

## Environmental Management

The Kubota Group has systematically established its environmental management systems in order to facilitate business operation throughout the entire value chain including business sites and operational divisions based on the Kubota Global Identity and the Environmental Charter. The Group also promotes environmental management that is appropriate for the type of business activities of the site/operational division. Production sites, in particular, are associated with large environmental loads related to energy and waste, as well as the risks of air pollution and water contamination. In order to properly address such risks, the Group has established environmental management systems based on ISO 14001 and EMAS, and is endeavoring to promote business management in accordance with the required rules and the continuous improvement of environmental conservation activities.

### Compliance with Environmental Laws and Regulations

To ensure compliance with environmental laws and regulations and prevent environmental accidents, the Kubota Group conducts its business in accordance with the rules and regulations it has formulated in relation to environmental conservation.

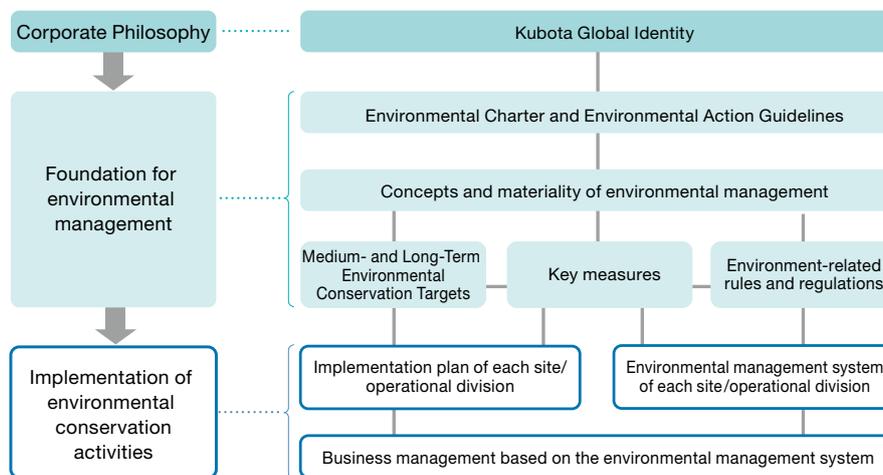
For exhaust gas, wastewater, noise, vibration and other variables, the Group has set and thoroughly manages its own control values at each production site, which are stricter than the corresponding laws and regulations, and has also established a system to promptly report any instances of non-compliance or complaints relating to environmental laws and regulations to relevant government bodies and the head office.

Each year, the Kubota Group also conducts environmental audits to confirm that the environmental conservation systems and activities are properly implemented at each site, as well as environmental risk assessments to clarify the status of environmental risks and establish improvements, with the aim of preventing the violation of environmental laws/regulations and environmental accidents.

Despite these efforts, however, in RY2019 in Japan we had three cases of inadequate disposal processing of fluorocarbons, one case of misunderstanding the type of service contracted in waste product treatment, one case of paint run-off due to rain, one case of diesel flowing into sewers, and one case overseas of wastewater exceeding regulation levels. We investigated any impact on the ambient environment and are working to prevent recurrence. Furthermore, we were not subject to any fines or punishments.

### The Kubota Group's Environmental Management System

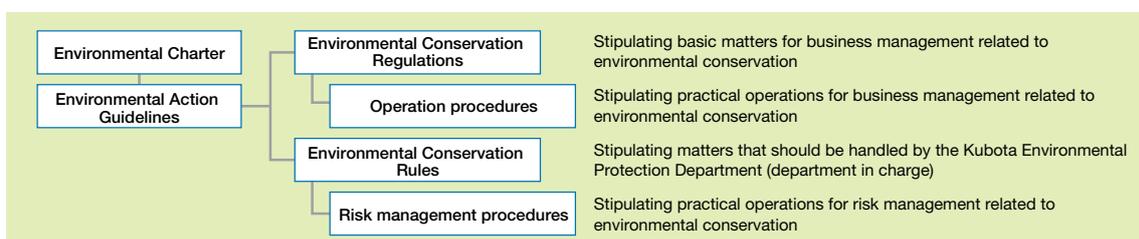
The diagram below shows the structure of the environmental management system of the Kubota Group.



### Environment-related Rules and Regulations

The Kubota Group has formulated environment-related rules and regulations based on its internal control system, targeting Kubota Corporation, all of its consolidated subsidiaries and a part of its affiliated companies accounted for under the equity method that are highly significant in its environmental management.

The rules and regulations are classified as follows:



These rules and regulations are reviewed every year, according to the business environment and revisions of laws and regulations. The latest version of these rules and regulations are available on the Group portal site, allowing employees around the world to refer to them.

## Environmental Auditing

Each year, the Environmental Protection Department conducts an environmental audit that incorporates a document audit targeting all production sites, service sites, offices, and construction and maintenance management departments in Japan, as well as overseas group production sites.

Moreover, in addition to the environmental audit by the Environmental Protection Department, annual internal environmental audits are conducted at production sites. Through these means, and by taking the initiative to self-check the status of environmental management, every effort is being made to further improve management levels.

### RY2019 Environmental Audit Implementation Status

- Number of sites: 267 (254 bases and 13 agricultural machinery sales companies)
- Number of audit items: 21 (for maintenance and management departments) up to 50 (for service sites)

\* Details are as shown in the table below.

- Audit details: Water and air quality management, noise and vibration management, waste discharge and chemical substance management, climate change prevention, response to abnormalities and emergencies, and environmental management system



Environmental audit  
Kubota Baumaschinen GmbH (Germany)

### Environmental Audit Implementation Status

		Production sites	Offices	Service sites		Construction departments	Maintenance management departments*2	Total number of sites audited
				Agricultural machinery distributors	Other			
Group companies in Japan	Number of sites audited	24	70	13 companies*1	89	45	8	249
	Number of audit items	44	40	50	50	36	21	
Overseas group companies	Number of sites audited	18	-	-	-	-	-	18
	Number of audit items	30						

\*1 For agricultural machinery distributors, the audit was conducted on a company basis instead of on a site basis.

\*2 Departments engaged in the business of operation or maintenance of environmental plants

## Environmental Risk Assessment

Environmental risks for facilities are evaluated from the function and management methods, etc., of environment-related equipment, and for facilities that are deemed to require countermeasures, risk reduction activities are promoted to strengthen equipment and management countermeasures until environmental risks are at an acceptable level.

The Kubota Group is proactively working to further reduce environmental risks by conducting environmental audits and environmental risk assessments—two activities with differing perspectives—in parallel.



Environmental risk assessment  
Kubota Sakai Plant

## Environmental Patrols

At each site, environmental patrols are carried out to meticulously assess the entire site and confirm the absence or presence of conditions that may lead to environmental accidents or violations of environmental laws and regulations. The Kubota Group aims to reduce environmental risks by conducting environmental patrols and finding situations that may cause any abnormalities at an early stage.



Environmental patrol  
Kubota Okajima Business Center

## Drills for Responding to Abnormal and Emergency Situations

The Kubota Group is working to identify and minimize environmental risks associated with its business activities through risk-specific response procedures.

We are also conducting drills each year based on response procedures that assume the outbreak of environmental accidents or situations that could arise in environmental accidents, in order to mitigate the impact on the ambient environment.



Emergency response drill simulating the leakage of oil  
Kubota Utsunomiya Plant

## On-site Investigations of Waste Treatment Contractors and Purchasers of Valuable Resources

In order to promote the proper treatment of waste and other materials including valuable resources at its operating sites in Japan, the Kubota Group is increasingly employing the services of top-rated certified operators. At the same time, the Group is conducting on-site investigations of industrial and other recyclable waste treatment contractors as well as purchasers of valuable resources.

As far as industrial waste where there are large numbers of treatment contractors, the Kubota Group has introduced its own on-site investigation appointing system that is run by its production sites, offices, sales companies, and other companies. In those cases where multiple sites including production sites use the same contractor for the treatment of waste, the officer responsible for the treatment of waste at the production site takes responsibility for the investigation. In this manner, successful steps are being taken to increase the effectiveness of investigations.

## Green Procurement

### Green Procurement Guidelines

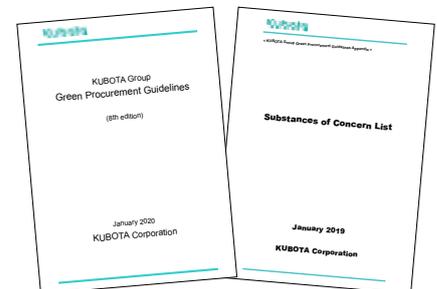
For the purpose of providing products that are friendly to global and local environments, the Kubota Group is seeking to procure products with reduced environmental impact from ecofriendly suppliers.

In order to proactively promote these activities, the Kubota Group presents its policies on green procurement to suppliers through the Group's Green Procurement Guidelines, asking for their understanding and cooperation.

In addition, we conclude basic trading agreements with Japanese suppliers who deal with Kubota, and through these agreements we ask the suppliers to observe environmental laws and regulations, and take steps to reduce their environmental impact.



For details on the Kubota Group's Green Procurement Guidelines, click here  
[www.kubota.com/company/environment/procure/](http://www.kubota.com/company/environment/procure/)



The Kubota Group's Green Procurement Guidelines and Appendix [Substances of Concern List]  
(Published in Japanese, English and Chinese)

### Award System for Green Procurement

The Green Supplier Award System was launched in 2015 to award suppliers recognized as having made notable contributions in the area of environmental conservation, such as the supplies (materials, components, equipment, etc.) procured by the Kubota Group. The awards are presented every year.

In accordance with the Kubota Group's Green Procurement Guidelines, this award system quantitatively evaluates goods supplied to the Kubota Group and environmental conservation activities engaged in by suppliers from the perspective of resources and energy-saving and awards notably excellent examples.

In 2019, of the 129 environmental conservation activities that were submitted from our suppliers in Japan, 11 activities with particularly high achievements were awarded, one of which received the Excellent Prize.

We started expanding this system globally in 2018, and presented awards at overseas sites as well. We will continue to utilize the system and carry out activities in the name of green procurement and promote environmental conservation initiatives hand-in-hand with our suppliers.



Awarding ceremony (January 2020)

## Supplier Management

The Kubota Group promotes measures to protect the environment, working closely with suppliers who support our environmental management.

As a specific example of activities, Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) conducts “environmental patrols” of existing suppliers to verify compliance with environmental laws and requests suppliers to take recommended steps for addressing any points for improvement found with the goal of minimizing the risk of supply stoppages for procured components. For new suppliers, patrols are carried out prior to their approval, with only those verified as legally compliant selected as new suppliers.

## Environmental Education and Enlightenment

### Results of Environmental Education in 2019

The Kubota Group offers environmental education programs to raise awareness among its employees. The education program for employees consists of rank-based training, professional training, and general training. The Group also assists external group’s environmental education programs.

Classification	Course title	Frequency	No. of participants	Course descriptions
Education by employee-level	Training for new employees	1	173	Global and local environmental issues and Kubota’s environmental conservation activities
	Training for newly appointed supervisors	2	42	Kubota’s environmental management and efforts as supervisors
	Training for newly appointed foremen	1	12	Kubota’s environmental management and efforts as foremen
	The Safety, Environment and Quality Forum for executive management	1	300	A lecture on “Risk Management that the Management Team Should Keep in Check” by Hideki Yoshinari, representative director of Yoshinari Consulting.
Professional education	Basics of environmental management	1	25	Basic knowledge of legal systems, environmental risk, and environmental conservation
	Waste management	2	58	Waste Management and Public Cleansing Law, practical training in consignment contracts and manifests, etc.
	Environment-related facility management	1	10	Pollution control technologies and pollution control laws
	Education to train ISO 14001 environmental auditors	1	49	The ISO 14001 standard, environment-related laws, audit techniques
Site training	Waste management	2	57	Waste management (storage and processing of construction waste)
Total		12	726	



Waste management training on-site (Kubota Hanshin Plant Mukogawa Site)



### Raising the Environmental Awareness of Employees and Family Members through the Kubota Eco Challenge

The Kubota Group designates June of each year as “Environment Month” and promotes various programs to raise awareness among its employees. In 2019, we promoted activities with the theme of “Let’s work together to reduce plastic waste!”

As one of the Environment Month activities, each year the Group hosts the “Kubota Eco Challenge,” an environmental photo contest that encourages Group employees and their families worldwide to submit photos of their eco-friendly activities at work or at home. In 2019, we received a total of 3,195 photographs from sites throughout the world—our highest number yet. The photos showed a wide range of activities at work and at home, such as using eco bags, reusable bottles, neighborhood clean-up activities, and tree-planting.

As we go forward, we will continue to raise awareness of the environment among employees and their families through Environment Month.



Environment Month poster (2019)



Using eco bags (Thailand)



Neighborhood clean-up activities (China)



Tree-planting on private land (India)

## Environmental Achievement Awards

During the Environment Month in June every year, the Kubota Group presents the Environmental Achievement Awards to commend individuals and groups that have made notable contributions to environmental conservation, as well as to boost the Group’s employees’ environmental conservation awareness and activate their environmental activities.

In 2019, environmental conservation activities were evaluated targeting the four segments of production sites, non-production sites, product development, and education and awareness raising. As a result, 46 cases were awarded for their achievements in energy saving, waste reduction, VOC reduction, reducing environmental risks, development of environment-friendly products, and so on. Five cases were awarded as the Excellent Prize.

We will continue to award excellent initiatives that contribute to regional or global environmental conservation, and encourage sharing of the details of such initiatives within the Group, with the aim of further activating environmental conservation activities.

### Environmental Achievement Award Excellent Prize in 2019

Boundary	Company, department	Theme
Production sites	Kubota Utsunomiya Plant	Waste reduction by introducing equipment for regenerating transmission oil for rice transplanters
	Kubota Manufacturing of America Corporation (US)	Reduce Water Resource by Reclaiming E-coat Post Rinse Carry-over
Product development	PW Technology Group, Electronic Equipped Machinery Marketing and Sales Department, Farm Machinery Products and Post-Harvest Division	Commercial humidified air cleaner Pure Washer PW24W-EW1, PW24W-EWL1, PW24G-EW1, PW24G-EWL1, PW24W-EW2, PW24W-EWL2
	Tractor Division Compact Tractor Engineering Dept.	AGRIROBO tractor SL60A
	Farm Machinery Products and Post-Harvest Division Kubota Air Conditioner, Ltd. Research & Development Dept.	Air handling unit Humidity control outdoor-air processing unit DHM-50C

### Environmental Achievement Awards in 2019

Boundary	Classification, No. of winners
Production sites	Excellent Prize: 2, Encouragement Award: 10, Good Effort Award: 22
Non-production sites	Encouragement Award: 3

Boundary	Classification, No. of winners
Product development	Excellent Prize: 3, Encouragement Award: 5
Education and awareness raising	Encouragement Award: 1