

Medium- and Long-Term Environmental Conservation Targets and Results

As extreme weather events and other impacts of climate change continue to materialize, the global movement aimed at reducing greenhouse gases is growing increasingly active. Global environmental issues pose a significant threat to “ensuring food security,” as well as “ensuring a safe and secure water supply.”

In order to promote environmental management in light of various recent social developments, such as SDGs and the Paris Agreement, as a sustainable company, the Kubota Group has been promoting environmental activities by formulating its medium- and long-term targets for environmental conservation. In 2016, the Kubota Group formulated its Long-Term Environmental Conservation Targets 2030 and Medium-Term Environmental Conservation Targets 2020. We have also newly formulated the Medium-Term Environmental Conservation Targets 2025. Toward achieving these targets, the Kubota Group is advancing systematic initiatives in both the production and product development stages. Moreover, the Kubota Group checks its target items against the SDG goals and targets, thereby identifying the areas in which the Group can contribute to solving issues.

Formulation of Medium-Term Environmental Conservation Targets 2025

At our global production sites, in addition to the indicators set out in our Medium-Term Environmental Conservation Targets 2020, we have added the target of increasing the renewable energy usage ratio towards realizing a carbon-free society. Furthermore, in view of the growing global issue of ocean pollution by disposable plastics, we have added a qualitative target of improving resource efficiency. We have also set a qualitative target for systematically advancing efforts on wastewater management and conserving biodiversity.

In the product segment, we set a new target relating to displaying the materials of new parts with a view to promoting recycling.

Scope	Issue	Action item	Management indicator	Base FY	Target for FY2025 ^{*9}
Global Production Sites	Tackling Climate Change	Reduce CO ₂ ^{*1}	CO ₂ emissions per unit of production ^{*2}	2014	▲25%
			[New] Ratio of renewable energy usage	—	1% or more
		Save energy	Energy consumption per unit of production ^{*2}	2014	▲18%
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production ^{*2}	2014	▲33%
			[New] Hazardous waste discharge per unit of production ^{*2,3}	2019	▲3%
			Recycling ratio (Japan)	—	Maintain 99.5% or more
			Recycling ratio (Overseas)	—	Maintain 90.0% or more
		Improve resource efficiency	[New] Work on the following three points to promote the effective use of resources (1) Reduce disposable plastics at business sites (2) Work with suppliers to conserve resources and make packaging materials returnable (3) Implement paperless operation		
	Conserving Water Resources	Conserve water resources	Water consumption per unit of production ^{*2}	2014	▲23%
		Control wastewater	[New] Manage wastewater appropriately in accordance with the standards of the water discharge by operating wastewater treatment facilities and water recycling facilities, etc.		
	Controlling Chemical Substances	Reduce VOCs	VOC emissions per unit of production ^{*2,4}	2014	▲42%
	Conserving Biodiversity (Including non-production sites)	Conserve biodiversity at business sites	[New] Promote the protection of the natural environment by greening our establishments and creating biotopes		
		Promote social contribution activities	[New] Promote conservation of the local natural environment and biodiversity as social contribution activities		
Products	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products	—	70% or more
		Promote recycling	Usage ratio of recycled materials ^{*5}	—	Maintain 70% or more
			[New] Display the material of new parts and provide material information ^{*6}		
		Develop vehicles compliant with exhaust gas regulations	Development of industrial diesel engines that comply with the latest emissions regulations (Stage V), and launch onto the market of products with such engines ^{*7} [New] Launch the vehicles that comply with the latest emissions regulations onto the market ^{*8}		

*1 CO₂ emissions are for Scopes 1 and 2.

*2 The figures per unit of production represent the intensity of the environmental load per unit of money amount of production. The exchange rate of the base year is used when translating the money amount of production of overseas sites into Japanese yen.

*3 Industrial waste defined as hazardous by legislation in each country.

*4 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.

*5 Usage ratio of recycled materials (%) in the cast metal products and parts manufactured by the Kubota Group (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))

*6 Targeted parts are defined by the in-house display standards.

*7 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stage V) level, shipped to Europe, North America, Japan, and Korea

*8 Targeting utility vehicles equipped with engines compliant with the EPA Exhaust Emission regulation and the EPA Permeation Emission regulation level.

*9 ▲ indicates a negative figure.

Long-Term Environmental Conservation Targets 2030 and Performance Record

In order to achieve its Long-Term Environmental Conservation Targets 2030, the Kubota Group formulates its Medium-Term Environmental Conservation Targets every five years as an approach for deploying highly effective activities.



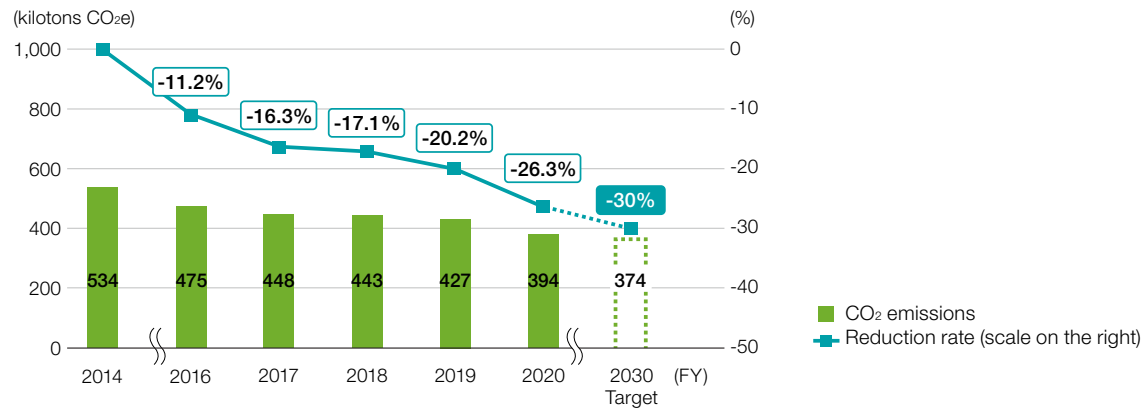
Tackling Climate Change



Goal	Reduce CO ₂ emissions from the Kubota Group in Japan* by 30% compared to the base year FY2014.
Result	In FY2020, CO ₂ emissions of the Kubota Group in Japan* were reduced by 26.3% compared to the base year FY2014.

* CO₂ emissions indicate Scope 1 and 2 emissions and include greenhouse gases from non-energy sources

Trends in CO₂ Emissions of the Kubota Group in Japan

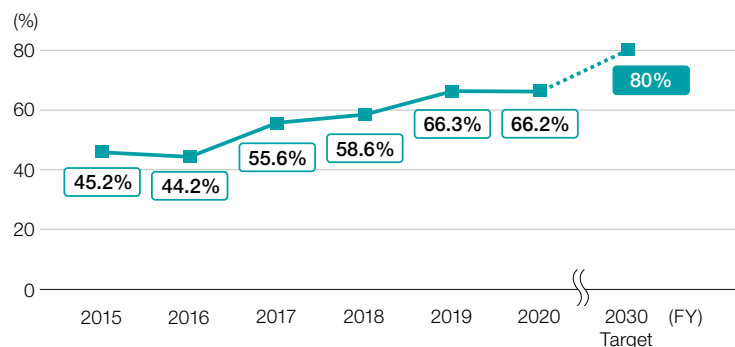


Efforts to Develop Environment-friendly Products



Goal	Increase the sales ratio of Eco-Products-certified products* to 80% by 2030. Aim to put all new products which are certified as Eco-Products in the market in 2030 and later.
Result	The sales ratio of Eco-Products-certified products* was 66.2% in FY2020.

Trends in Sales Ratio of Eco-Products-certified Products



* The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System
 Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100






For the calculation method of each item of environmental data, see the Calculation Standards of Environmental Performance Indicators (p.98).

The environmental information provided in the KUBOTA REPORT 2021 Full Version has received the third-party assurance by KPMG AZSA Sustainability Co., Ltd. The indicators subject to assurance are marked with the "Q" symbols.


Medium-Term Environmental Conservation Targets 2020

Starting in 2016, the Kubota Group advanced initiatives toward achieving the Medium-Term Environmental Conservation Targets 2020. Each business site and division determined the measures to take, formulated an implementation plan, taking into consideration fluctuations in the volume and contents of business, and has implemented the plan. 2020 was the final year for these medium-term targets. At our global production sites, production decreased due to the COVID-19 pandemic, but our reduction measures also had an effect, and our 2020 results achieved the targets across all indicators. In the product segment, we also achieved all of the targets. 40 products were newly certified as Eco-Products, including 2 Super Eco-Products, bringing their sales ratio to 66.2%.

Targets for Global Production Sites

SDGs	Issue	Action item	Management indicator ^{*3}	Base FY	Target for FY2020 ^{*5}	Result of FY2020 ^{*5}	Achievement Status
 	Tackling Climate Change	Reduce CO ₂ ^{*1}	CO ₂ emissions per unit of production	2014	▲14%	▲18.6%	We are promoting energy-saving for production equipment, lighting, air conditioning; fuel conversion; introduction of renewable energies; and measures for heat insulation of buildings, etc.
		Save energy	Energy consumption per unit of production	2014	▲10%	▲15.7%	
	Working towards a Recycling-based Society	Reduce waste	Waste discharge per unit of production	2014	▲10%	▲28.7%	We are promoting thorough sorting of wastes and converting waste into valuable materials.
			Recycling ratio ^{*4} (Japan)	—	Maintain 99.5% or more	99.5%	We are maintaining the existing level through continuous efforts.
			Recycling ratio ^{*4} (Overseas)	—	Maintain 90.0% or more	91.8%	We are promoting the reduction of the amount of waste sent to landfills by changing contractors.
	Conserving Water Resources	Conserve water resources	Water consumption per unit of production	2014	▲10%	▲20.8%	We are promoting recycling of wastewater and saving of water use.
	Controlling Chemical Substances	Reduce VOCs ^{*2}	VOC emissions per unit of production	2014	▲10%	▲37.7%	We are promoting the elimination or reduction of VOC-contained paint and thinner.

Targets for Products

SDGs	Issue	Action item	Management indicator	Target for FY2020	Result of FY2020	Achievement Status
	Improving Products' Environmental Performance	Expand Eco-Products	Sales ratio of Eco-Products ^{*6}	60% or more	66.2%	In FY2020, 40 items were newly certified as Eco-Products.
		Promote recycling	Usage ratio of recycled materials ^{*7}	Maintain 70% or more	72.5%	We are maintaining the usage ratio of recycled materials higher than the target.
		Develop vehicles compliant with exhaust gas regulations	Development of industrial diesel engines that comply with the latest emissions regulations, and launch onto the market of products with such engines ^{*8}	Kubota launched the following products ^{*9} equipped with the engines that comply with the emissions regulations. Tractor M7003 Series M7153 Conforming to European Union Regulations (56 kW and above, lower than 130 kW, Stage V) Agri Robo Tractor MR1000A Conforming to Japan Regulations on Emissions from Non-Road Special Motor Vehicles (75 kW and above, lower than 130 kW, Regulation 2014)		

*1 CO₂ emissions indicate Scope 1 and 2 emissions and include greenhouse gases from energy sources. We use the emissions coefficient for electric power of the base year in our calculation of CO₂ emissions from energy sources.

*2 VOCs (volatile organic compounds) comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1, 2, 4-trimethylbenzene, and 1, 3, 5-trimethylbenzene.

*3 The figures per unit of production represent the intensity of the environmental load per unit of money amount of production. The exchange rate of the base year is used when translating the money amount of production of overseas sites into Japanese yen.

*4 Recycling ratio (%) = (Sales amount of valuable resources + External recycling amount) / (Sales amount of valuable resources + External recycling amount + Landfill disposal) × 100. Heat recovery is included in the external recycling amount.

*5 ▲ indicates a negative figure.

*6 The sales ratio of products that have fulfilled the internal requirements in our own Eco-Products Certification System

Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

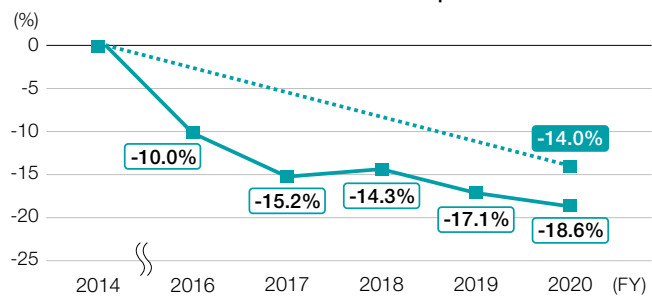
*7 Usage ratio of recycled materials (%) in the cast metal products and parts manufactured by the Kubota Group (ductile iron pipes, fittings, machine cast products (engine crankcase, etc.))

*8 Targeting tractors and combine harvesters (output range: 56 kW ≤ P < 560 kW) equipped with engines compliant with the European emissions regulations (Europe Stages IV and V) level, shipped to Europe, North America, Japan, and Korea

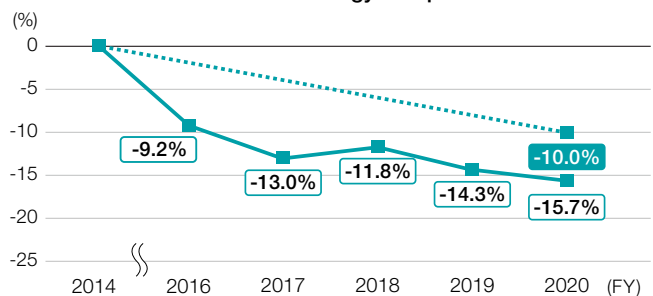
*9 Some of the products launched in 2020 are listed.

► The results for Medium-Term Environmental Conservation Targets 2020

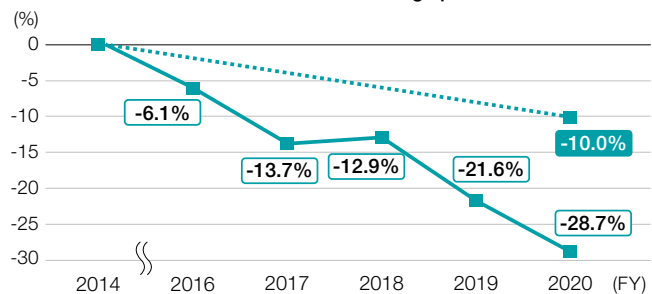
Trends in Reduction Ratio of CO₂ Emissions per Unit of Production



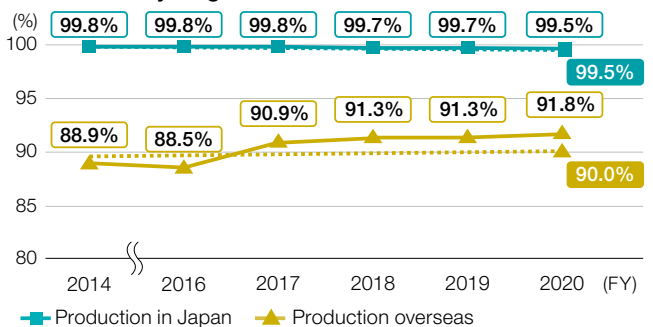
Trends in Reduction Ratio of Energy Use per Unit of Production



Trends in Reduction Ratio of Waste Discharge per Unit of Production*1

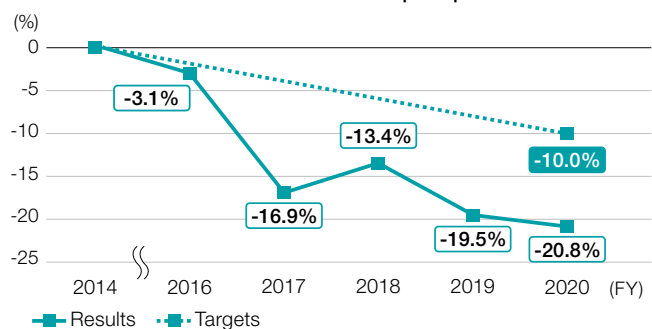


Trends in Recycling Ratio*1

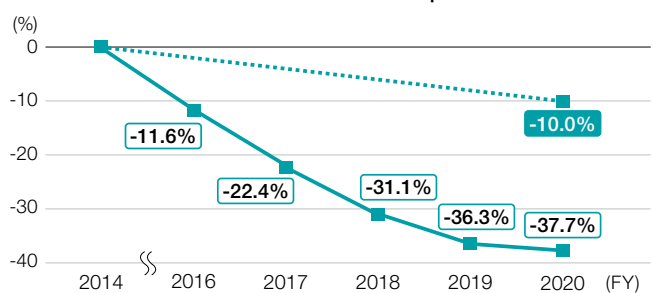


* 1 In FY2020, in consideration of the actual cleaning process, some overseas site reclassified water remaining after product cleaning as waste rather than wastewater. This change has been reflected retrospectively for previous reporting years in the reduction ratio of waste discharge per unit of production and the overseas recycling ratio.

Trends in Reduction Ratio of Water Consumption per Unit of Production



Trends in Reduction Ratio of VOC Emissions per Unit of Production*2



* 2 Calculation of the volume of VOC emissions was adjusted starting in FY2014 to improve accuracy. This change has been reflected retrospectively for previous reporting years in the reduction ratio of VOC emissions per unit of production.

► Products with Engines Compliant with the Latest Exhaust Gas Regulations (Examples of Products Launched onto Markets in 2020)



Agri Robo tractor MR1000A (Driverless specification)



Tractor M7003 Series M7153 (Europe)

As an “Eco-First Company”

In May 2010, the Kubota Group was certified by the Japanese Minister of the Environment as an “Eco-First Company” due to its commitment to environmental conservation. According to the Medium- and Long-Term Environmental Conservation Targets, the Group has renewed its Eco-First Commitment and was recertified as an Eco-First Company in October 2017.

See here for details on Eco-First Company certification
www.kubota.com/sustainability/environment/ecofirst/



Eco-First Mark