

Environmental Management

At the KUBOTA Group, we are working to enhance our environmental management system to promote environmentally-friendly corporate management. We are also working to enhance the standards of our environmental activities by checking our compliance with the rules for environmental preservation activities and by providing educational programs to increase environmental awareness among our employees.

Promoting environmental management

Environmental management promotion system

To respond to global and regional environmental issues, the Environmental Protection Department, which promotes environmental measures and environmental audits, etc., under the director in charge, has been established at KUBOTA Head Office, while Environmental Management Sections have been organized in plants and offices and group companies.

Compliance with environmental laws

To ensure full compliance with the applicable laws, the KUBOTA Group has set internal targets for gas emissions, effluent discharge, vibration and noise for each business site at higher levels than is legally required. Should we fail to achieve any of our internal targets, we will conduct an investigation to determine the cause and take corrective measures, even if the legal requirements are met. Regrettably, there were three cases of failure to meet the legal requirements for effluent discharge and two complaints about noise during FY2009. We took the prompt action necessary to correct these deviations and we are implementing improvement measures to prevent their recurrence.

Environmental education

If we are to promote environmentally-friendly corporate activities, we have to increase environmental awareness among all of our KUBOTA Group members. The first step in addressing environmental problems is to become aware of the problems. At KUBOTA, we implement regular position-specific educational programs so that our employees can learn about environmental problems. Systematic and specialized education is also being carried out in order to make a satisfactory response to environmental issues. We are aiming at improving our abilities and at an increase in qualified personnel. All of this is tied to the assured practice of environmental conservation. In addition, we participate in environmental education programs offered by external groups and, during June of each year which is Environmental Month, we organize tours of companies with advanced environmental policies. We will continue our efforts to enhance our environmental education qualitatively and quantitatively into FY2010.



Tour of a company with an advanced environmental policy



An audit being conducted in a production site



Environmental auditing

The Environmental Protection Department executes environmental audits of the KUBOTA Group's environmental conservation activities based on our company-wide risk management policy.

To ensure that environmental risks are properly managed to prevent environmental accidents and violation of the environmental laws, we conducted audits on compliance with the applicable laws and internal regulations focusing on:

- (1) Operation and maintenance of facilities and equipment that can affect water or air quality or that produce noise
- (2) The storage and disposal of waste by contracted third parties
- (3) The storage and handling of chemical substances

Business sites covered by the audits

Audit categories	KUBOTA Corp.	Group companies
Production sites	All plants (14 locations)	All plants (10 companies): 13 locations
Non-production sites	13 locations	13 companies: 21 locations
Construction and sale & service divisions (target item: waste)	All divisions (7 divisions: 11 bases)	7 companies: 16 bases
Overseas production sites		8 companies: 8 locations

The subjects of audits conducted at production sites

Subjects of audits	Number of items
(1) General affairs (compliance with laws, green purchasing, green procurement, etc.)	12 (2)
(2) Water quality (maintenance and management of relevant facilities, measurement and control of water quality, submission of notification, etc.)	13 (4)
(3) Air quality (maintenance and management of relevant facilities, measurement and control of air quality, submission of notification, etc.)	13 (4)
(4) Noise (maintenance and management of relevant facilities, measurement and control of noise, submission of notification, etc.)	13 (2)
(5) Waste (sorted collection, storage, disposal, maintenance and management of relevant facilities, etc.)	22 (6)
(6) Global warming prevention (energy conservation, greenhouse gas reduction, etc.)	10 (4)
(7) Chemical substances (MSDS management, chemical substance surveys, compliance with PRTR, etc.)	7 (3)
(8) Emergency response (preparation for emergency response to water and air quality problems, emergency contact system, etc.)	9 (2)
Total	99 (27)

*The number inside parentheses () indicates the number of items related to the law.

Environmental accounting (Data for business sites in Japan)

Environmental accounting is employed in order to reflect back into our business activities as much as possible the quantitative comprehension and analysis of the costs of environmental conservation and the effects that are obtained from those activities, and to promote a wider understanding of KUBOTA's participation in environmental conservation activities by disclosing information to internal and external stakeholders.

Environmental conservation costs

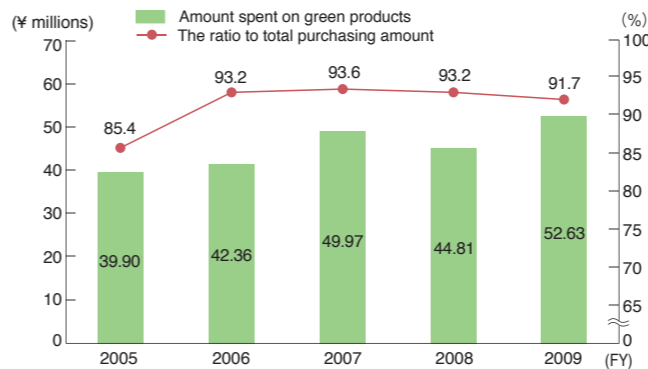
Investment in environmental conservation amounted to 1,101 million yen, a decrease of 431 million yen from the previous year. Environmental Expenses increased by 1,154 million yen from the previous year to reach 9,141 million yen. Research and development cost totaled 5,646 million yen, which accounts for about 62% of all the expenditures for the year.

Classifications	Main activities	FY2008		FY2009	
		Investment	Expenses	Investment	Expenses
Within the business area		879	1,590	557	1,997
Local environmental conservation	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	358	462	370	591
Global environmental conservation	Prevention of global warming etc.	485	155	166	280
Resource recycling	Minimizing waste production, reducing quantity of waste, and recycling	36	973	22	1,126
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	31	0	28
Management activities	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	0	1,254	0	1,252
R&D	R&D for reducing of product environmental load and developing environment conservation equipment	597	4,863	544	5,646
Social activities	Local cleanup activities and membership fees and contributions to environmental groups, etc.	56	36	0	7
Environmental remediation	Contributions and assessments, etc.	0	212	0	212
Total		1,532	7,987	1,101	9,141
Total capital investment (including land) for the corresponding period (consolidated data)				33,300	
Total R&D costs for the corresponding period				26,290	

Green purchasing

The KUBOTA Group is promoting the purchase of "green" office supplies (paper, stationery, etc.). The ratio of the amount spent on green products in relation to the total purchasing amount was 91.7%, down by 1.5 points from the previous fiscal year, falling short of the target of 96%.

Amount spent on green products and the ratio to total purchasing amount (Data for business sites in Japan)



For more details on "Environmental Accounting" and "ISO14001 Certification," visit our website at: <http://www.kubota.co.jp/english/c-data/csr/2009.html>

Environmental conservation effects

Air pollutant (SOx) emissions decreased due to the reduced operating hours of the diesel generators at some of our business sites. However, waste disposal at landfill sites increased due to a decline in the number of steel slag recycling companies and a temporary increase in waste resulting from the discontinuance of FW pipe manufacturing.

Effects	Items	FY2008	FY2009	Increase/Decrease	Ratio to the previous FY (%)
Environmental effect related to resources input into business activities	Energy consumption [units of heat, in petajoule (PJ)]	8.36	8.60	0.24	103
	Water consumption (million m ³)	4.90	4.61	-0.29	94
Environmental effect related to waste or environmental impact originating from business activities	CO ₂ emissions (kiloton-CO ₂)	455	493	38	108
	SOx emissions (tons)	8.6	3.8	-4.8	44
	NOx emissions (tons)	80.6	69.0	-11.6	86
	Soot and dust emissions (tons)	3.7	4.0	0.3	108
	Releases and transfers of PRTR-designated substances (tons)	787	771	-16	98
	Waste discharge (kilotons)	86	90	4	105
	Waste to landfills (kilotons)	3.3	8.2	4.9	248

Economic effects

Our environmental conservation activities resulted in economic effects worth 1,620 million yen.

Classifications	Details	Annual effects (¥ millions)
Energy conservation measures	Efficient operation of compressors and the introduction of highly effective equipment at the time of installing and updating equipment, etc.	234
	Improvements in load efficiency and a reduction of transportation distances in physical distribution	34
Zero-emissions measures	Reducing the quantity of, and resource recycling of industrial waste	61
	Sales of valuable resources	1,295
Total		1,624

Green procurement

The KUBOTA Group is committed to the procurement of products with a reduced environmental impact from suppliers that engage in environmental activities, as part of our commitment to providing society with products that are friendly to global and local environments. Specifically, we formulated the "KUBOTA Group Green Procurement Guidelines" detailing our green procurement policy, and seek understanding and cooperation from our suppliers.



For details about the "KUBOTA Group Green Procurement Guidelines," visit our website at: <http://www.kubota.co.jp/eng/main/procure.html>

ISO14001 certification

All of the KUBOTA Group's production sites in Japan were awarded ISO certification by the end of FY2007. Currently, efforts to obtain ISO certification are underway at our overseas production sites.