

Communication with customers

ISEKI Group works to improve customer satisfaction through various communications, with the principle of "the provision of products and services that satisfy customers through our customer satisfaction (CS) improvement activities" at the core.

Initiatives for supporting customers' farm management

Activities for the dissemination and support of advanced farm business technologies

ISEKI Group works on the dissemination and support of advanced farm business technologies to support customers' farming full of dreams (i.e., profitable agriculture). Efforts by ISEKI Group to resolve issues include direct dialogues between sales and service representatives and customers and proposals and support through exhibitions, various seminars and farm business information magazines.

Initiatives for dissemination and support

ISEKI Group provides products and information useful for farm management, such as the latest agricultural machinery, through exhibitions, demonstrations, various seminars, etc. In addition, the "Dream Agricultural Research Institute (Yumesoken)" accepts a number of inspections by agriculture-related parties such as producers, administrative organs, research institutions, and JA, sending out various types of information.



Holding of seminars in response to requests from producers



Visitors to "Yumesoken" for inspection:
approximately **7,000** (in total)

Activities through use of websites and information magazines

ISEKI Group sends out information on farm business, advanced technologies, etc., to its customers through the website and the farm business information magazine "FARM ISLAND," etc., whereby the experience of employees and initiatives undertaken by customers are broadly introduced in an easy-to-understand manner.

In addition, a system has been adopted that allows sales and service representatives to propose products to customers using, in addition to catalogs, videos on smartphones, tablets and other devices. Parts catalogs are also available for browsing to realize speedier repairs.



Specially-set-up website introducing advanced technologies and advanced farm business technologies



Farm business information magazine

Initiatives for the improvement of maintenance services

ISEKI Group engages in various service activities with the aim of allowing customers to use agricultural machinery that they have purchased safely and securely. In addition, as systematic operations are of importance in farm management, ISEKI Group works on the human resource development of service representatives within Japan and overseas with the aim of providing high-quality and prompt services in the maintenance of agricultural machinery.

Maintenance service activities

Service activities

■ Presale services

- ▶ Safety training
Carrying out of safety training at sales subsidiaries across Japan
- ▶ Instructions on test operations upon delivery
Provision of instructions on how to operate the machinery at the time of its test operations based on a check sheet

■ After-sales services

- ▶ Troubleshooting
Prompt repairs of any defects
- ▶ Inspections and maintenance
Provided for the purpose of allowing customers to use their machinery safely
- ▶ Inquiries on the conditions of delivered products
Proactively performing inquiries on the conditions of new vehicles and vehicles that have received services that have been delivered and in use



Agricultural machinery mechanics

1,760 (total number of people up to FY2017)
(Grade 1: 1,114; Grade 2: 646)

The representatives obtain various types of certifications and qualifications to strengthen their ability to provide services to customers.

Topic

Carrying out of the "OK Campaign" across ISEKI Group

ISEKI Group carries out the "OK Campaign" on a group-wide basis whereby pointing and calling are performed before and after operations at sites where maintenance and repair services and the development and production of agricultural machinery are implemented to provide safe, secure and reliable products and services to customers.

The campaign is also promoted from the perspective of preventing industrial accidents as the performance of appropriate pointing and calling leads to the improved safety and accuracy of operations.

<Holding of Service Skills Contests>

ISEKI Group plans to hold a Service Skills Contest for all service representatives with less than five years of service with the aim of developing young employees in a shorter period of time.



ISEKI carries out the OK Campaign with the participation of all members!



Service and support activities overseas

■ Improvement of service and support systems

ISEKI Group has built service and support systems for providing prompt responses to customers through means such as building the Parts Depot Center for European countries and the local subsidiary ISEKI (THAILAND) Co., Ltd. for ASEAN countries.



ISEKI (THAILAND) Co., Ltd.

■ Human resource development for service representatives

ISEKI Group supports the improvement of the ability of distributors to provide services by holding workshops locally and providing technical training at the ISEKI Global Training Center in Japan for service representatives of the overseas distributors.



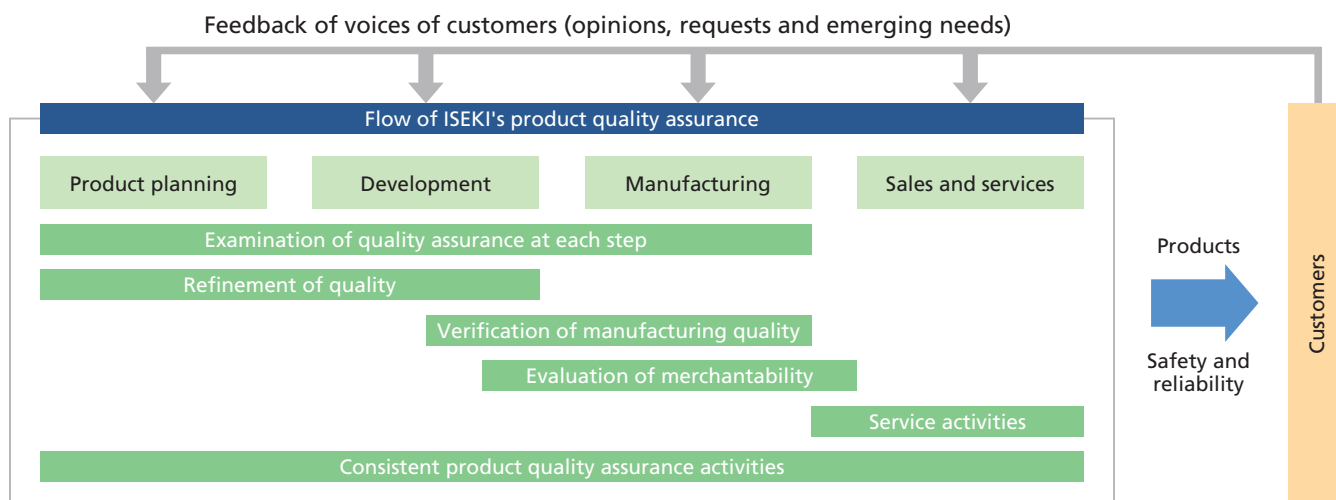
A technical workshop for the European distributors

Product quality assurance

ISEKI Group works to provide product quality assurance that responds to the trust of customers in its manufacturing processes, covering everything from product planning to sales and after-sales services in pursuit of the provision of products that satisfy customers. In addition, the basic rule of ISEKI Group is to "take all possible measures for quality control and make prompt responses in good faith should any quality-related issues arise."

To improve customer satisfaction

ISEKI Group carries out consistent product quality assurance activities across the group in the processes covering everything from product planning and development to manufacturing, sales, and services with the aim of providing safety products that respond to the trust of customers. In quality assurance, ISEKI Group implements the "refinement of quality," "verification of manufacturing quality" and "evaluation of merchantability" based on the opinions of customers. ISEKI Group also provides instructions on test operations upon delivery, performs inquiries on the conditions of delivered products, etc., as part of the "service activities" and takes steps such as feeding back the opinions of customers. In such ways, ISEKI Group conducts quality assurance examinations.



Handling of recall

When an issue occurs in products requiring improvement measures, ISEKI promptly performs inspections and repairs of the products giving the utmost priority to customers' safety.

When we launch a recall, we give notice and report to the organizations concerned ^{(*)1} and disclose the information on the website of ISEKI CO., LTD. to draw attention of customers and provide them with information.

Information related to recalls can be found on our website.
<http://www.iseki.co.jp/news>

<Number of recalls in each fiscal year ^{(*)2}>

FY	2013	2014	2015	2016	2017
Number of recalls	3	7	3	5	6

^{*1} Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, etc.
^{*2} Number of recalls reported to the Ministry of Land, Infrastructure, Transport and Tourism

Initiatives for customer consulting services and inquiries concerning the products

Inquiries and consultation concerning the products are accepted by phone, email, etc., and the department in charge promptly provides in-depth answers. ISEKI works to take measures for matters that receive a large number of inquiries by, for example, making the number and variety of items and explanations posted on the website richer.

<Number of inquiries by email in FY2017>

Subject	Number of inquiries	Ratio
Tractors	96	22
Tillers and high clearance multipurpose vehicles	58	13
Rice transplanters	56	13
Combine harvesters	40	9
Manuals, etc.	27	6
Other	165	37
Total	442	100

Communication with employees

One of the principles set forth in the Company Motto of ISEKI Group is to provide "a stable workplace to the employees," and one of the basic rules of ISEKI Group is to "aim for creating a healthy and safe working environment where employees can feel that their work is rewarding." ISEKI Group works on the provision of a secure and safe working environment to employees, support for the career development, cultivation and utilization of diverse human resources and other initiatives as its priority issues.

Human resource development at ISEKI Group

ISEKI Group has a wide variety of training programs ranging from the "Agri-Heroes Support Project Training" to strengthen farm business proposals for customers and the "Team TJ" training specially designed for proposals utilizing large-sized tractors and implements to trainings divided by their skills and occupation, correspondence or foreign language courses, and opportunities to study abroad. We also introduce the "Meister" system so that accumulated experience and skills can be smoothly passed on.

Initiatives for developing global human resources undertaken at ample and specialized training facilities – three pillars for human resource development –

ISEKI Group has put in place a system for developing human resources specialized in either of the following three fields: "development," "production" or "sales and services."

ISEKI Group works to strengthen its human resource development efforts through specialized training programs provided by the "IETC," where we nurture young designers who play a role at development sites, the "ITTC" to nurture human resources of production sites in Japan and overseas and the "IGTC" to raise human resources in the fields of sales and services in Japan and overseas, contributing to the realization of manufacturing that is trusted by customers and the provision of innovative products and services.

Development

IETC ISEKI Engineering
Training Center

Nurturing young designers



Number of trainees: 490

Production

ITTC ISEKI Technical
Training Center

Nurturing leaders of
production sites in
Japan and overseas



Number of trainees: 126

Sales and services

IGTC ISEKI Global
Training Center

Nurturing sales and service
representatives in
Japan and overseas



Number of trainees: 813

(Number of trainees in FY2017)

Holding of All ISEKI Group Technical Skills Contests

Skills contests covering whole ISEKI Group are held with the aim of improving the technical skills of workers at manufacturing sites in Japan and overseas and nurturing younger employees. The contests serve as a venue for competition of artisanal skills of worksites in categories of "NC lathe," "fineness of machine assembly finishing," "welding," etc.

The level of technical skills possessed by workers of overseas sites is getting higher year after year: in FY2017, a participant from Indonesia won the award of excellence in the category of "fineness of machine assembly finishing."



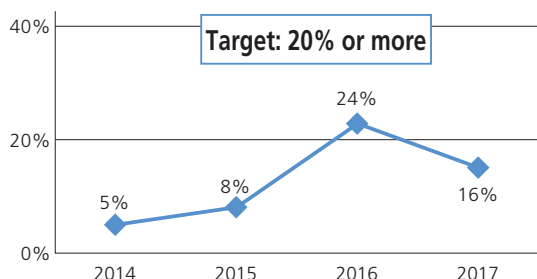
Utilization of diverse human resources

ISEKI Group works on promotion of diversity as one of its management strategies, whereby diverse human resources are utilized. ISEKI Group has placed a strong emphasis on mid-career recruitment of people with expertise and valuable experience as well as new college graduate recruiting, with recruitment decisions made based on personalities and abilities. The career development of employees is supported through proper treatment of employees who possess a wide variety of abilities and are highly motivated, creating opportunities to play active role so as to secure outstanding talents.

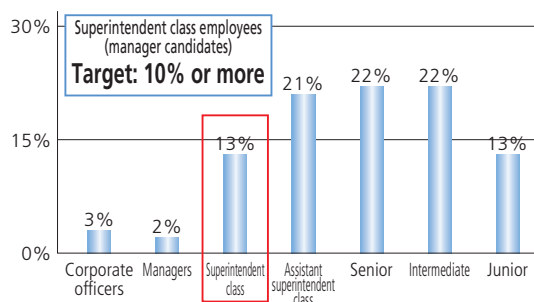
Initiatives for promotion of active participation by females

ISEKI Group works on promotion of active participation by females as part of utilization of diverse human resources. At present, the ratio of female employees to employees in general positions is 18% and to employees in technical positions, 4%. ISEKI Group is committed to increase the number of female employees in technical positions in the future and incorporate new ideas from the female point of view into product development as well. In addition, ISEKI Group continues its efforts toward increasing the ratio of female employees in the superintendent class, who are manager candidates.

<Ratio of newly-hired female employees>



<Ratio of female employees by level> (as of December 31, 2017)



VOICE

Voice of a female manager

Rie Kaneda, Head of Secretary's Office, ISEKI & Co., Ltd.

I have worked in domestic sales & marketing departments since joining the company and I have been in the position of the Head of the Secretary's Office since 2014, conducting operations related to schedule management of officers and their activities at external parties, etc.

Understanding and cooperation of our family is indispensable for employees to develop their career. Speaking of my family, I shared the household chores with my husband just from the beginning of

our marriage, and thanks to this and other efforts, I could strike a balance between family life and my work.

For more females to play a role in society even more actively, I believe that it would be important to reexamine the ways males work, too. I am determined to make further advancement in my career as one of the female managers so that I can make the organization an attractive one where everyone can envision their career as "playing an active role as a manager," regardless of gender, and I will pour all my energy into this goal for the future.



Continuation of recruitment of employees of foreign national

ISEKI Group works to recruit employees of foreign national on a continuous basis, which is indispensable for its global business expansion.

VOICE

Voice of an employee of foreign national

Feilong Yin, Overseas Business Division, ISEKI & Co., Ltd.

I studied about automobiles at university in China and advanced to university in Japan with the hope to deepen my knowledge even further. I joined ISEKI & Co., Ltd. because the company has been expanding its business in China and believed that I could make full use of my abilities.

Since joining the company, I have been engaged in operations related to China in overseas business departments and tackling with various types of operations including making various arrangements in cooperation with technical departments and overseas manufacturing subsidiaries, conducting research on local markets and providing accompaniment service for customers visiting from China.

The Chinese market is growing year after year and my workload is increasing. However, I am trying to strike a balance between my family life and work by proactively participating in not only work, but also child rearing and achieving well-organized style of living

I have a passion for contributing to agriculture around the world by delivering labor-saving products to overseas countries and achieving automation and efficiency improvement in the future. I am diligently working on my day-to-day duties toward the achievement of that goal.



Promote physically-challenged people employment

ISEKI Group is promoting the recruitment of people with disabilities by providing accommodation that allows for individuals with or without disabilities to demonstrate their abilities.

<Ratio of employees with disabilities>

2014	2015	2016	2017
1.98%	2.08%	1.92%	2.19%

Prohibition of discriminatory treatment and respect for human rights

It is stipulated in its Code of Ethical Behavior that ISEKI Group requires its employees to "respect fundamental human rights and not engage in any act of discrimination or harassment on the grounds of nationality, race, creed, gender and disabilities," which is distributed to all employees.

In-house training is carried out on a periodic basis where employees are instructed on respect for human rights at all times, the prohibition of any act in defiance of the integrity of other people including harassment and the need for due care of speech and conduct on a daily basis in their day-to-day operations and engagement with society.

Promotion of work-life balance

Support for flexible work styles

ISEKI Group supports flexible work styles of employees by setting up various systems accommodating changes in their life stages and the need for support and nursing care. In addition, ISEKI Group works to improve the rate of taking paid leave and childcare and nursing leave, regardless of gender, so that each employee can lead a more fulfilling life by maintaining a work-life balance.

Various systems

- (1) Fixed work location recruitment
- (2) Flextime system that allows for setting flexible working hours (Not all departments adopted)
- (3) Implementation of "no overtime" day to reduce overtime work
- (4) Systems for taking leave and selecting shortened working hours for child rearing
- (5) Systems for taking leave and selecting shortened working hours for nursing care

Targets promoted until 2020

- (1) An increase in the number of days for which annual paid leave is taken in a planned manner
5 days (2017) → 8 days
- (2) Rate of taking annual paid leave **70%**
* For union members

Initiatives for the Next-Generation Act

ISEKI Group has formulated and implemented action plans based on the Japan's Law on the Promotion of Measures to Support the Development of the Next Generation. In July 2015, ISEKI Group was certified under the special authorization system named "Kurumin" run by the Ministry of Health, Labour and Welfare as a company that promotes childcare assistance.

<Details of the action plans>

1. Creation and maintenance of a working environment where work-child care balance can be readily achieved
 - Widely communicating the system for supporting work-child care balance
2. Promotion of active participation by female employees caring for children
 - Participation in seminars and training workshops for career advancement
 - Introduction of systems to provide support after coming back to work, including a mentor system
 - Provision of training targeted at promoting active participation by females as part of training for managers and mid-level employees
3. Reexamination of work styles
4. Carrying out of activities to support child rearing in local communities



Promotion of health management for employees

ISEKI Group ensures that health checkups and stress checks for employees are implemented. Educational activities are undertaken in such ways as providing mental health seminars and health-promoting walking programs as opportunities to think about health management and mental healthcare for employees including managers.

Holding of a mental health seminar



Initiatives for thorough management of occupational safety and health

Setting up "a healthy and safe workplace" as the code of conduct, ISEKI Group thoroughly manages occupational safety and health on a group-wide basis.

ISEKI Group carries out safety and health activities in line with the actual situations of each company and office and promotes awareness at sites of manufacturing subsidiaries by implementing safety checks and thereby works to reduce accident risk completely aiming to achieve "zero industrial accidents."

Experiencing near-accidents at the safety training hall



<Statistics of industrial accidents: severity rate>

2013	2014	2015	2016	2017
0.028%	0.035%	0.008%	0.000%	1.760%

* Severity rate: Number of work days lost per 1,000 working hours

* Scope: ISEKI & Co., Ltd. and its three factories in Japan

* Period: For 12 months from April to March of the following year for years in or before 2014 and nine months from April to December for 2015 (due to a change in the fiscal year-end) and 12 months from January to December since 2016.

In January 2017, an employee at a manufacturing subsidiary lost his life due to an industrial accident. In response, we carried out a safety audit at each and every workplace within the group and formulated measures to prevent recurrence. We have been pulling together in an effort to prevent accidents from happening ever again and maintain occupational safety.

Policies concerning safety

- "Safety takes precedence over everything"**
- promoting initiatives to achieve "zero" industrial accidents -
- Implementation of risk assessment based on risk-prediction activities
 - ▶ Identifying risks and hazards in operations, taking risk reduction measures and thereby preventing accidents from occurring
 - Provision of safety education
 - ▶ Thoroughly entrenching awareness of safety once again through education provided at the safety training hall so as to build a framework that prevents any industrial accidents

Communication with shareholders and investors

Enhancement of constructive dialogue

ISEKI Group believes that the understanding of shareholders and investors is indispensable for achieving sustained growth and the improvement of corporate value over the medium to long term. In order to establish a long-term relationship of trust with shareholders and investors, ISEKI Group engages in IR activities focused on constructive dialogue such as explaining the management policy in an easy-to-understand manner.

Running of shareholder-focused general shareholders' meetings

ISEKI Group has built an environment where it is made easier for shareholders to attend general shareholders' meetings and runs the meetings in a shareholder-focused manner.

Electronic exercise of voting rights over the Internet is made available with the aim of facilitating voting.

In addition, visualized business reports are prepared for shareholders to deepen the understanding of ISEKI more.

Information disclosure in a fair, timely and appropriate manner

ISEKI Group discloses information in a fair, timely and appropriate manner with the aim of improving constructive dialogue.

Insider information-related regulations are formulated for the proper management of such information. The period from the day following the last day of a fiscal year to the day on which earnings reports are made is designated as a quiet period within which dialogue with investors is restricted.

Aiming to improve dialogue in IR activities

A department in charge of IR is established to improve IR activities.

Briefing sessions for analysts and institutional investors by officers are held on a quarterly basis.

Individual meetings, conference calls, etc., are also provided mainly by the department. The contents of dialogue are fed back to the company's executives and related departments by way of reporting to meeting bodies, distribution of reports, etc., for the purpose of information sharing.

ISEKI Group works to enhance information disclosed through IR seminars for individual investors and websites with the aim of improving opportunities for dialogue with individual investors.

Tours of the factories and the "Dream Agricultural Research Institute" are provided for deeper understanding of our activities.

Communication with suppliers

Fair and equitable trade

The basic rule of ISEKI Group is that "the relationship with suppliers should be fair and equitable and it will not give unfair and disadvantageous treatment to suppliers, abusing its privileged position in the trade." ISEKI Group believes that the building of a supply chain and developing human resources inside and outside the company is indispensable to achieve sustainable growth as a corporation in the rapidly changing business environment. For these reasons, ISEKI Group cooperates with its suppliers so as to tie the relationship to mutual business development.

Initiatives for developing human resource development

ISEKI Group provides suppliers with opportunities for training and study sessions at ISEKI's human resource development facilities with the aim of improving their skills, knowledge and capabilities of providing sales and technology services. Various types of ability development programs are undertaken with suppliers by making effective use of the human assets of the group. A training program for nurturing successors of dealerships was provided as part of such training and the 34th-year trainees completed their one-year training in March 2018.

In addition, supplier companies provide ISEKI Group employees involved in purchasing with training on the characteristics and functionalities of products with the aim of raising the level of such employees. Through this and other means, ISEKI Group and suppliers work to educate each other.

Initiatives for complying with the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors

Checks and supervision have been entrenched in each group company, including checks and balances based on systems and monitoring through audits.

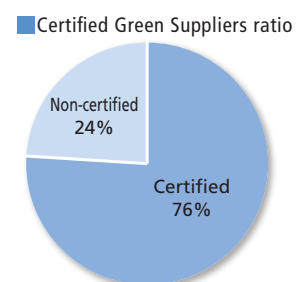
Continuous education concerning the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors is also provided.

IR efforts for vendors and other initiatives

IR information meetings are held for vendors of the domestic factories to provide explanations and dialogue with the company's executives on matters such as the status of management and the management policy. ISEKI Group provides company tours for suppliers through which suppliers observe good practices and the latest initiatives, and also works on the implementation of supplier audits and business support to allow ISEKI Group and suppliers to expand and develop business together.

Promotion of green procurement

In terms of preserving environment, we suppose it essential to cooperate with the suppliers, and we request their understanding and cooperation to attain the "ISEKI Group Green Supply Guidelines". Regarding the suppliers superior in environmental activities, we ask them to be our "Certified Green Suppliers."



Communication with local communities

The basic rule of ISEKI Group is “to actively contribute to local communities as a member responsible for society” and “to contribute to local society while affording respect for laws and regulations, practices and culture of the country when doing business overseas.” ISEKI Group works on various initiatives aiming for the development of local communities.

Communication toward the development of the next generation

ISEKI Group is proactively working on initiatives for developing the next generation for local communities.

As an agricultural machinery manufacturer, ISEKI Group provides opportunities for experiencing and learning the joy and excitement of agriculture and manufacturing by, for example, holding lectures for elementary school students and manufacturing events and displays at food and agricultural events.

FY2017 results		Summary
Holding of lectures	4 times	▶ A dietary education project “ISEKI Sanae Seedling Production” for producing rice
Displaying at food and agricultural events	6 times	▶ Exhibition of agricultural machinery and holding of workshops experiencing vegetable seedling planting, rice milling, etc.
Participation in local events	2 times	▶ Co-sponsoring and booth exhibition in the National Sports Festival & National Sports Festival for People with Disabilities in Ehime Prefecture ▶ Participation in the “Fureai Festival” held by the local residents' association
Cooperation with projects undertaken by educational institutions, etc.	3 times	▶ Acceptance of university students in the “Tour for Female Science Students” ▶ Acceptance of local high-school students and the provision of lectures for them as part of the “Super Global High School” project promoted by the Ministry of Education, Culture, Sports, Science and Technology ▶ Acceptance of local junior-high and high-school students for hands-on learning of employment and occupation
Holding of the Sanae National Children's Drawing Contest	1,383 items	▶ Holding of the 22nd drawing contest with agriculture-related theme
Holding of or participation in manufacturing-related events	2 times	▶ Holding of a manufacturing event for elementary school students during summer vacation ▶ Participation in the Ehime Prefecture Children's Exhibit of Invention and Devices and presentation of the ISEKI Award as a judge



The work that received the Best Award in the 22nd Sanae National Children's Drawing Contest



Exhibition at the “Farmers and Kids Festa”

Promotion of dietary education

As a promotional partner of “Food Action Nippon,” which is an approach to raise the food self-sufficiency ratio, ISEKI Group passes down the significance of food production through delivering agricultural machinery. As part of such efforts, ISEKI Group promotes local production for local consumption for its employees, their families and the local community with the aim of promoting “local production for local consumption,” while undertaking educational activities such as dietary education through agriculture and agricultural machinery to increase the food self-sufficiency rate.

Activities of FOOD ACTION NIPPON



Nationwide basic message

Wish that the children of the future will never be badly off for food.

“Delighted by our customers, we ISEKI carry it over to the unborn generations.”

Communication through factory tours

ISEKI Group sends out information on agriculture and agricultural machinery through factory tours to each of the factories in Matsuyama, Kumamoto and Niigata and tours to the exhibition hall “ISEKI Dream Gallery (IDG),” while working to improve dialogue with customers, local community residents and other stakeholders.

Number of visitors in FY2017: **9,455**

Major improvements made based on the requests, opinions, etc., given through visitor questionnaires are as follows:

- ▶ Improvement of the contents of exhibition concerning advanced technologies and vegetable farming-related machinery
- ▶ Installation and improvement of tour facilities (tour pathways, etc.)



Communication toward the growth and development of local communities

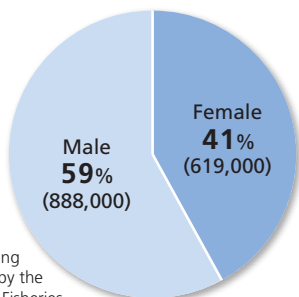
ISEKI Group undertakes various activities as the "Supporter for the farming industries full of dreams" to solve issues faced by local communities for sustainable development.

Supporting active participation by female farmers with the "YUMEARU NOGYOJOSHI Project"

<Social issues>

Female farmers play an important role in agriculture and local activities. Promotion of their even greater active participation is called for.

Core farmers (male/female ratio)



* Excerpt from the "Statistics concerning Agricultural Work Force" published by the Ministry of Agriculture, Forestry and Fisheries



ISEKI Group has been taking part in the "NOGYOJOSHI Project" promoted by the Ministry of Agriculture, Forestry and Fisheries since November 2013. Out of its hope for even greater active participation by female farmers, ISEKI Group has been holding seminars on how to operate agricultural machinery for them. In addition, ISEKI Group has commercialized agricultural machinery that is "easy to use for everyone," incorporating opinions and requests from female farmers.

Number of female farmers, etc., who participated in ISEKI's projects: **527** (cumulative total since 2013)

Number of agricultural machinery seminars held across Japan: **24** (cumulative total since 2013)

Number of agricultural machinery models developed in collaboration with female farmers: **3** (cumulative total since 2015)



Environmental preservation activities

ISEKI Group participates in cleaning activities around each factory and in local areas as part of its community-based activities as a corporate citizen.

ISEKI Group also undertakes tree-planting activities in support of the "Promotion Group of Town Development with Forests," which is led by Iyo Bank in Ehime Prefecture.

Number of activities undertaken in FY2017: **9**



Activities to support recovery efforts following the Kumamoto Earthquake

ISEKI Group has been providing support for recovery efforts following the "2016 Kumamoto Earthquake."

Immediately following the earthquake, ISEKI Group made its grounds available for use as a disaster volunteer center, provided donation and supported farmers who were unable to plant rice in their rice paddies to convert their crops to soybeans. More recently, ISEKI Group supported activities such as removing rocks and stones in the fields in the hope of the earliest possible revitalization of agriculture in Kumamoto prefecture.

