pollution in the world's oceans—now a serious problem for society.

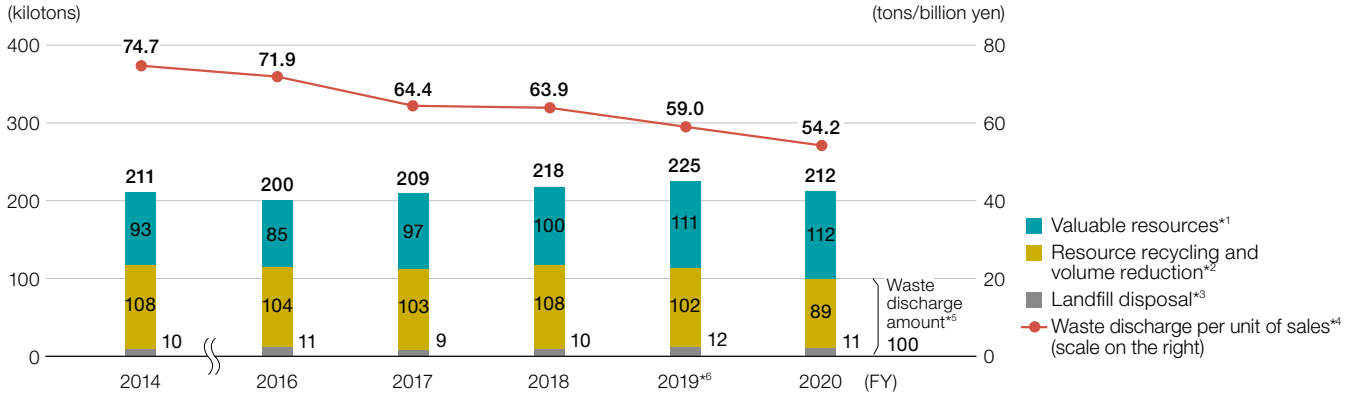
The Kubota Group sees working towards a recycling-based society as one item of its materiality, and has been advancing initiatives to promote "reduce" (reducing the amount generated), "reuse" (internal recycling and reuse), and "recycle" (improving the recycling ratio) of waste, in addition to initiatives to promote the effective use of resources and resource saving.

Waste, etc. from Business Sites

In FY2020, the waste discharge amount was 100 kilotons, a decrease of 11.4% compared to the previous reporting year. Additionally, waste discharge per unit of sales improved by 8.2%. These results mainly reflect suspended production due to the COVID-19 pandemic and lower production volume at cast iron production sites, as well as the conversion of waste casting sand into valuable materials and the overall reduction of such waste.

Of the waste discharge amount in FY2020, the amount of hazardous waste discharge was 2.9 kilotons in Japan and 3.2 kilotons overseas.

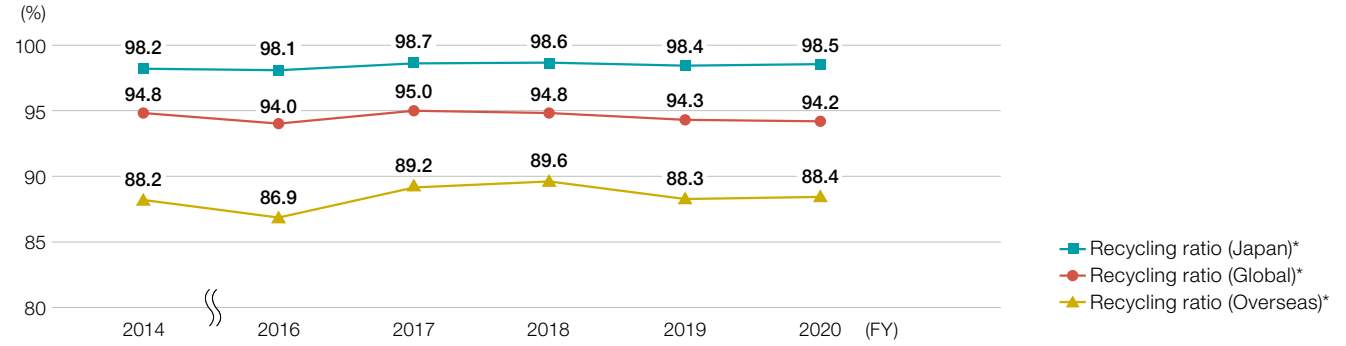
Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



*1 To reduce overall emissions to the outside of the Group, including valuable resources, metal scraps generated at machinery production and related sites are collected for recycling at cast iron production sites within the Group. From FY2019, as a way of evaluating the progress of these activities, calculation standards have been changed so that transfer of valuable resources between business sites within the Group is no longer included in the valuable resources figure, but is counted instead as in-house recycling and reuse.
*2 In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste (included in resource recycling and volume reduction values) rather than wastewater. This change has been reflected retrospectively for previous years.
*3 Landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment
*4 Waste discharge per unit of consolidated net sales. The Kubota Group adopted International Financial Reporting Standards (IFRS) instead of accounting principles generally accepted in the United States of America from FY2018.
*5 Waste discharge = Resource recycling and Volume reduction + Landfill disposal
*6 Values for FY2019 were corrected to improve accuracy.

The recycling ratio in FY2020 was 98.5% in Japan and 88.4% overseas, roughly on a par with previous years. We will make continuous efforts to improve the resource recycling ratio.

Trends in Recycling Ratio



* Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Measures to Reduce Waste

The Kubota Group has established Medium-Term Environmental Conservation Targets (p.48). We have also established medium-term reduction measure implementation plans, which are reviewed every year by all production sites (100%), and we are working on the reduction of waste discharge from business sites and the improvement of the recycling ratio. The Group has been promoting various measures, such as the thorough separation of waste according to the type and disposal method of waste, the introduction of returnable packaging materials, and shared waste recycling between sites. The Group is also committed to the reduction of hazardous waste through ensuring thorough monitoring and management thereof.

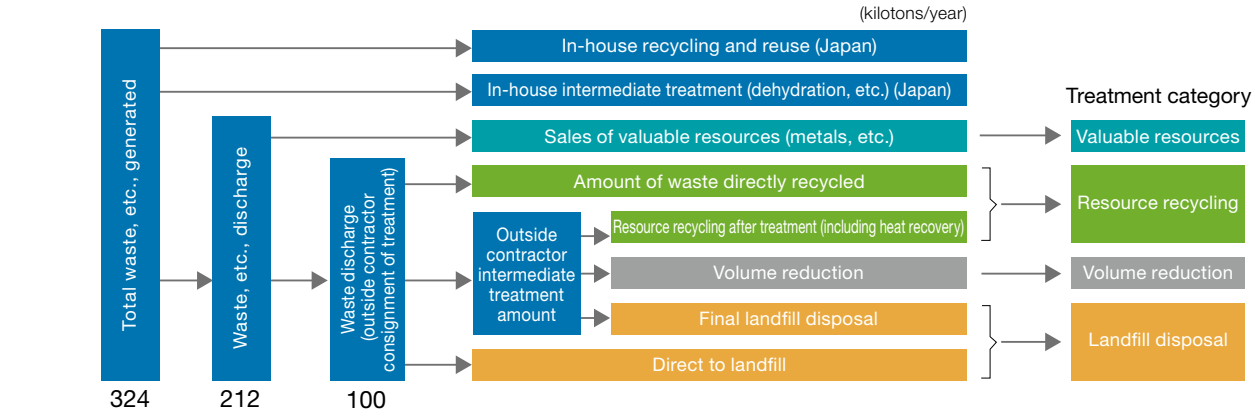
By converting casting sand into valuable materials at cast iron production sites, which generate a large amount of waste, the Kubota Group achieved a reduction of approximately 5,200 tons of waste in FY2020. Machinery production sites continued working to reduce the amount of sludge, waste oil, and oil-containing wastewater generated in painting booths. Meanwhile, as measures to reduce disposable plastics, we introduced initiatives at certain worksites to withdraw the use of disposable tableware in the employee cafeteria and reduce the issue of plastic carrier bags in on-site stores.

As a result of the efforts toward achieving the Medium-Term Environmental Conservation Targets 2020 for waste reduction, global production sites achieved a reduction of 23,800 tons of waste in FY2020 compared with the case where countermeasures were not implemented from the base year (FY2014). The economic effects of these measures reached 140 million yen compared to FY2014. Waste discharge per unit of production in FY2020 improved by 28.7% compared to FY2014. The recycling ratio was 99.5% at production sites in Japan and 91.8% at production sites overseas, both achieved the targets of the Medium-Term Environmental Conservation Targets 2020.

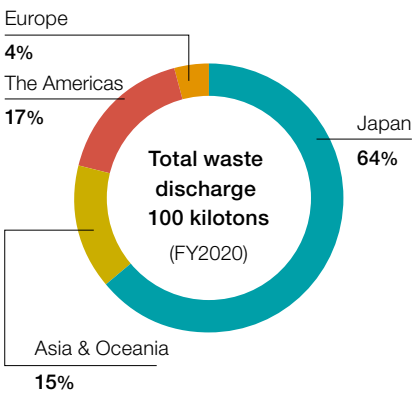
Moreover, production sites in Japan have raised the utilization rate of electronic manifests to 96.7%, enabling real-time assessment of the reduction effects. We will continue to promote the reduction of waste through encouraging sharing of good reduction practices and visualization of waste by utilizing electronic manifests.

At the Kubota Okajima Business Center, we are working to reduce waste by improving the utilization rate of collection facilities for recycling waste casting sand generated in the product manufacturing process (in the red frame). This initiative reduced waste emissions by some 1,550 tons in FY2020.

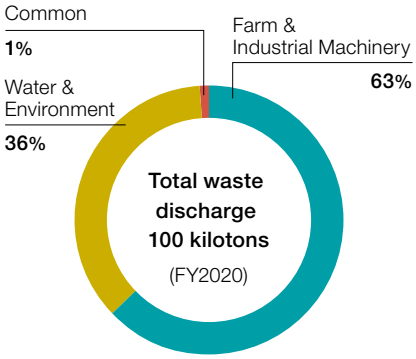
Waste Recycling and Treatment Flow (FY2020 results)



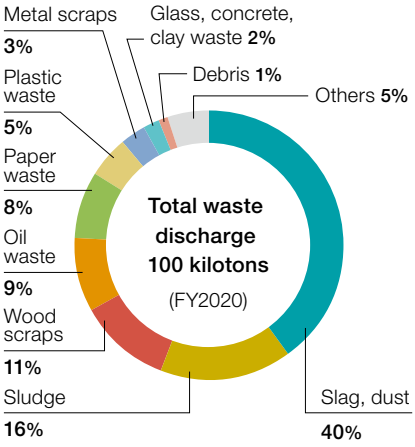
Waste Discharge by Region



Waste Discharge by Business

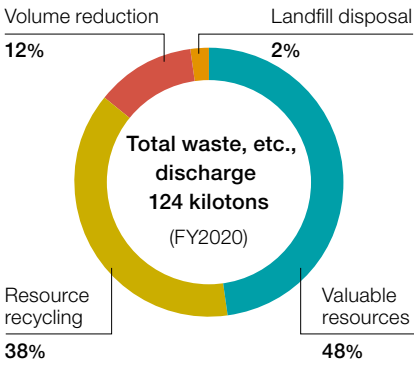


Waste Discharge by Type

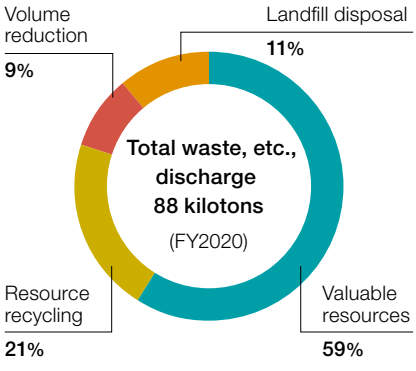


Waste, Etc., Discharge by Treatment Category

Japan



Overseas*



* In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste (included in resource recycling and volume reduction values) rather than wastewater.

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Reducing Plastic

Marine plastic pollution caused by used plastic that flows down rivers and waterways to be discharged along coasts and oceans has become a global issue. The Kubota Group's business sites promote the 3Rs and efforts to convert the plastic waste generated through their business activities into valuable resources. We have set a new target of reducing single-use plastics at business sites in the Medium-Term Environmental Conservation Targets 2025.

Kubota ChemiX Co., Ltd., involved in the manufacture and sale of plastic pipes and fittings, manufactures and sells recycled rigid PVC pipes made from recycled waste material (PVC made by reusing discarded PVC pipe collected in cities) as a way of promoting the effective use of resources. Kubota Environmental Service Co., Ltd., involved in business activities related to the construction, maintenance, and operational management of water and environmental facilities, provides engineering services to facilities that pulverize and sort plastic waste for use as fuel or material. Meanwhile, logistics services provider KBS Kubota Co., Ltd. is promoting the reduction of plastic usage in logistics services, including the reduction of stretch-film usage through the introduction of returnable packaging materials.

The Kubota Group works to reduce the plastic emissions through initiatives including the effective use of resources and reducing waste throughout the business value chain.

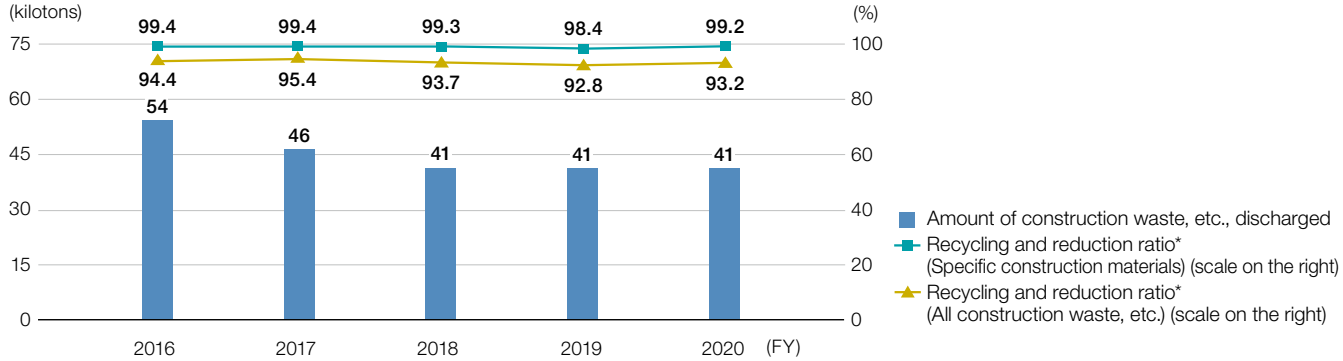
Returnable packaging materials
(left: environmentally friendly strapping; right: environmentally friendly cover)
KBS Kubota Co., Ltd.

Kverneland Group Nieuw-Vennep BV (Netherlands) is taking steps to reduce plastic waste by replacing the plastic cutlery (spoons, forks, straws, etc.) hitherto used in its cafeteria and encouraging its employees to bring their own drinking bottles to work.

Waste, etc., Generated from Construction Work

The type and the amount of waste generated from construction work vary depending on the type of work being done, resulting in fluctuation in the amount of discharge, and the recycling and reduction ratio. However, the Kubota Group has maintained its existing recycling and reduction ratio.

Trends in Discharge, and Recycling and Reduction Ratio of Construction Waste, Etc. (Japan)



* Recycling and reduction ratio = [Sales of valuable resources + Resource recycling (including heat recovery) + Volume of reduction] /Amount of construction waste, etc. discharged (including sales amount of valuable resources) x 100 (%)

For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

Handling and Storage of Equipment Containing PCB (in Japan)

Transformers, capacitors and other equipment containing polychlorinated biphenyls (PCB) are properly reported, stored and handled based on the Japanese Act on Special Measures concerning Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, and the Japanese Waste Management and Public Cleansing Act. Waste with a high concentration of PCB is being disposed of steadily, beginning with sites where PCB-treatment facilities are available. Waste with a low concentration of PCB will be properly disposed of by the disposal deadline of March 2027.

PCB-containing equipment in storage is thoroughly managed by multiple means, such as the locking of storage cabinets, periodic inspection, and environmental audits.