

Environmental Accounting

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 related parties both inside and outside the company.

Environmental conservation costs

Investments in environmental conservation amounted to ¥1.22 billion, which was approximately ¥200 million less than the previous year. Environmental costs were ¥8.14 billion, or an increase of ¥1.06 billion over the previous year. Research and development costs were ¥4.42 billion or about 54% of all costs.

Economic effects

The economic effects from KUBOTA's environmental conservation activities were ¥1.34 billion.

Environmental conservation effect

Overall environmental load is decreasing, but CO₂ emissions increased 5% over the previous year because of changes to CO₂ conversion coefficients and emissions from non-energy sources.

Future development

KUBOTA will continue to work to better understand the effects of investments and costs, to position environmental accounting as an indispensable tool and indicator for environmental corporate management in the continued development of our business, and to focus our efforts towards further environmental conservation activities and information disclosure.

Environmental conservation cost breakdown

(¥ millions)

Classification	Main content	FY2006		FY2007	
		Investment	Cost	Investment	Cost
Within the business area		909	2,207	975	2,320
Local environmental conservation	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	370	1,230	401	775
Global environmental conservation	Prevention of global warming etc.	486	138	494	559
Resource recycling	Reduction and recycling of waste	53	839	80	986
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	24	0	32
Management activities	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	25	1,077	0	1,236
R&D	R&D for reducing of product environmental load and developing environment conservation equipment	402	3,709	249	4,423
Social activities	Local cleanup activities and membership fees and contributions to environmental groups, etc.	88	7	0	8
Environmental remediation	Levies on SOx emission etc.	0	51	0	120
Total		1,424	7,075	1,224	8,139
Total capital investment (including land) for the corresponding period				44,700	
Total R&D costs for the corresponding period				22,925	

Environmental conservation effects

Effects	Items	FY2006	FY2007	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)]	8.67	8.68	0.01	100
	Water consumption (thousand m ³)	5390	4890	- 500	91
Environmental effect related to waste or environmental impact originating from business activities	CO ₂ emission (tons in thousands)	464	489	25	105
	SOx emission (tons)	49.7	29.3	- 20.4	59
	NOx emission (tons)	222.3	133.9	- 88.4	60
	Soot and dust emission (tons)	10.7	7.1	- 3.6	66
	Releases and transfers of PRTR-designated substances (tons)	910.4	862.8	- 47.6	95
	Waste discharge (tons in thousands)	94	91	- 3.0	97
	Waste to landfills (tons in thousands)	2.0	1.6	- 0.4	80

Economic effects

(¥ millions)

Classification	Details	Annual effects
Energy conservation measures	Improved cupola energy efficiency, reduced kerosene consumption by incinerators, etc.	298
Zero-emission measures	Reduction and resource recycling of industrial waste	52
	Sales of valuable resources	935
Environmental conservation measures during distribution	Modal shift, improved loading efficiency, reduced use of packaging materials, etc.	57
Total		1,342

Method of aggregation and provisions

(1) The period covered was from April 1, 2006 to March 31, 2007.

(2) Environmental conservation costs are calculated for KUBOTA group companies in Japan only.

(3) Calculations were based on the Environmental Accounting Guidelines 2005 issued by Japan's Ministry of the Environment.

(4) Depreciation costs were included in the total cost. Depreciation costs were calculated based on the same standards applied in KUBOTA's financial accounting and all assets acquired in and after FY1999 were recorded.

Personal costs were included in costs for management activities and R&D. Construction waste processing costs incurred at work sites were not included in resource recycling costs.

The contribution portion of compound costs was calculated by recording differences or dividing proportionally.

(5) Only measurable economic effects were recorded. Presumed or deemed effects were not included.