

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 1,100 million yen, a decrease of 430 million yen from the previous year. Environmental costs increased by 1,150 million yen from the previous year to reach 9,140 million yen. Research and development cost totaled 5,650 million yen, which accounts for about 62% of all the expenditures for the year.

(¥ millions)

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

Environmental accounting principles

- The period covered spans from April 1, 2008 to March 31, 2009.
- The data of business sites in Japan are considered in the calculation.
- Data was calculated in accordance with the Environmental Accounting Guidelines 2005, published by Japan's Ministry of the Environment.
- "Expenses" includes depreciation costs.
Depreciation cost was calculated based on the standards applied to KUBOTA's financial accounting, and assets acquired in and after 1998 were considered in the calculation.
"Management activities" and "R&D" costs include personnel expenses.
"Environmental remediation" costs do not include costs incurred during disposal of construction waste at construction sites.
The cost of "R&D" represents that which was spent on environmental purposes, calculated on a pro-rate basis.
- "Economic effects" are obtained only by adding up tangible results and do not include estimated effects.

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 petajoules (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.

(¥ millions)

Classifications	Details	Annual effects
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

Effects of cost reduction through zero-emission (Data for business sites in Japan)

The reduction, reuse and resource recycling associated with waste contributed to lowered outsourcing fees for waste processing and generated an effect of 61 million yen in cost reductions for the year.

