

## Environmental accounting

At Kubota, we set up our own standards regarding environment-related accounting in 1973, and we keep aggregate totals of expenses for environmental management, investment for environment-related facilities, and direct results.

This data is then put to use in our environmental management activities.

We have not accounted the cost of the development nor the plant investment for environment-friendly products.

In addition, we have not accounted the supposed effect nor indirect effect because the definition is not clear.

In fiscal 2000, environmental management expenses at Kubota amounted to 3.12 billion yen, while plant investments totaled 1.49 billion yen on an unconsolidated basis.

And direct environmental conservation effects from those expenses and investments totaled 2.35 billion yen.

### • Regarding the expenses

The breakdown of the main environmental management expenses is as follows : Direct personnel expenses for the ISO14001 certificate acquisition activities in all the plants by the end of fiscal 2000 : 1.54 billion yen

Commission for industrial wastes treatment for recycling : 1.02 billion yen

### • Regarding the investment

The breakdown of the main plant investments is as follows :

Environment improvement investment : 1.02 billion yen

Global environmental conservation : 280 million yen

### • Regarding the effects

The breakdown of the effects is as follows : Saving energy effect : 610 million yen

Reduction of waste treatment costs by zero emission : 330 million yen

Sales amount of valuable substances regarding recycling : 210 million yen

Supporting effect for ISO14001 certificate acquisition : 10 million yen

Effect of distribution improvement measures : 1.19 billion yen

### Activities from now on

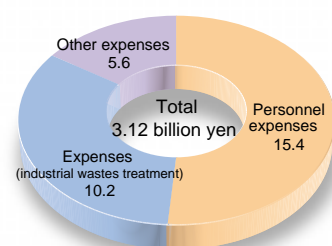
We are now constructing our new system, which includes reconsideration of standards and counting method, increase of counting items, accuracy improvement, and calculation of cost-performance, referring to "the guidelines for introduction of environmental accounting system" compiled by Ministry of Environment.

We consider the environmental accounting as the indispensable tool for environmental corporate management, in order to sustain our business and development, grasping the investment effect and cost-performance.

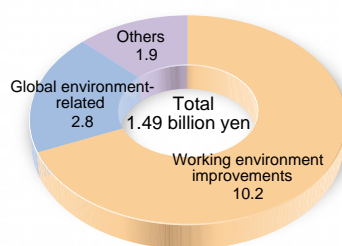
We improve our environmental conservation activities, and environmental information disclosure.

### Breakdown of environmental management expenses and plant investment for fiscal 2000

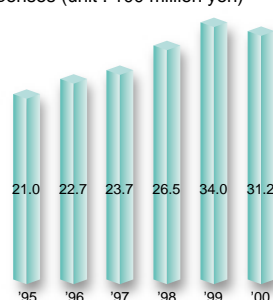
Environmental management expenses



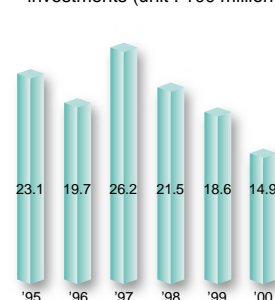
Environment-related plant investments



Transition in environmental management expenses (unit : 100 million yen)



Transition in environment-related plant investments (unit : 100 million yen)



### Direct effects for fiscal 2000

Category	Items	Annual effects (unit : million yen)
Saving energy measures	Waste heat reuse in cupola, reduction of electric power consumption, etc.	612
Zero emission	Reduction and recycling of industrial wastes	331
	Sales amount of valuable substances regarding recycling	214
Support for ISO14001 certificate acquisition	In-house environmental auditor education (187 employees)	11
Environmental conservation measures for distribution	Modal shift, etc.	1,185
Total		2,353

## Environmental risk management

At Kubota, each of our plants has its own self-imposed regulation standards, stricter than those of municipal regulations, regarding the emission to environment, and also controls emissions, to prevent air pollution and water pollution.

In this way, environmental risk measures are conducted.

Environmental audit is also conducted to prevent illegality and environmental issues occurrence in business activities, and to minimize environmental risk.

We are considering scheme of detailed legal audit such as extending applications of said regulations and so on, in addition to conventional environmental audit.

We launched Compliance Headquarters to promote obeying the law company-widely.

We exactly obey environment-related laws and regulations. We construct preparation organization for serious environmental issues in advance, and organization for environmental accident in emergency.

Chemical substances control is the most influential to our environmental risk.

We are going to realize shifting to entirely asbestos-free in roofing materials by research activities for long period of time, in January 2002.

We promote reduction of hazardous chemicals in use, emission and transfer.

### Obeying to the law

<b>(1) Status of air quality control</b>	<b>(4) Status of groundwater contamination control</b>
All the air quality items including dioxins did not exceed said standards.	There was no problem in groundwater contamination by organochlorine compounds.
<b>(2) Status of water quality control</b>	<b>(5) Inspections by government and municipal offices</b>
All the water quality items did not exceed said standards.	Eighty-eight inspections were conducted in fiscal 2000. There was no problem in water quality and so on, in which analysis results did not exceed the standards.
<b>(3) Status of noise emission control</b>	Though an incomplete report was pointed out, we corrected it immediately. We promote our daily management intensively to achieve no pointing-out.
Measured values exceeded said standards in three plants. There was no complaint because there were no houses near the border line of the sites. We promote noise reduction positively in these plants.	

### Environmental risk

<b>(1) Complaint and accident regarding environment</b>	<b>(4) Soil and groundwater problem</b>
We were not fined for environmental pollution in fiscal 2000. No accident occurred affecting people outside the company. Though a complaint from our neighborhood was reported, we improved it immediately. We also extended the improvement to the related plants in order not to receive the same complaint.	We measure the contamination of heavy metals and organochlorine compounds in soil and groundwater regularly at the observation wells in our plants. We promote to abandon the incinerators to prevent dioxins contamination.
<b>(2) Training for accident</b>	<b>(5) PCB</b>
We conduct regular training for trouble or emergency to minimize effluent of pollutants in case of environmental accident, making accident manual.	We grasp the status of use and keeping of the equipments containing PCB continuously for ban on use and harmless treatment in the future. 576 equipments are in storage, and 171 equipments are in use as of August 2001. We keep them correctly from now on.
<b>(3) Environmental safety for our products and materials</b>	
We made the MSDS regarding our products, and provide it to our customers. We also provide the emergency measures to the distribution companies for the accident in distribution.	