

Environmental Corporate Management

In order to properly understand the environmental impact of our business activities and to promote the involvement of the entire KUBOTA group in eco-management, we have enhanced our system of management upon an “Environmental Corporate Management” framework.

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.

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.

Strengthening management of environmental risks such as environmental accidents and violations of the law, etc., is taken as absolute policy, and in fiscal 2008 emphasis was placed and on-site audits were implemented in accordance with laws and in-house rules on:

- 1) Operation and equipment maintenance of facilities that relate to water quality and the atmosphere, and
- 2) Proper management and processing of waste



Audits of domestic production plants and offices



Audits of overseas production plants and offices

Number of plants and offices (bases) targeted for audit

Audit category	KUBOTA Corp.	Group companies
Production plants and offices	All plants and offices (15 locations)	All plants and offices (8 companies: 11 locations)
Non-production plants and offices	All plants and offices (13 locations)	15 companies: 32 locations
Construction and sale & service divisions (target item: waste)	All divisions (7 divisions: 11 bases)	4 companies: 12 bases
Overseas plants and offices		6 companies: 6 plants and offices

Audit items for production plants and offices

Main audit items	Number of items
(1) Water quality (maintenance and management at facilities, measurement management, emergency response, and written reports)	104 (8)
(2) Atmosphere (maintenance and management at facilities, measurement management, emergency response, and written reports)	35 (9)
(3) Waste (sorted collection, storage, appropriate processing, and maintenance and management at facilities, other)	43 (15)
(4) Noise (measurement management and written reports, other)	9 (2)
(5) Others (written reports by legally elected persons under the Law on Pollution Control Organizations and the Law Concerning the Rational Use of Energy, etc.)	12 (12)
Total	203 (46)

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

Compliance with environmental laws

(1) Air quality management	The emission standard value for the atmosphere was cleared in all plants and offices.
(2) Water quality management	There was one case of the hydrogen ion concentration temporary exceeding the emission standard value.
(3) Noise and vibration management	There was one case of a plant exceeding the regulatory limit for noise, but that value was cleared as a result of soundproofing measures. As for vibration, all locations cleared regulations.
(4) Management of pollution by hazardous substances	Periodic measurements are taken from monitoring wells at plants to check for groundwater contamination. No groundwater contamination by chlorinated organic compounds was detected.
(5) Environmental claims	There were 2 claims made regarding nighttime noise at a plant and one complaint regarding cloudiness of the river due to water run-off from the cleaning of materials during construction work. Countermeasures were quickly taken in all 3 cases. Daily efforts are being made in management operations to prevent similar reoccurrences.
(6) Information disclosure on environmental and safety measures taken for products etc.	MSDS are prepared and provided to customers. Information on emergency countermeasures and environmental and safety measures for products is also provided to distribution companies in the event of an accident during distribution.



For more detailed information on our “System of Environmental Management Promotion”, “Environmental Accounting”, “List of Acquisition of ISO14001 Certification”, and “Environment-Related Education”, access the following website (Japanese only):

www.kubota.co.jp/kubota-ep/index.html

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

Investments in environmental conservation amounted to ¥1.53 billion, which was approximately ¥310 million over the previous year. Environmental costs were ¥7.99 billion, or a decrease of ¥150 million less than the previous year. Research and development costs were ¥4.86 billion or about 61% of all costs.

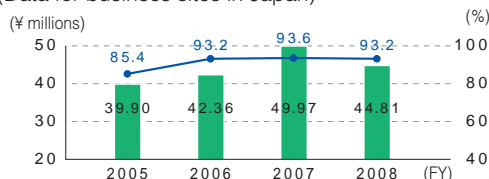
Environmental conservation cost breakdown (¥ millions)

Classification	Main activities	FY2007		FY2008	
		Investment	Expenses	Investment	Expenses
Within the business area		975	2,320	879	1,590
Local environmental conservation	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	401	775	358	462
Global environmental conservation	Prevention of global warming etc.	494	559	485	155
Resource recycling	Reduction and recycling of waste	80	986	36	973
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	32	0	31
Management activities	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	0	1,236	0	1,254
R&D	R&D for reducing of product environmental load and developing environment conservation equipment	249	4,423	597	4,863
Social activities	Local cleanup activities and membership fees and contributions to environmental groups, etc.	0	8	56	36
Environmental remediation	Contributions and assessments, etc.	0	120	0	212
Total		1,224	8,139	1,532	7,987

Total capital investment (including land) for the corresponding period	37,500
Total R&D costs for the corresponding period	24,800

Trend in the amount and percentage of green purchasing

(Data for business sites in Japan)



Environment-related education

KUBOTA regularly attempts to raise consciousness towards environmental issues through education based on employee positions. Systematic and specialized education is also executed towards the adequate response to environmental issues, we aim at improvement in abilities and the achievement of qualifications, and we tie this all to the assured practice of environmental conservation.

During the "Environment Month" of June we organized tour groups for the purpose of understanding the level of involvement in the environment by other advanced companies and we cooperated in the environmental education of external groups and organizations.

Environmental conservation effect

The level of air pollutant emissions (NOx, SOx, and particulate matter such as soot and dust) decreased greatly due to a drop in the operation time of diesel generators for a portion of our plants and offices, etc. Though the environmental burden was thus lower overall, the amount of the waste delivered to landfills increased due to a deterioration in the rate of recycling.

Economic effects

The economic effects from KUBOTA's environmental conservation activities were ¥1.59 billion.

Environmental conservation effects

Effects	Items	FY2007	FY2008	Increase/Decrease	Ratio to the previous year (%)
Environmental effect related to resources input into business activities	Energy consumption [energy conversion on a calorie-basis; in petajoule (PJ)]	8.68	8.36	- 0.32	96
	Water consumption (million m ³)	4.89	4.90	0.01	100
Environmental effect related to waste or environmental impact originating from business activities	Energy-origin CO ₂ emissions (kilotons)	470	455	- 15	97
	SO _x emission (tons)	29.3	8.6	- 20.7	29
	NO _x emission (tons)	133.9	80.6	- 53.3	60
	Soot and dust emission (tons)	7.1	3.7	- 3.4	52
	Releases and transfers of PRTR-designated substances (tons)	877	787	- 90	90
	Waste discharge (kilotons)	91	86	- 5	95
	Waste to landfills (kilotons)	1.6	3.3	1.7	206

Economic effects (¥ millions)

Classification	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.	143
Zero-emission measures	Reduction and resource recycling of industrial waste	90
	Sales of valuable resources	1,353
Total		1,586

Acquisition of ISO14001 certification

All of KUBOTA's domestic production plants and offices had been certified by the end of 2000. Currently, activities are being developed at group companies in order to acquire certification. KUBOTA Kanto Region Vender Center and KUBOTA Colortronic Co., Ltd. were certified in fiscal 2008.



Environmental Poster Exhibition
(KUBOTA Metal Corporation (Canada))